

PGDM (Insurance Business) 2013-15

Marine Cargo & Hull Insurance

INS-402

Trimester – IV, End-Term Examination, September, 2014

Time allowed: 2½ Hours

Max Marks: 50

Roll No: _____

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**. In case of rough work please use answer sheet.

Note : - Please be relevant and brief in your answers.

- Section C is compulsory.

- Do not write anything on this question paper except your roll no.

Section-A

There are 5 questions in this section. Attempt any 3 questions. Each question carries 5 marks.

- A-1. What material facts would you expect to be disclosed in a proposal for Hull Insurance?
- A-2. Discuss the 'Transit' or 'Duration' clause in ICC(cargo). Is it same in different type of transits?
- A-3. Explain 'sue & labour' charges' and differentiate it with 'salvage charges'.
- A-4. What are the responsibilities, liabilities and limits of monetary liability of a Multimodal Transport Operator?
- A-5. List the risks covered and Exclusions under the Institute Cargo Clauses (B).

Section-B

[Note: Answer 2 out of the 3 Questions below. Each Question carries 10 marks.

[2x10=20]

- B-1. Discuss the material facts need to be examined whilst underwriting a Cargo Insurance Proposal? What are the options, an insurer has in case of breach of a material fact? (10)
- B-2. (a) A consignment of machinery spare parts in a container is being shipped by the seller in the UK to the buyer in the USA. The invoice price is \$250,000 and the sale is on CIF plus 10% terms. Whilst being loaded aboard the overseas vessel at the UK port the container falls to the deck of that ship, causing damage to the cargo. Sixty per cent of it is damaged beyond repair. (4)

Contd./-2

- i) Identify the party who must make the claim and why?
ii) Calculate the settlement figure.
- (b) A vessel carrying 2000 empty containers from Mumbai to London, stranded before arriving at the final destination port and was holed. 20% of the containers were jettisoned for common safety, and the vessel was then able to proceed to her destination. General average was declared by the captain of the ship. Adjust the general average over the Contributory Value involved, given the following facts:- (6)
- | | |
|---|---------------------|
| Sound market value of ship at destination | \$ 40,00,000 |
| Damage caused by stranding | \$ 3,00,000 |
| C&I value of total (2000) containers loaded at Mumbai | \$ 20,00,000 |
| Freight due on all containers | \$ 7,00,000 |
| Cost of discharging at Hamburg: | \$ 50 per container |
- B-3. a) What are the perils covered and exclusions under ITC(Hull) clauses? (5)
b) What are the features of Sales turnover policy? (5)

Section-C

Case Studies

15 marks

- (a) Fifteen out of twenty similar machines were damaged beyond repair whilst on the high seas. As per the contract of carriage, the weight booked was 2000kg and Hague-Visby rules were to apply for recovery. The cost of the consignment was £ 600,000 only but the terms of sale were cost, insurance and freight (CIF) plus 10%. If the cost of the insurance and freight was £ 15,000, calculate the following with all your working: (6)
- (i) What was the sum insured of the policy?
(ii) what amount the assured should receive in settlement of his claim?
(iii) What amount of compensation that insurers may recover from the ship owner? (Recovery rate is 2 SDR per kg. and 01 SDR rated at £ 1.09)
- b. 10 barrels of 2000 kgs. oil were insured for Rs. 200,000 under ICC'A coverage. The gross shipping weight of each barrel was 205 kgs. with tare weight of 05 kgs. Part of the consignment arrived at destination in leaking condition and shortage in weight condition as under: (9)

Contd./-3

- (i) 5 barrels were found in sound condition, so no claim preferred,
- (ii) The gross weight of other 5 barrels were 185,195,197,201 and 202 kgs respectively

Assess the loss if policy would have the following type of warranties to pay a claim:

- a) Includes leakage if amounting 3% on each barrel or 1.5% on the whole; or
- b) As above, but assuming a normal loss of 01% in each barrel; or
- c) Includes leakage in excess of 3% in each barrel or 1.5% on the whole