

# Examiners' Report

## November 2016

### Marine Insurance

#### Question 1

**Insurable interest is the principle which governs the legal right to insure. Discuss what this means, covering in detail the application of this principle in relation to marine insurance.**

Here, the students were expected to be familiar with the general principles of insurable interest in marine insurance. They were to carry out a detailed discussion on the insurable interest and the legal right to insure. Students are expected to be aware relevant provisions of the MI Act 1906 relating to insurable interest and the application of the principles.

#### Question 2

**Explain the purpose and function of a shipowners' Protection & Indemnity Club.**

The students were expected to be familiar with the role played by P&I clubs in the shipping industry. They were to carry out a detailed discussion about the purpose and function of the shipowner's P&I clubs in the shipping industry, and also discuss how P&I clubs benefit the shipowner (club letters etc.). The performance of the students on this question could be summarised as being above average.

#### Question 3

**Discuss with suitable examples how a warranty is promissory in nature, the non-fulfilment of which will automatically discharge the insurer from liability, or further liability as from the date of breach.**

The students were expected to be familiar with warranties under a marine insurance contract. The students were to present a detailed discussion on how warranties under a marine insurance contract is promissory in nature. Students were also expected to discuss the consequences of breach of warranty. The performance of the students on this question could be summarised as being satisfactory.

#### Question 4

**Explain the structure of the marine insurance market discussing the functions and responsibilities of insurance brokers within the market.**

Here, the students were expected to be familiar with the working of the marine insurance market and the

## Examiners' Report November 2016 Marine Insurance

functions and responsibilities of the insurance broker within the market. The students were to present a detailed discussion on the working of the marine insurance market and the role (functions & responsibilities) of the insurance broker in facilitating the process of obtaining an insurance cover. The discussion/arguments were to be well supported by reference (wherever possible and necessary) to the provisions of the Marine Insurance Act 1906. The performance of the students on this question could be summarised as being very satisfactory.

### Question 5

**Using suitable examples, explain the practical application of the doctrine of proximate cause.**

The students were expected to be familiar with the doctrine of 'proximate cause,' the relevant provisions of the MI Act (s 55(1)) dealing with the loss caused by a proximate cause, and its practical application in determining claims. The students were expected to present a detailed discussion on the doctrine of 'proximate cause' and how the common law doctrine assists in determining the actual cause of the loss arising under a marine insurance policy. The performance of the students on this question could be summarised as being good.

### Question 6

**The right of subrogation is important to insurers, and it is a common practice for insurers to include subrogation provisions in a policy. This doctrine is statutorily recognised by the Marine Insurance Act 1906, and its application occurs at the expense of the insured. Explain the rights of a subrogated insurer. Use examples to support your answer.**

The students were expected to be familiar with the legal doctrine of subrogation in marine insurance contracts. The students were to carry out a detailed discussion on the doctrine of subrogation in insurance contracts which is covered under the MI Act 1906, to include how it works through the substitution of the insurer to the rights of the insured, and as a normal incident of indemnity. The performance of the students on this question could be summarised as being average.

### Question 7

**Under what circumstances may a shipowner give notice of 'abandonment' of his insured ship? Explain the provisions governing such a notice and the consequences they have for both insurers and the assured**

The students were expected to be familiar with the notion of abandonment in shipping practice and marine insurance laws, and expected to be familiar with the Sec 62 of the Marine Insurance Act 1906. The

## Examiners' Report November 2016 Marine Insurance

students were to carry out a detailed discussion on the notion of 'abandonment' of a ship by the shipowner and the consequences that flow from the same; when a shipowner may give a notice of 'abandonment' of his insured ship and the consequences of such a notice on both insurer and assured.

### Question 8

**The Marine Insurance Act 1906 specifies that an insurer is not liable for any loss which is not proximately caused by a peril insured against. Discuss with examples the statutory exclusions covered under Section 55(2) of the Act.**

Here, the students were expected to carry out a preliminary discussion on Sec 55 (2) of the MI Act 1906 which deals with loss caused by a 'proximate cause'. The students were to carry out a detailed discussion on the doctrine of 'proximate cause' in determining claims arising under a marine insurance policy under S.55(2) of the MI Act 1906; to include the common law principles of proximate cause while determining the actual cause of the loss arising under a marine insurance policy.