



MONDAY 21<sup>ST</sup> MAY – AFTERNOON

## MARINE INSURANCE

Time allowed – three hours

Answer any FIVE questions – all questions carry equal marks

Please read the questions carefully before answering

1. A vessel was carrying general cargo on board when a fire broke out in its engine room. 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 huge bill to put out the fire, besides the bill for emergency repairs. The shipowner intends on putting in a claim under General Average and/or Sue and Labour. The cargo owners are also eager to know if they would have to make any contribution under General Average.

Discuss and advise the cargo owners with suitable examples to support your answer.

2. Answer **BOTH** parts of the question.
  - a. Sec 55(1) of The Marine Insurance Act 1906 provides *that only ‘the immediate, not the remote, cause is to be considered’*. Discuss this statement with examples.
  - b. If a marine hull policy provides that a risk of fire is an insured peril, but after investigations the insurer came to know that the assured deliberately set the vessel on fire, will the assured be successful in their insurance claim for total loss?
3. '*The Assured under a contract of marine insurance policy is under an obligation to avert or minimise the loss*'.

Analyse the implications of this statement for an assured in a marine insurance policy.

4. Answer **BOTH** parts of the question
  - a. A ship owner decides to mortgage his ship. Is it possible for a mortgagee to get a marine insurance cover from the market?
  - b. Discuss the difference between the concepts of ‘total loss’ and ‘constructive total loss’ in relation to both the hull and the cargo policies.

5. What is the duty of 'fair presentation' introduced under the Insurance Act 2015, and how has it modified the duty of 'good faith' which underpins a marine insurance contract?
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.

7. Specify the legal liabilities which may devolve upon the shipowner where his ship is held entirely responsible for a collision with another ship and explain to what extent these liabilities are recoverable under a policy subject to Institute Time Clauses – Hulls 1/11/95.
8. Both Shipowners' Protection & Indemnity Clubs and conventional marine insurance are governed by the provisions of the Marine Insurance Act 1906, as they mostly incorporate English law as the applicable law. Unlike an insurance company, which is answerable to its shareholders, a P&I Club is the servant only of its members. Explain the purpose and function of a Shipowners' Protection & Indemnity Club.