

NATIONAL UNIVERSITY OF SCIENCE AND TECHNOLOGY
B. COMM (HONOURS) DEGREE IN INSURANCE AND RISK
MANAGEMENT

MARINE, AVIATION AND TRANSPORT INSURANCE - CIN 4009

APRIL/MAY 2003 EXAMINATIONS

DURATION : 3 HOURS

INSTRUCTIONS TO CANDIDATES

1. Answer any four questions
 2. All questions carry equal marks
-

Question 1

In relation to Marine Insurance:

- (a) Analyse the key elements of a general average loss,
and
[10 marks]
 - (b) Distinguish between the different types of actual and constructive total losses analysing the problems attached to the settlement of such claims.
[15 marks]
- [Total 25 marks]**

Question 2

To what extent if at all would the following losses be covered under:

- (i) the Institute Cargo Clauses 'A'
 - (ii) the Institute Cargo Clauses 'B'
 - (iii) the Institute Cargo Clauses 'C'
- (a) Seawater enters the cargo hold of the ship and damages a cargo of wool.
[3 marks]
 - (b) During unloading of a vessel, a package containing electronic equipment is dragged overboard. Only one item of equipment is recovered.
[4 marks]
- (c) Due to heavy weather, cargo on board a vessel shifts and part of a cargo of cars is damaged.
[3 marks]
 - (d) A ship is attacked by pirates and the cargo of bullion is stolen.

[4 marks]

- (e) A cargo of electronic equipment is damaged when it is attacked by a gang of vandals. **[3 marks]**
- (f) Unknown to the consignor, the vessel in which a cargo of steel rods is carried is unseaworthy at the time the cargo is loaded. The cargo is lost when the ship later sinks. **[4 marks]**
- (g) A cargo of fruit deteriorates when a ship is abandoned in port by the master and crew due to the liquidation of the shipping company. **[4 marks]**

Question 3

Analyse the key underwriting factors in Aviation Hull insurance.

[25 marks]

Question 4

Analyse the key problems facing Protection and Indemnity Clubs today.

[25 marks]

Question 5

An aircraft owned by Quality Airlines undertakes a flight from Harare Airport to Johannesburg subject to the amended Warsaw Convention 1955. The aircraft is insured with Broad, a Lloyds underwriter, under the Lloyd's Aircraft Policy.

To what extent if at all will the following losses be covered under the policy?

- (i) Whilst queuing at the flight information desk in the departure lounge at Harare Airport, Mr Brown, a passenger is struck by a trolley pushed by an employee of Quality Airlines. Mr Brown's ankle is badly injured although he manages to board the aircraft. During take-off Mr Brown faints and suffers permanent brain damage. Later in the flight Mrs Brown, already distressed at her husband's condition is attacked and injured by a hijacker who evaded security at Harare Airport. As a cost cutting measure the airline has issued the passenger tickets on board the aircraft in return for payment of the fare.

[10 marks]

- (ii) Quincy, a passenger, checks in three suitcases weighing 25 kilograms at Harare Airport, although a note of the weight is not inserted on the baggage ticket. One of the suitcases disappears when an illiterate baggage handler employed by Quality Airlines sends it to Mauritius instead of Johannesburg. Quincy fails to weigh the remaining two suitcases on their

arrival in Johannesburg.
marks]

[8

- (iv) During the flight, part of the engine falls off and hits an unlit television mast. On landing, the faulty engine is sent to a repairer where it is damaged by fire before it can be worked upon. It is eventually completely overhauled and returned to the airline. After a later inquiry the airline is accused of being in breach of an airworthiness order but pleads that it took all reasonable care.

[7 marks]

Question 6

Discuss the key underwriting issues relating to Marine Hull insurance.

[25 marks]

Question 7

- (a) Assess the scope of cover provided under the Lloyd's Goods in Transit (Road) policy. **[10 marks]**
- (b) Advise the carrier whether he is liable under the CMR convention in the following Circumstances:
- (i) The goods are stolen while the driver is taking a lunch break in a nearby café. He had previously secured the vehicle and switched on the alarm system. **[5 marks]**
- (ii) The driver is attacked in his cab whilst taking a break, part of the gold bullion he was carrying is stolen in the process. **[5 marks]**
- ~~(iii) Goods are consigned from London to Munich. The driver travels via Oslo. He is an inexperienced driver and that is the only route he knows. The goods are on an uncovered vehicle and are damaged by bad weather. Two years after the damage, the owner of the goods brings an action against the carrier. **[5 marks]**~~

END OF EXAMINATION PAPER