



DECEMBER 2016

MARINE INSURANCE

Instructions to candidates:

- a) Time allowed: Three hours (plus an extra ten minutes' reading time at the start – do not write anything during this time)
 - b) Answer any FIVE questions
 - c) All questions carry equal marks. Marks for each question are shown in []
1. What is the effect of underinsurance on any sums recoverable under the General Average and Salvage Clause in the Institute Time Clauses – Hulls contract? Give an example of EACH. [20]
 2.
 - a) What are the TWO essential features of insurable interest? [10]
 - b) In marine insurance how is the measure of indemnity affected by underinsurance? [10]
 3.
 - a) Define **insurable interest**. In the context of the MIA 1906, describe the particular types of insurable interest which might be encountered during the course of a voyage. [10]
 - b) How does the Marine Insurance Act 1906 define '**Maritime Peril**'? [10]
 4. Briefly explain why an assured would choose Institute Cargo Clauses (B) or (C) as opposed to (A). What extra coverages do the (B) Clauses make available that the (C) Clauses do not? You should illustrate your answer with examples. [20]
 5.
 - a) What is the difference between implied and express warranties in the context of marine insurance? [10]
 - b) Give an example of EACH and state how a breach of one of your chosen examples would affect the outcome of a claim. [10]
 6.
 - a) What function is served by the Protection and Indemnity Clubs and how are they managed? [18]
 - b) What are the responsibilities of a ship owner upon joining a club? [2]
 7. Given the following information, calculate both the contributory values and the individual contributions to the General Average Fund of the following:
 - a) A ship valued at \$10,000,000 suffers a fire causing damage of \$1,000,000
 - b) Owners of cargo A valued at \$4,000,000 suffers smoke and heat damage of \$2,000,000 and \$600,000 damage caused by water used to extinguish the fire
 - c) Owners of cargo B valued at \$2,000,000 suffers heat damage of \$1,000,000 and no other damage [20]
 8. Define the following FIVE terms:
 - a) Navigational Limits
 - b) General Average
 - c) Warranty
 - d) Contributory Values
 - e) Average Bond [4 each]