



**UNIVERSITI KUALA LUMPUR**  
**MALAYSIAN INSTITUTE OF MARINE ENGINEERING TECHNOLOGY**

---

**FINAL EXAMINATION**  
**JANUARY 2017 SEMESTER**

---

**COURSE CODE** : LGB30103  
**COURSE NAME** : MARINE INSURANCE  
**PROGRAMME NAME** : BACHELOR OF MARITIME OPERATIONS (HONS)  
(FOR MPU: PROGRAMME LEVEL)  
**DATE** : 08/07/2017 SAT  
**TIME** : 9.00 AM - 12.00 PM  
**DURATION** : 3 HOURS

---

**INSTRUCTIONS TO CANDIDATES**

---

1. Please read CAREFULLY the instructions given in the question paper.
  2. This question paper has information printed on both sides.
  3. This question paper consists of TWO (2) sections; Section A and Section B. Answer ALL questions in Section A and THREE (3) questions from Section B.
  4. Please write your answers on the answer booklet provided.
  5. Write your answers only in BLACK or BLUE ink.
  6. Answer all questions in English.
- 

**THERE ARE 6 PAGES OF QUESTIONS, EXCLUDING THIS PAGE.**

---

**SECTION A (Total: 40 marks)****INSTRUCTION: Answer ALL questions.****QUESTION 1 (20 marks)**

- a) According to Section 3(1) of Marine Insurance Act 1906, the subject matter of any contract of marine insurance is a marine adventure. State **TWO (2)** examples of subject matter of marine insurance.

**(4 marks)**

- b) What is the name of insurance market in London and what was its previous name?

**(4 marks)**

- c) Define briefly the following terms of marine insurance with relevant examples:

- i. Warranty

**(3 marks)**

- ii. Ordinary wear and tear

**(3 marks)**

- iii. Partial loss

**(3 marks)**

- iv. Sue and labour clause

**(3 marks)****(4 Q x3 marks = 12 marks)**

**QUESTION 2 (20 marks)**

a) There are several sources of marine insurance. List **THREE (3)** sources of marine insurance in Malaysia.

**(6 marks)**

b) In order to claim for marine loss, an assured has to ensure that particular perils are covered in the policy. Name **THREE (3)** excluded perils in marine insurance.

**(6 marks)**

c) Most insurance policies cover perils of the sea. Explain **TWO (2)** elements of perils of the sea as stated in the Marine Insurance Act 1906.

**(8 marks)**

**SECTION B (Total: 60 marks)**

**INSTRUCTION: Answer any THREE (3) out of FOUR (4) questions.**

**QUESTION 3 (20 marks)**

Analyse the paragraph below and determine the parties/matters that match the terms provided in the table.

A 751 feet long Malaysian-flagged vessel, MV Sari is owned by Seri Murni Sdn Bhd. The company instructed Rocky Sdn Bhd -an expert in marine insurance- to arrange for the insurance. With the agreement from Seri Murni Sdn Bhd, the vessel was then insured under hull & machinery insurance provided by Blue Wave Insurance Company against certain perils including perils of the sea, fire, jettison, and piracy. The parties used a standard Clause i.e. Institute Time Clauses-Hulls 1983. It was agreed that the insured value of the MV Sari is RM 200 000 and the Seri Murni Sdn Bhd will pay RM 12 000 per year.

**(12 marks)**

Terms	Parties/Matters
Marine insurance broker	
Assured	
Premium	
Maritime Perils	
Subject matter insured	
Policy	

b)



Figure 1

Based on the picture above, determine what is the concept of marine insurance involved in the sketch? Explain the application of this concept in marine insurance together with **TWO (2)** examples of situations.

(8 marks)

**QUESTION 4 (20 marks)**

a)

"..it become readily understandable that, if a promissory warranty is not complied with, the insurer is discharged from liability as from the date of the breach of warranty, for the simple reason that fulfillment of the warranty is a condition precedent to the liability of the insurer."

-Lord Goff (*The Good Luck*)

The above paragraph is quoted from the judgement of Lord Goff in the Good Luck case. Analyse and discuss the above paragraph with reference to the nature of warranty. Support your answer with legal cases.

**(12 marks)**

b) Healthy Bite Company imported 300 cartons of apples from Australia. The company planned to insure its cargo under all-risk policy i.e. International Cargo Clause (A) 1982. Imagine you are the marine insurance broker and the company appointed you to find the best insurer for the company. Based on your understanding on Section 18 of Marine Insurance Act 1906 regarding the duty of disclosure, discuss on **FOUR (4)** examples of hazards that you have to disclose to the insurer.

**(8 marks)**

**QUESTION 5 (20 marks)**

A Panama-flagged vessel departed Brazil for China with eight Filipinos and 16 Koreans on board. It was carrying 260,000 tonnes of iron ore and some other cargo. The vessel is operated by Soyer Shipping and insured with S&S Insurance.

It is written in the policy as follow: "it is expressly warranted that the vessel shall not sail or put out of port when there is a typhoon or storm warning".

On 8 April 2017, there was a typhoon warning issued by the Meteorological Department. However, the Captain was on the opinion that it is safe to sail. Therefore, the vessel sailed despite receiving the warning.

When the vessel is around 2,300 miles from shore, the vessel caught in fire due to an explosion from the cargo carried on board.

The assured claimed for the loss from S&S Insurance but it refused to pay due to breach of warranty. The assured claimed that the insurer is liable to pay for the indemnity because the loss was due to an explosion and has no relation with the breach of warranty.

a) Advise the assured on his right to claim for indemnity.

**(12 marks)**

b)

**MARINE INSURANCE IS DIFFERENT FROM LIFE INSURANCE**

Discuss the meaning of the statement above with reference to the basic characteristics of both marine and life insurance.

**(8 marks)**

**QUESTION 6 (20 marks)**

The pirates boarded and attacked the crew before taking control of a Malaysian-flagged oil tanker, MT Selamat on 11 March 2017, 30 nautical miles from the Malaysian port of Tanjung Sedili, Malaysia. The MT Selamat is operated by Wealth Ship Management. On board is a crew of 22, including 16 Malaysians, five Indonesians and one Myanmar national. The vessel was carrying around 50,000 barrels of RON95 gasoline worth \$5 million owned by Fly Oil Corporation.

More than a week later, the hijackers released The MT Selamat, 1,500 miles away. All the gasoline on board has been offloaded to other ships while the vessel incurred no damage. No ransom was negotiated and paid.

Fly Oil Corporation, had insured the cargo under ICC (A) and wanted to claim for the loss.

a) Could the Fly Oil Corporation claimed for the loss on the ground of piracy?

**(12 marks)**

b) Advise Fly Oil Corporation on the type of loss that it should claim.

**(8 marks)**

**END OF QUESTION PAPER**