THURSDAY 25th APRIL 2013 – AFTERNOON

MARINE INSURANCE

Time Allowed – Three Hours
Answer any FIVE questions – all questions carry equal marks
Please read the questions carefully before answering

1. What is abandonment and under what circumstances may shipowners give notice of abandonment of their ships? Explain the provisions governing such notice and the consequences they have for both insurers and the assured.

2. Answer both parts:
   (a) Define a general average act and state the essential features which must exist in order for it to be justified.
   (b) In a general average adjustment the amounts made good in respect of general average sacrifice also contribute to the loss. Explain why this is necessary, illustrating your answer with examples using your own figures.

3. Using appropriate examples, 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.

4. The Marine Insurance Act 1906 provides that the marine insurance policy is assignable unless it contains terms expressly prohibiting assignment. Explain all of the following:
   (a) What is meant by assignment of the policy?
   (b) Why the marine cargo policy is invariably assignable.
   (c) The rights of the assignee under an assigned policy.
   (d) The protection afforded to the assignee by effecting the insurance on a ‘lost or not lost’ basis.

5. Answer both parts:
   (a) State, with examples, the circumstances under which an assured may claim an actual total loss.
   (b) Discuss the rights that automatically accrue to underwriters upon payment of a claim for total loss of the subject matter insured.
6. Warranties in marine insurance are terms of contract by which the insured promises that a stated fact is true or will remain true, or that they will act or refrain from acting in a certain way. The effect of breach of a warranty can be used to defeat liability for claims. Explain with examples.

7. Explain the purpose and function of a Shipowners’ Protection & Indemnity Club, the benefits that accrue to the shipowners, and how it is governed by the Marine Insurance Act 1906.

8. What is the doctrine of utmost good faith (uberrimae fidei) and how does it affect the performance of a marine insurance contract? Using suitable examples, discuss the obligations it imposes upon the prospective assured and the broker, and its importance to the insurer.