

PGDM (Insurance Business Management) 2021-23
Marine Cargo & Hull Insurance
INS -407
Trimester – IV, End-Term Examination, September, 2022

Time allowed: 2 Hours

Max Marks: 40

Roll No: _____

Instruction: Students are required to write Roll No on every page of the answer sheet.

Note: Please be relevant and brief in your answers. Section B is compulsory.

Section-A

There are 4 questions in this section. Each question carries ten marks.

Q 1. "Incoterms, establish the obligations of sellers (exporters) and purchasers (importers) in international trade". In light of this statement brief explain the importance of Incoterms. Further, using FOB incoterm as an example examine obligations of buyer and seller involved.

(CO1)

2.5 + 2.5 = 5 Marks

OR

Q 1. "Cargo policies are "agreed value" policies with a value". In light of the aforementioned statement, clarify how the principle of indemnity is applicable in marine insurance.

(CO 1)

5 Marks

Q 2. "Losses in cargo due to Inherent Vice are not covered by insurance" Briefly discuss the inherent vice exclusion with an example and other losses not covered by marine cargo coverages under ICC (A), (B), (C) Cargo Clauses.

(CO2)

2.5+ 2.5 Marks

OR

Q 2. "Institute Cargo Clauses (C) provides the least coverage while Institute Cargo Clauses (B), provides medium coverage but Institute Cargo Clauses (A), or "all risks," provides the most amount of coverage." Throw light on coverages available under ICC (A, B, C) to an insured

(CO2)

5 Marks

Q 3. "A shipment of goods is so severely damaged that recovering, repairing, or reconditioning the commodities will cost more than the worth of the goods." Briefly discuss the such type of loss in marine cargo insurance and compare it total loss in marine cargo insurance give examples for each type of loss

(CO3)

3 +2= 5 Marks

OR

Q 3. "An underwriter places limits to restrict losses in open policies and open cover marine cargo insurances" Discuss two such limits in relation damage to cargo due to covered perils

(CO3)

3 + 2 = 5 Marks

Q4. "Open Cover is an agreement while Open policies are enforceable contracts" In light of this statement bring out the differences between Open Cover and Open Policy in marine insurance?

(CO4)

OR

Q4. "Nature of cargo is an important factor a marine underwriter examines carefully consider while underwriting marine cargo policies involving export /import consignments". Discuss the importance of the same and other such factors which he has to deal with while underwriting marine cargo policies. (CO4)

5 Marks

Section B

Case Studies

(Total :20 Marks)

- a) 400 Cases gloves (each containing 50 pairs in boxes) were insured for Rs. 40000 cases were shipped from Mundhra Port in India to Antwerp port, Belgium.

On the voyage heavy weather was experienced and damage to cargo occurred, consequent to leakage in cargo hold. Subsequently a fire broke out seriously damaging the ship and cargo. On arrival at destination port. The following losses were ascertained.

- a) 120 cases damaged by fire – Depreciation 20%
- b) 40 cases damaged by sea water – depreciation 40%
- c) In 5 cases, pilferage noticed and 40 boxes were found missing
- d) 5 cases were lost overboard during discharge
- e) 230 cases arrived sound.

Survey Fees was Rs. 1000 and each box was invoiced at the same price and therefore each case was of equal value.

Work out the claims payable if the insurance cover was

- 1) ICC (A) 2) ICC (B) 3) ICC (C) (CO3 and CO4) 10 Marks

- b) 100 chests containing Pepper, and each chest of equal value are insured for Rs. 2,25,000/- so valued under ICC (A). CIF Value of these 100 chests was Rs. 200,000/-. 5 chests were lost overboard during unloading operations and were total loss. Calculate the claim payable. (CO3) 4 Marks

- c) Ram Laxman Exports Pvt. Ltd sent a consignment from Vishakhapatnam in India port to Colombo port in Sri Lanka. Policy was issued for covering cargo on ICC" B" clauses cover. Other details are as follows: Cargo: 1,000 bags of Sugar with 1,00,000 kgs. (100 kg per bag)
• After unloading at Port of destination, it was found that the 100 bags were torn open. The bags weighed 5000 kgs only. • On investigation, it was found that the consignment was stolen in the intermediate port. • The Buyer lodged claim. Is the claim payable or not? Why? (CO3) 3 Marks

- d) ITC (A) + SRCC was issued covering Inland Transit of a Milk Tanker from Haridwar, Uttrakhand to a Milk factory at Delhi. Due to Farmer Land laws agitation and protest by farmers

there was a riot and the tanker was able to enter the city after 3 days' due to blockage of route and heavy traffic. The milk got spoilt in due course.

Is the claim payable or not? Give reasons for your answer.

(CO4)

3 Marks