



Quiz

Subrogation in light of recent judgements

1. In which of the following circumstances may subrogation arise?
 - a. Guaranteed lending
 - b. Insurance claims
 - c. Under certain statutory regimes
 - d. All of the above

2. What was the decision of Justice Middleton in *Gandel*?
 - a. It is possible to subrogate to a security if you only pay out part of a secured debt
 - b. There is no such thing as the doctrine of partial subrogation, and you cannot subrogate to a security unless you have paid out the entire debt
 - c. If the whole debt has not been paid out, there is a dormant potential right of subrogation which only becomes alive once the rest of the debt is paid out
 - d. Subrogation did not exist in the circumstances that arose by virtue of the facts of the case

3. What is the current law in NSW for subrogation in respect of recent decisions?
 - a. Partial subrogation is possible in all circumstances
 - b. Partial subrogation may be possible in some circumstances

- c. Partial subrogation is never possible and the right of subrogation only becomes alive when the entire debt is paid out
 - d. None of the above
- 4. Which of the following is not a limitation to the doctrine of subrogation?
 - a. A contractual provision in the security documents expressly preventing subrogation
 - b. A competing equity
 - c. A voluntary payment such as a gift
 - d. A loan guarantee
- 5. What was the receiver's argument in regard to using the right of subrogation to NAB's securities over the other properties in the matter of *Fellmane*?
 - a. That the receiver could subrogate to the NAB's securities over Karen's other properties
 - b. That the receiver could not subrogate to Karen's other properties as the sale of the property would only realise enough money to partly repay the debt that was owed to the NAB
 - c. That if the receiver sold the property, it would lose both its right to indemnity and subrogation
 - d. Both B and C

Answers:

1. D 2. A 3. B 4. D 5. B