

PGDM (Insurance Business Management), 2012-14
Marine Cargo & Hull Insurance
INS-402
Trimester – IV, End-Term Examination: September 2013

Time allowed: 2 Hrs 30 Min

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.

Section-A

There are 5 questions in this section. Attempt any 3 questions. Each question carries 5 marks and the Word limit is 200 words (Where ever applicable).

- A1. Answer the following in brief: (5)
- (i). State two key features of a liner service.
 - (ii) What is a Voyage policy
 - (iii) State two Time policies
 - (iv) What is LPB
 - (v) What is LPL
- A2. (a). State five features of insurable interest in regard to Marine Insurance. (2¹/₂)
- (b). List five hazards that are likely to be encountered during a sea journey from Montreal, Canada to Mumbai during winter months. (2¹/₂)
- A3. (a). Explain why an insurer would reject a claim for damage to goods, held in a warehouse pending distribution? Cover had been provided under institute Cargo Clauses (A) 1/1/09. (2¹/₂)
- (b). Identify the risk profiles of the following goods in relation to loss or damage whilst in transit: (2¹/₂)
- i. Beans
 - ii. Beer in cans
 - iii. Chocolate
 - iv. Cotton goods
 - v. Hides and skins
- A4. (a) State when the insurance attaches under the Transit Clause in the Institute Cargo Clauses (A) 1/1/09. (1¹/₂)
- (b) State when the insurance terminate in ICC 'A'. (3¹/₂)
- A5. (a) State any five common exclusions under Institute Cargo Clauses (2¹/₂)
- (b) Expand the following (2¹/₂)
- FAS; CKD; C&I; FOB; CIF

Section-B

[Note: Answer 2 out of the 3 Questions below. Each Question carries 10 marks and word limit is 500.]

B1. Mr. Gautam is the Marine Underwriter in an Insurance company. He has been asked to train a marketing team of Relation Managers joined the company recently. What material facts would he expect to be disclosed for a proposal of cargo insurance and why? (10)

B2. (a) State ten perils covered under Institute Time Clause (Hull). (5)

(b) Calculate the premium of the vessel, as per details below: (5)

Line:	Shipping Corporation of India
Vessel:	Samrat
Year Built:	2007
GRT:	12000
Insured Value:	Rs.10,00,00,000
Type:	General Cargo vessel
Trading:	Worldwide, subject to Institute warranties
Total Loss rate:	0.70%
Ex T.L.	Rs.50 per GRT (average element of risk as per Size of Vessel)
Deductible:	Rs. 1,00,000

B3 (a) £250,000 worth of goods was sold on Cost, Insurance & Freight plus 10% terms. Upon arrival 25% of the goods by value are missing from the container. The cost of insurance was @ 0.05%, freight for the whole consignment is £10,000 and it was pre-paid. Adjust the claim. (5)

(b) Explain 'Seller's Contingency (interest) Policy' and its importance. (5)

Section-C

Case Study

Marks: 15

Note: This section is compulsory.

C-1. Given below is the proposal for marine insurance policy of a manufacturing unit dealing in surgical and electronic goods. As per experience/market, the minimum marine rates chargeable are: for import/export is 0.04%, domestic movement of goods 0.03% and for custom duty, 75% of import rate.

Description	Sum insured
Imports on FOB/C &F	100,00,00,000
Customs Duty- Actual	80,00,000
Deemed customs duty	70,00,000
Domestic purchases	100,00,00,000
Domestic sales	140,00,00,000
Export sales- FOB/ C &F	90,00,00,000
Export sales- CIF	70,00,00,000
Inter-unit movements- domestic	45,00,00,000

If the turnover of the previous year is Rs.500 crores and the client wish to retain this figure for marine insurance, this year, answer the following:

- (i) Which policy you would like to offer the client and why? (5)
- (ii) Calculate the rate of premium would you quote to the client? (7)
- (iii) Would you like to put certain conditions in the policy to make it a good business? (3)
