



INSTITUTE OF  
CHARTERED  
SHIPBROKERS

**NOVEMBER 2023 EXAMINATION SESSION**  
**TUESDAY 28<sup>th</sup> NOVEMBER 2023 – AFTERNOON**

## **MARINE INSURANCE**

Time allowed – three hours

Answer any FIVE questions – all questions carry equal marks

Please read the questions carefully before answering

1. In marine insurance law, it is recognised that loss or damage may be the product of multiple causes. Common law distinguishes those causes which are legally significant from those which are not, for the purposes of determining the actual cause of the loss sustained by the assured. Those causes which are more legally significant are loosely grouped under ‘proximate cause’.

Explain the practical application of the doctrine of ‘proximate cause’, supporting your answer with suitable examples.

2. Answer **BOTH** parts of the question, using case law to support your answer.

Define and explain:

- a) Particular Average Loss.
- b) General Average Loss.

3. The Insurance Act 2015 brought about significant changes to English commercial insurance law. Has the Insurance Act 2015, in your opinion, efficiently eliminated the draconian effects of breaching a warranty as provided under the MI Act 1906? Or, has the Act made them more complicated for the market?
4. Discuss critically with suitable examples and reference to case law, the circumstances where a shipowner may serve a notice of abandonment.

**PLEASE TURN OVER.**

5. The vessel RUBY was insured for a total agreed value of US\$8,500,000. Three months prior to taking up the policy the vessel underwent a survey where it was strongly advised that she be dry-docked to address some problems with her hull, besides others relating to her cranes. Although RUBY was dry-docked for 3 weeks, not all problems identified in the survey report were fixed.

Later the RUBY was time chartered for a period of 18 months, and it was strongly rumoured that the vessel was to take long journeys between Argentina and China transporting Soya beans. The Owners of the RUBY mentioned the dry-docking of the vessel to the insurance broker but failed to mention the long list of recommendations by the surveyors. The dry-docking was referred to in the conversation. Three months into the time charterparty contract, while carrying a cargo of Soya beans from Argentina, RUBY developed serious engine problems (besides other problems) and was stranded.

The RUBY while being towed encountered a hurricane and experienced serious damage to her hull incurring general average costs and some salvage costs. She was dry-docked in South Africa. It is feared that the cost of towage, salvage costs and repairs might far exceed her total value. The owners of the RUBY have put in a claim for 'total loss' or 'constructive total loss'.

Discuss the legality of the claim.

6. Both Shipowners' Protection & Indemnity Clubs and conventional marine insurers are governed by the provisions of the Marine Insurance Act 1906. Unlike an insurance company, which is answerable to its shareholders, a Mutual P&I Club is the servant only of its members. Explain the purpose and function of a Shipowners' Protection & Indemnity Club, and how it benefits the shipowners.
7. A fire broke out on board a vessel carrying general cargo. Efforts were made to put out the fire, resulting in a third of the cargo being jettisoned at sea. The vessel called into the nearest port to undergo emergency repairs, deviating from her contractual course. She resumed her service after a delay of two weeks, when she arrived at the discharge port.

The shipowner claims that it had incurred a significant cost to put out the fire, besides the expense for the emergency repairs. The shipowner intends putting in a claim under General Average and/or Sue and Labour. The cargo owners need to know if they would have to make any contribution under general average. Discuss the possible claims arising under particular average and general average under the circumstances with suitable case laws to support your answer.

8. Answer **ALL** parts of the question.

State the measure of indemnity, as specified in the Marine Insurance Act, 1906, for damage to the insured ship.

- a) Where the damage has been repaired
- b) Where the damage has been partially repaired,
- c) Where the damage has not been repaired.