

PGDM (Insurance Business, 2017-19)

Marine Cargo & Hull Insurance

Code:- INS-406

Trimester – IV, End-Term Examination, September-2018

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.

Part-A

Attempt any 3 questions. Each question carries 5 marks. No answer should have more than Two Hundred Fifty words.

**Question 1:-**

Answer all five questions (1 marks each).

1.1	<b>“incoterms X” means that the seller delivers the goods to the carrier or another person nominated by the buyer at the seller’s premises or another named place. The parties are well advised to specify as clearly as possible the point within the named place of delivery, as the risk passes to the buyer at that point. Identify X</b>
a	FAS
b	DEQ
c	FOB
d	FCA

1.2	<b>Cargo damaged due to heavy rains during carriage in sea will get payable only and only if the coverage opted was as per</b>
a	a) ICC A
b	b) ICC B
c	c) ICC C
d	d) Covered in all of the above

1.3	<b>Out of below mentioned clauses in groups, Please identify the group which has an odd member.</b>
a	Cutting Clause, FOB clause, Brands Clause
b	Shut Out Clause, FOB, Pair and Set Clause
c	Institute Coal Clause, Institute Frozen Food Clause, Institute Bulk Oil Clause,
d	Institute Timber Clause, Institute Replacement Clause, Institute Bulk Oil Clause,

<b>1.4</b>	<b>Which among the following containers is the best suited for transporting flammable chemical products ?</b>
a	Refer Container
b	Tank Container
c	Ventilated Containers
d	Flat Track Containers

<b>1.5</b>	<b>Which among the following is not a policy in the strict sense?</b>
a	Specific Policy
b	DSU Policy
c	STOP Policy
d	Open Cover

**Question 2 :- (5 marks)**

Explain principles of Marine Insurance.

**Question 3 :- (5 Marks)**

Name any four trade clauses and explain any one of them.

**Question 4 :- (5 Marks)**

Mention the coverages under ITC A, B and C (2010) and exclusions.

**Question 5 :- (5 Marks)**

Describe Sellers Interest Clause along with the key points to be remembered.

**Part-B**

Attempt any 2 questions. Each question carries 10 marks. No answer should have more than Five Hundred words.

**Question 6 (10 Marks)**

Describe Hull Insurance along with its coverage? Kindly also name the type of vessels and their usage.

**Question 7 (10 Marks).**

7.a	Explain the difference between ICC 1982 and 2009 ? <b>(5 Marks)</b>
7.b	How many type of marine cargo insurance policy are available? Explain any 3 in detail ? <b>(5 Marks)</b>

**Question 8 (10 Marks).**

- 8.a What do you understand by " Incoterm" ? (2 Marks)  
8.b Name all the incoterms 2000 ? (2 Marks)  
8.c Explain all the incoterms of 2010 ? (6 Marks)

**Part-C**

**Case Study : Compulsory question.**

**Carries 15 marks.**

M/s Riddhiman Garments Exports Pvt Limited is a giant readymade garment exporter. They have separate marine open policy covering various legs of transits.

Sales executive of your company could collect below information from the insured during his last visit.

Current Insurer : HDFC

- Policy Period : 1st January 2018 to 31st December 2018.
- Policy covers raw material, semi finished goods, finished goods pertaining to assureds trade and packing materials only.
- Basis of valuation in the policy is: Cost + Insurance + Freight (if applicable) + 10% + Duty at actuals.
- Policy was issued as per ICC A + War + SRCC / ITC A + War + SRCC.
- Per Sending Limit : Rs. 2.00 Crs
- Per Location Limit of Rs 4.00 Crs
- Deductible in all years are 0.50% of the consignment value subject to minimum of Rs. 10,000.

All the policies gets renewed from 1st of January and every year the insurer changed. In 2016, 2017, 2018 the policies were issued by ICICI, TATA and HDFC respectively. Premium rates were 0.04% in 2016, 0.03% in 2017, 0.03%

Policy did not had any add on coverages like concealed damage clause, Sellers Interest clause, Buyers Interest Clause etc.

Utilized Sum Insured of past 3 years.

Legs	2016	2017	2018
Imports and Duty	1,00,00,00,000	1,50,00,00,000	2,00,00,00,000
Exports	50,00,00,000	75,00,00,000	1,00,00,00,000
Domestic Purchase	30,00,00,000	45,00,00,000	60,00,00,000
Domestic Sales	1,50,00,00,000	2,25,00,00,000	3,00,00,00,000
Job Works	10,00,00,000	15,00,00,000	20,00,00,000
Stock Transferes	10,00,00,000	15,00,00,000	20,00,00,000

Losses in past 3 years.

Legs	2016	2017	2018
Imports and Duty	3,00,000	-	6,00,000
Exports	-	5,00,000	12,00,000
Domestic Purchase	-	-	-
Domestic Sales	1,00,000		4,00,000
Job Works	-	-	-
Stock Transfers	-	1,00,000	-

**Question 9(a) – 2 Marks**

On 27th of December 2017 one sales invoice was generated and the goods moved on 28th of December from Delhi to Bangalore, when it reached the destination city on 5th January 2018, it was noticed that 10 cartons were missing. Kindly confirm to which insurance company the insured should lodge the claim.

**Question 9(b) – 2 Marks**

Insured had dispatched a transformer for repair on 1st July 2018 and the depreciated market value was 20.00 Lakhs. Truck was highjacked and transformer could not be traced. This loss was reported to the insurer. How much loss will be paid by the insurer.

**Question 9(c) – 2 Marks**

One of the cartons which was delivered in outwardly sound packing to its final destination on 1st July 2017 was opened on 15th August 2017. It was found that 30% of the goods were spoiled. Insured lodged a claim and insurer declined. Please state one possible reason why it may have been declined.

**Question 9(d) – 3 Marks**

Calculate the loss ratio for all 3 years separately and show the working.

**Question 9(e) – 6 Marks**

Insured wants STOP policy now for 2019. Looking at the increased number of losses in current year, your corporate office has advised to quote at 0.04% on each leg of transit. Kindly calculate the STOP rate. Please show the detailed working.

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