

## C55B MARINE CLAIMS

### IMPORTANT

The time allowed for this exam is 3 hours.

Total marks: 200

**You must hand in this paper** and any paper used for rough work to the supervisor when you leave the examination room. Failure to do so may result in disqualification.

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- Question 1. Outline the provisions of the Marine Insurance Act 1906 Section 55, which refers to included and excluded losses. (20 marks)
- Question 2. (a) Briefly contrast particular average, salvage, and general average. (6 marks)
- (b) Discuss the law of salvage and the use of Lloyds Open Form. (14 marks)
- Question 3. (a) Describe the measure of indemnity provided for in Section 69 of the Marine Insurance Act for partial loss of ship when:
- (i) Repaired (4 marks)
  - (ii) Partially Repaired (3 marks)
  - (iii) Unrepaired (3 marks)
- (b) Explain the recoverability of the following items in respect of a partial loss of ship:
- (i) Wages & Maintenance of Crew (4 marks)
  - (ii) Superintendents & Surveyors Fees (3 marks)
  - (iii) Policy Excess (3 marks)

- Question 4. (a) Describe the evolution and purpose of the York Antwerp Rules. (11 marks)
- (b) Provide brief details of THREE (3) of the following York Antwerp Rules.
- (i) Rule I Jettison of Cargo
  - (ii) Rule II Loss or Damage by Sacrifice for the Common Safety
  - (iii) Rule III Extinguishing Fire on Shipboard
  - (iv) Rule IV Cutting Away Wreck
  - (v) Rule XIV Temporary Repairs
  - (vi) Rule XIII Deductions from Cost of Repairs (3 marks each = 9 marks)
- Question 5. Briefly outline the general provisions of the following clauses contained in the Institute Cargo Clauses.
- (a) Duration Clause (10 marks)
  - (b) Insurable Interest (4 marks)
  - (c) Not to Inure Clause (2 marks)
  - (d) Duty of Assured Clause (4 marks)
- Question 6. (a) Briefly describe how the Marine Insurance Act of 1906 defines both total and constructive total loss (CTL) with respect to a loss concerning a ship? (10 marks)
- (b) Discuss the principle of abandonment in relation to a CTL. (10 marks)

- Question 7. (a) A shipment of foodstuffs was shipped from Europe to Canada. During the voyage the ship encountered heavy weather and a portion of the shipment was damaged. On arrival a number of items had to be discarded, some were partially damaged and sold as salvage and others reconditioned and sold for their full value. The shipment was insured in accordance with the *Institute Cargo Clauses A* with no deductible applicable. Adjust the claim under the policy. Show your calculations.

Details of Shipment:

		Sound Market Value
100 bags of flour @ \$10.00 each =	\$1,000	\$15.00
50 bags of sugar @ \$ 5.00 each =	\$ 250	\$ 7.50
200 boxes of crackers @ \$7.50 each =	\$ 1,500	\$11.25
500 boxes of cookies @ \$2.50	\$ 1,250	\$ 3.75
Total Invoice Value:	\$ 4,000	
Total Insured Value including freight:	\$ 5,000	

Loss Details:

- (i) 50 bags of flour were discarded and therefore a total loss.
- (ii) 20 bags of sugar were sold for \$3.75 each
- (iii) 100 boxes containing crackers had to be replaced at a cost of \$.50 per box.

In addition, sorting costs of \$1.00 per box of crackers were incurred. Sale charges of \$27.50 were incurred in disposing of the sugar.

(17 marks)

- (b) How would the total claim differ, if the goods were sold short of destination?

(3 marks)

- Question 8. A vessel stranded and seriously damaged her bottom. The vessel was immediately placed in dry-dock for repairs as follows:

Repairs	\$250,000
Docking & Undocking	\$ 15,000
10 days dues @ 10,000. per day	<u>\$100,000</u>
	\$365,000

The vessel was insured under ITC – Hulls 1/11/95 on a valuation of \$3,000,000 with a policy deductible of \$25,000.

- (a) What is the claim on the policy? (2 marks)
- (b) What is the position if, in addition to the above, owners required 5 days to effect repairs to the vessel which were necessary to make the vessel seaworthy? (9 marks)
- (c) What is the position if repairs are deferred to a routine dry-docking where owner's repairs now require 20 days? (9 marks)

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Question 9. A vessel proceeded from Bangkok to Vancouver with cargo on board when she grounded. Cargo was jettisoned to lighten her, and the ship's engines were used to try and refloat her albeit unsuccessfully. A salvage tug then attended and towed the vessel to Seattle where part of her cargo was discharged to effect repairs necessary for the safe prosecution of the voyage. General average was declared and the following expenses and damages were incurred.

Costs in Seattle to effect repairs:	
(e.g. loading/unloading, tug services etc.)	\$200,000
Repairs to grounding damage	\$200,000
Repairs to engines in trying to refloat vessel	\$250,000
Value of cargo jettisoned	\$150,000
Damage to cargo due to grounding	\$300,000
Salvage award	\$250,000

The following values were established at destination:

Sound Market Value of Vessel:	\$1,000,000
Cost and Insurance Value of Cargo	\$2,000,000

Adjust the general average for ship and cargo interests. Show your calculations.

(20 marks)

Question 10. Discuss the nature and role of the following organisations:

- (a) The Salvage Association
- (b) Lloyds Agents
- (c) Classification Societies
- (d) The Association of Average Adjusters

(5 marks each = 20 marks)

