

PGDM (IBM), 2019-21
Marine Cargo and Hull Insurance
INS-404

Term – IV, End-Term Examination: September 2020

Time allowed: 2 Hrs 30 Min

Roll No: _____

Max Marks: 50

Instruction: Students are required to write Roll No on every page of the question paper, writing anything except the Roll No will be treated as **Unfair Means**. All other instructions on the reverse of Admit Card should be followed meticulously.

SECTION A – (10 marks * 3 questions) = 30 Marks

A1a

Please list down the coverages under **ICC B – 1/1/2009** Perils and write notes on exclusions and duration.

There has been amendments in ICC 2009 as compared to 1982 version in context with packing and insolvency exclusions. Please explain

OR

A1b

What are incoterms? List down all the incoterms of **2020** and explain in detail the incoterms falling in D group.

A2a

A2a.1. Name all type of Vessels and explain in short, for what kind of cargo are they used.

A2a.2. Write short note on Marine Hull Insurance and list the perils covered under 6.1 and 6.2.

OR

TURN OVER

A2b

Kindly write short notes on

- A2b.1** - Institute Timber Clause
 - A2b.2** - Institute Strike Clause
 - A2b.3** - Sellers Interest Clause
 - A2b.4** - Institute War Clause
 - A2b.5** - Concealed Damage Clause
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A3a

All Risk policy is issued to the insured and a loss is reported due to accident. Surveyor has released the survey report, kind show the detailed calculation of claim amount.

Ex works price of N95 Mask (per pc) (in INR)	150
Freight per pc (In INR)	20
Number of masks purchased	50,000
Number of masks misplaced.	10,000
Number of masks partially damaged.	15,000
Salvaged offered by a salvage buyer	Rs 20 Per mask
Basis of valuation	Cost + Freight + 10%
Coverage	ITC A + SRCC
Movement of goods from	Delhi
To	Bangalore
Deductible	10% of consignment value subject to minimum of Rs 10,000

OR

A3b

What are the main documents required for marine cargo claim? Which documents are called recovery documents? Write short notes on recovery documents.

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TURN OVER

SECTION B – CASE STUDY (20 Marks)

Spirit Pharma is into manufacturing of sanitizers. They were a very small company till end of 2019 - A pre COVID 19 era. A marine policy was issued to them by Make in India Insurance Company Private Limited.,(MIICPL) every year on annual basis effective from 1st of January 2019. Few details of the policy are as below.

- Coverage under the policy was on All Risk Basis – Institute Cargo Clause A – 1982 and Inland Transit Clause 1982.
- Items insured – raw materials, semi finished goods, finished goods, packing materials and all other items pertaining to manufacturing of sanitizers.
- Policy was covering all imports, exports, domestic movements
- Basis of valuation:-
 - Imports – Invoice Value + Freight + 10%
 - Exports – Invoice Value + 10%
 - Domestic : Invoice Value + 10%,
- Packing Standard and Customary but excluding any bulk and tanker movements
- Mode of transit:- Sea/Air/Rail/Road/Registered Post Parcel.
- Per Sending Limits : Rs 20.00 Lakhs
- Per Location Limited : Rs 40.00 Lakhs

By Sea :

Institute Cargo Clauses (A), - **1982**,
Institute Cargo Clauses (B), - **1982**
Institute Strikes clauses (Cargo), **1982**,
Institute War Clauses (Cargo), **1982**,
Institute Classification Clause
Cargo ISM Endorsement.

By Air :

Institute Cargo Clauses (Air) (excluding sendings by Post) 1982,
Institute Strikes Clauses (Air Cargo) 1982,
Institute War Clauses (Air Cargo) (excluding sendings by Post) 1982

By Road/Rail :

Inland Transit (Rail or Road) - Clause A (All Risks)
Inland Transit (Rail or Road) - Clause B (Basic Risks),
Strikes Riots and Civil Commotion Clause,
Limitation of Liability Clause.

By Courier :

Regd. Parcel Clause (duly amended for courier dispatches)

Standard Clauses :

Institute Standard Condition for Cargo Contracts 1/4/82.
Institute Radioactive Contamination, Chemical, Biological, Bio-Chemical and Electromagnetic Weapons Exclusion Clause dt. 10.11.2003.
Termination of Transit Clause. (Terrorism)

TURN OVER

Important Notice Clause.
Institute Cyber Attack Clause.
Private Carrier Clause.

Warranties/ Exclusion :

- Warranted fitness & suitability of the carrying vehicle.
 - Warranted carrying conveyance to be closed or adequately covered with weather proof material.
 - Warranted that the subject matter covered is properly lashed and secured in the carrying conveyance / container.
 - Excluding losses due to Contamination, Mold, Mildew, Infestation and spoilage unless caused by ITC/ICC-B perils.
 - Excluding losses due to variation in temperature.
 - Excluding unexplained shortages.
- Deductible :** 1% of the consignment value subject to minimum of Rs 25,000/-

Questions : -

B1.

One wet damage loss was reported under import leg when the cargo had reached insureds premises in India. Insureds had paid duty of Rs 5.00 Lakhs to clear the goods at customs. Insurance company settled claims on landed cost including incidental charges but they did not paid the duty component claimed by the insured. Why? **(2 marks)**

B2.

In one of the transits where the raw materials were imported by Sea and freight value was approximately 2% of the invoice value. Goods were received in damaged condition. Government had given huge orders to them to supply 2 lakhs litres of sanitizers. Insured decided to reimport the raw material by Air even if the air freight was costing 8% of the purchase invoice value as they did not wanted to fail in completing the orders.

If you have to propose an additional coverage so that they can claim the difference of 6% if similar kind of loss occurs again in future. Please name it **(2 marks)**

B3.

Sanitizers were to be supplied to the Indian Govt on door delivery basis. Transporters truck had arrived at the insureds warehouse in Noida. While loading the goods on the truck, two boxes fell down. Value of each box was Rs 1.00 Lakhs and it was a total loss for the insured. How much amount will the insurer pay if all the documents are submitted. **(2 marks).**

TURN OVER

B4.

One of the tankers carrying spirit overturned on 1st August 2020. Cargo was being procured from a local supplier in India on ex-works basis. Claim was lodged with the insurance company. If you are a claims person, how much will you pay to the insured. **(2 marks)**

B5.

Insureds primary business is to sell sanitizer and they have limited knowledge about insurance. They have written a mail to you seeking clarifications on certain coverage/clauses, kindly explain.

(4 marks)

B5 (a) - Institute Classification Clause

B5 (b) - Deductible : 1% of the consignment value subject to minimum of Rs 25,000/-

B6.

Consider you are working in a different company and the existing policy has been issued by MIICPL Insureds has approached you for renewal of his policy. Current marine open policy is running at a rate of 0.02%.

Insured is ok with the expiring rates how ever since the transaction has increased, they are looking for some simpler policy where in they need not to declare each transit post expiry of every month and wish to declare a single monthly value.

The proposed leg wise sum insured for policy year 2021 are :

Legs	Figures in Rs
Imports	1,00,00,00,000
Exports	2,00,00,00,000
Domestic Sales	1,00,00,00,000
Domestic Purchase	1,00,00,00,000
Stock Transfer	1,00,00,00,000

Which policy will you propose? Show the working how will you calculate the premium for the proposed policy? **(8 Marks)**

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