



MONDAY 20th APRIL 2015 – AFTERNOON

MARINE INSURANCE

Time allowed – three hours

Answer any FIVE questions – all questions carry equal marks

Please read the questions carefully before answering

1. Warranties in marine insurance are terms of contract by which the insured promises that a stated fact is true or will remain true, or that he will act or refrain from acting in a certain way. Breach of a 'warranty' is one of the defences available to the insurers and is often used to defeat a claim. Discuss using case law and examples where necessary.
2. Answer with suitable case law:
 - a. What are 'perils of the sea' as per the Marine Insurance Act 1906?
 - b. State the measure of indemnity, as specified in the Marine Insurance Act 1906, for damage to the insured ship:
 - i. where the damage has been repaired
 - ii. where the damage has been partially repaired
 - iii. where the damage has not been repaired.
3. Both shipowners' Protection & Indemnity Clubs and conventional marine insurers are governed by the provisions of the Marine Insurance Act 1906. Unlike an insurance company, which is answerable to its shareholders, a P&I Club is the servant only of its members. Explain the purpose and function of a shipowners' Protection & Indemnity Club, and how it benefits the shipowners.
4. A marine insurance policy may cover the subject matter insured for a period of time (time policy), or from one place to another (voyage policy). With reference to the provisions of the Marine Insurance Act 1906, discuss the principles of insurance relating to a time policy and a voyage policy.

PLEASE TURN OVER

5. Identify and explain the principle of insurance, which states that:
 - a. The person taking the insurance policy must have personal interest in the subject matter.
 - b. All the rights and remedies, which the insured had, are transferred to the insurer.
6. Section 55(2) of the Marine Insurance Act specifies a number of losses that are statutorily excluded from the policy. Discuss with suitable examples the statutory exclusions covered under the above provision.
7. Section 17 of the Marine Insurance Act reads as follows:

‘A contract of marine insurance is a contract based upon the utmost good faith, and, if the utmost good faith be not observed by either party, the contract may be avoided by the other party.’

What is the doctrine of utmost good faith and how does it affect the performance of a marine insurance contract? Using suitable examples, discuss the obligations the above provision imposes upon the prospective assured and the broker, and its importance to the insurer.
8. What is **abandonment** and under what circumstances may a shipowner give notice of ‘abandonment’ of his insured ship? Explain the provisions governing such notice and the consequences they have for both insurers and the assured.