**Case Study #1:** Ask students to respond to the following court case: Jennifer mailed a written offer and a deposit to Delaney for a piece of property Delaney owned that Jennifer wanted to buy. In her written offer, Jennifer stipulated that her offer would expire on February 4, at which time Delaney was to return the deposit if Delaney had not accepted Jennifer’s offer. When Delaney received the offer, she made several changes to it, including extending the acceptance date until February 14. Jennifer received the counteroffer before the 14th but did not sign the contract until February 18. She returned the contract to Delaney on February 19. On February 14, when Delaney had not received an acceptance from Jennifer, Delaney considered the negotiations terminated and sold the property to someone else. Jennifer sued claiming breach of contract. Does Jennifer have a correct claim? Explain your answer.

**Case #1 Answer:** Jennifer’s claim is not correct. When Delaney changed Jennifer’s original offer, the effect was to reject Jennifer’s offer, and this terminated the offer. Delaney’s changes acted as a counteroffer to Jennifer’s original offer, making Delaney now the offeror, and Jennifer the offeree. Under Delaney’s offer, the deadline for acceptance was February 14. When Jennifer did not reply by then, the offer was terminated by lapse of a stated time for acceptance. There was no contract between the parties and Delaney could rightfully sell the property to another buyer.

**Case Study #2:** Jason is a wholesaler who sells large shipments of plants to large home improvement stores and nurseries. On April 1 Jason makes an offer to sell five truckloads of bedding plants to Plants R Us at a fixed price. Jason submits a firm offer to Plants R Us that is in effect for two weeks. On April 6, a national trucker’s union goes on strike and Jason learns that the market price of the toys has risen sharply. Is Jason required to keep the offer open? Explain your answer.

**Case #2 Answer:** Jason is legally bound by his offer if Plants R Us accepts the offer any time before the stated two weeks is up.

**Creating Cases:** Split the class into teams with two members. Each team must write two case studies like the cases in assignment #1. Each case must include pertinent details about offer, acceptance, and possible termination of offer. The cases will be exchanged in class to review key concepts. Each team must supply answer keys for their case studies to the teacher.

**YOU’RE COVERED?**

The Smiths’ daughter is deceased. When their daughter was in college, she purchased a life insurance policy valued at $5,000, which was offered for free by the alumni association for nine months. The policy gave the option of continuing as a $25,000 policy after the initial coverage for an amount that would be determined at a later date. Acceptance of the additional coverage was to be done by paying the premium. The daughter accepted the additional coverage by paying the premium. Shortly before the policy expired, the daughter received a letter offering her the additional coverage and stating the amount of the premium. The daughter was injured in a serious automobile accident before receiving the letter and died after several weeks without regaining consciousness. Her lawyer later returned the premium, and the Smiths’ then filed for the $25,000. The insurance company refused to pay. Can the parents recover from the insurance company?

**Answer:** No, the parents do not recover from the insurance company. The offer to extend the life insurance policy past the nine‐month period was not accepted by the student before her death and death terminates an offer. No binding contract was formed since she was not aware of the premium for the larger amount of coverage and was not able to take the necessary action.