

## 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. Briefly discuss the following principles and their significance with respect to coverage under a Marine Insurance policy.
- (a) Wilful Misconduct (5 marks)
  - (b) Negligence (5 marks)
  - (c) Proximate Cause (10 marks)
- Question 2. Describe the differences between a Total Loss and a Constructive Total Loss with respect to each of the following:
- (a) Hull Loss (10 marks)
  - (b) Cargo Loss (10 marks)
- Question 3.
- (a) Discuss the principle of abandonment and its relationship to a constructive total loss. (10 marks)
  - (b) How do the rights of underwriters in subrogation differ from the above? (10 marks)

- Question 4. List and describe the documents necessary for making a partial claim on ship. (20 marks)
- Question 5. (a) Define General Average as per Rule A of the York Antwerp Rules and give Two (2) examples of a G.A., one including a G.A. Expenditure, the other including a G.A. Sacrifice. (14 marks)
- (b) With respect to General Average Sacrifice, discuss the concept of having the loss "made good". Also briefly explain how the amount good is to be calculated as per Rule XVI of the York Antwerp Rules. (6 marks)
- Question 6. Explain the purpose of collecting General Average security and the procedures and documentation used to collect that security. (20 marks)
- Question 7. Discuss the coverage provide by Section 78 of the Marine Insurance Act with respect to Sue & Labour and also as provided for in the Institute Times Clauses Hulls 1/11/95. (20 marks)
- Question 8. 5000 metric tonnes of steel were shipped from Hamburg to Toronto. During the voyage, heavy weather was encountered and salt water entered the holds. The steel was damaged as a result of contact with seawater and at discharge the following was the result, after a sorting operation and subsequent salvage sale.
- |          |  |
|----------|--|
| 1000 mt. | Considered a total loss and discarded                        |
| 2000 mt  | Sold for salvage @ \$5.00 per mt.                            |
| 2000 mt. | Cleaned at a cost of \$1,000.00 and sold for \$10.00 per mt. |
- Sales commission: \$ 500.00  
Carriage charges: \$ 50.00
- Details of the shipment are as follows:
- Invoice value of steel: \$5.00 per mt. or \$250,000.  
Insured value of steel: \$7.50 per mt.or \$375,000.  
Sound market value of steel at destination: \$10.00 per mt.
- (a) Coverage is provided in accordance with the ICC "A". Adjust the claim under the policy. (10 marks)
- (b) How would this calculation differ if done on a salvage loss basis and when would a salvage loss adjustment be appropriate? (8 marks)
- (c) How would the amount payable differ if the coverage was in accordance with the ICC "C"? (2 marks)

Question 9. A vessel proceeded from Bremerhaven to Halifax with cargo when a fire occurred in her engine room and one of her holds. The vessel was towed to New York 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 New York to effect repairs (e.g. loading/unloading, tug, services etc.)	\$200,000
Repairs to Fire Damage	\$200,000
Repairs to extinguishing damage	\$100,000
Repairs to hull unavoidably caused by salvage tug	\$ 60,000
Damage to cargo by fire	\$360,000
Damage to cargo by extinguishing operations	\$180,000

The following values were established at destination

Sound Market Value of Vessel	\$ 1,000,000
Cost and Insurance value of Cargo	\$ 1,800,000
Freight Payable	\$ 300,000
Contingent expenses net	\$ 75,000

Adjust the General Average for the ship, freight and cargo interests. Show your calculations.

(20 marks)

Question 10. Following the completion of discharging, a vessel was holed by a barge and sunk alongside the berth. She was insured for \$1,000,000 under the ITC Hulls 1/10/95 with no deductible. Sound market value was \$1,250,000.

(a) Attempts to raise her cost \$500,000 but were unsuccessful and consequently underwriters paid a total loss. Show the calculations for this claim under the policy.

(10 marks)

(b) Assume in the case above that the vessel was raised successfully. The estimated cost of repairs was \$1,500,000. The damaged vessel was sold for scrap for \$100,000. Show your calculations for this claim under the policy.

(10 marks)

