

C53 PRINCIPLES OF MARINE INSURANCE

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.

Question 1. Name TEN (10) perils a commercial Hull may encounter. (20 marks)

Question 2. (a) Briefly describe the following components of the London Market.

- (i) Corporation of Lloyd's
- (ii) Name
- (iii) Syndicate
- (iv) Lloyd's Underwriters' Association
- (v) International Underwriting Association (2 marks each = 10 marks)

(b) What is the function of a Classification Society? (5 marks)

(c) State the full name of each of the following:

- (i) ABS (3 marks)
- (ii) BV (2 marks)

- Question 3. (a) Define **maritime lien**. Explain its function and priority in relation to a vessel. (5 marks)
- (b) Name FIVE (5) rewards for benefit that may give rise to a maritime lien. (5 marks)
- (c) What is the history and purpose of Limitation of Liability for a shipowner? (10 marks)
- Question 4. (a) How is a **salvage operation** defined in the International Convention on Salvage 1989? (8 marks)
- (b) What TWO (2) elements are required for Salvage? (2 marks)
- (c) Explain the principle of “no cure, no pay” and how it is applied. (8 marks)
- (d) What is the exception to the “no cure, no pay” principle introduced by Article 14 of the International Convention on Salvage 1989? (2 marks)
- Question 5. (a) Briefly describe the implied obligations in a contract of affreightment. (10 marks)
- (b) Briefly describe the functions of a bill of lading and the features of each function. (10 marks)
- Question 6. In Canadian case law, the Federal Court of Canada in *Kruger Inc. v. Baltic Shipping*, set out the burden of proof in a dispute between cargo owner and shipowner. What must a cargo owner prove in order to seek indemnity from the carrier? What must the carrier prove to avoid or reduce liability? (20 marks)
- Question 7. Give the full name of and briefly describe the following Inco terms:
- (a) FAS
(b) FOB
(c) CIF
(d) CFR
(e) CIP (4 marks each = 20 marks)

- Question 8. Answer the following questions based on the Marine Insurance Act 1906:
- (a) Name FIVE (5) interests that may be the subject of marine insurance. (5 marks)
 - (b) Describe the principle of “uberrima fides” and the obligations it puts on the insured. (5 marks)
 - (c) What constitutes a **constructive total loss** of cargo? (5 marks)
 - (d) What constitutes a **particular average loss**? (5 marks)
- Question 9. (a) Under the Marine Insurance Act 1906, what is the measure of indemnity in the partial loss of a ship in the following situations:
- (i) Repaired? (4 marks)
 - (ii) Partially repaired? (6 marks)
 - (iii) Not repaired? (6 marks)
- (b) Explain the statement: Marine insurance is not a perfect contract of indemnity. (4 marks)
- Question 10. Name TEN (10) liabilities usually indemnified by a protection and indemnity club. (20 marks)

