

THE INSTITUTE OF CHARTERED SHIPBROKERS

APRIL 2007 EXAMINATIONS

TUESDAY 24 APRIL – AFTERNOON

MARINE INSURANCE

Time allowed – Three hours

Answer any FIVE questions – All questions carry equal marks

1. The Marine Insurance Act, 1906 provides that ‘*Subject to the provisions of this Act, and unless the policy otherwise provides, the insurer is liable for any loss proximately caused by a peril insured against, but, subject as aforesaid, he is not liable for any loss which is not proximately caused by a peril insured against.*’

Explain the practical application of the doctrine of proximate cause, illustrating your answer with an example.

2. State briefly the advantages to the cargo assured of a marine open cargo cover and explain briefly the content and purpose of the following that are usually embodied in such a cover:

- a) Cancellation Clause.
- b) Limit any one vessel/any one location.
- c) Institute Classification Clause 1/1/02.
- d) Basis of Valuation.

3. The Marine Insurance Act, 1906 provides that the marine insurance policy is assignable unless it contains terms expressly prohibiting assignment.
Explain:

- a) What is meant by ‘assignment of the policy’.
- b) The rights of the assignee under an assigned policy.
- c) Why the marine cargo policy is almost invariably assignable.
- d) The protection afforded the assignee by effecting the insurance on a ‘lost or not lost’ basis.
- e) The provisions of the International Hull Clauses (1/11/03) regarding assignment of the marine insurance hull policy.

4. Define the essential requirements for justifying a claim for sue and labour expenses and explain how these expenses differ from general average expenditure.

5. In what circumstances may a shipowner may give notice of abandonment of his insured ship. Explain the provisions governing such notice and the consequences they have for both insurers and the assured.

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6. Answer **ALL THREE** of the following questions:
- a) Explain the difference between particular average and general average.
 - b) Give an example of a particular average loss and a general average loss.
 - c) Outline the extent of underwriters' liability under a marine hull policy, as specified in the Marine Insurance Act, 1906, for a particular average loss and a general average loss.
7. State and explain the notice of claims and tender provisions contained in the International Hull Clauses (01/11/03) that impose certain requirements upon the assured and grant certain entitlements to the leading underwriters.
8. Goods are insured under a policy including the Institute War Clauses (Cargo) 1/1/82.
- a) Outline the risks covered by these clauses.
 - b) When does cover attach and terminate under these clauses?
 - c) What limitation is imposed if the vessel has to wait to discharge cargo at the destination port?
 - d) How is the cover varied in the event of transshipment at an intermediate port?