



UNIVERSITI KUALA LUMPUR
MALAYSIAN INSTITUTE OF MARINE ENGINEERING TECHNOLOGY

FINAL EXAMINATION
SEPTEMBER 2016 SEMESTER

COURSE CODE : LGB30103
COURSE NAME : MARINE INSURANCE
PROGRAMME NAME : BACHELOR OF MARITIME OPERATIONS (HONS)
(FOR MPU: PROGRAMME LEVEL)
DATE : 19 JANUARY 2017
TIME : 02.00 PM – 05.00 PM
DURATION : 3 HOURS

INSTRUCTIONS TO CANDIDATES

1. Please **CAREFULLY** read the instructions given in the question paper.
 2. This question paper has information printed on both sides of the paper.
 3. This question paper consists of **TWO (2)** sections; Section A and Section B.
 4. Answer **ALL** questions in Section A. For Section B, answer **THREE (3)** questions.
 5. Please write your answers on the answer booklet provided.
 6. Answer all questions in English language **ONLY**.
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THERE ARE 3 PAGES OF QUESTIONS, EXCLUDING THIS PAGE.

SECTION A (Total: 40 marks)**INSTRUCTION: Answer ALL questions.****Please use the answer booklet provided.****Question 1**

(a) Briefly describe the following terms:

- i. Charter party
- ii. Shipper
- iii. Subject matter insured
- iv. Average adjustor
- v. Free onboard (FOB)

(10 marks)

(b) Bill of lading and letter of credits are widely used in the international trade. Discuss in detail how shipper and consignee use these documents in settling payment and ensuring cargoes loaded on ship adhere to sale contract.

(10 marks)

Question 2

(a) Briefly describe these two types of losses: constructive total loss and particular average.

(6 marks)

(b) In shipping business, shipowners and demised charterers typically require two types of insurance. One that covers the risks to ship and its machinery and the other covers the liability aspect. Compare and contrast between these two types of insurance.

(14 marks)

SECTION B (Total: 60 marks)**INSTRUCTION: Answer only THREE (3) questions.****Please use the answer booklet provided.****Question 3**

- (a) Shipowners can get insurance cover for Freight, demurrage and defense (FD&D) from P&I club. Describe an overview of FD&D insurance as provided by the club.

(6 marks)

- (b) There are several fundamental concepts in marine insurance. Examine any two of the following:

- i. Insurable interest
- ii. Subrogation
- iii. Utmost good faith
- iv. Proximate cause
- v. Sue and labor

(14 marks)

Question 4

H&M policy consist of the standard policy form Mar 91 and clauses, special condition and warranties. The insurance policies is a contractual agreement between the assured and insurer. In this regard:

- (a) Briefly elaborate the policy form MAR 91.

(4 marks)

- (b) Define the term general average and list three (3) essential characteristics of general average.

(6 marks)

- (c) H&M insurance can be effected in the London insurance market via broker. Examine how a broker would execute this responsibility based on the subscription method.
- (10 marks)

Question 5

- (a) Briefly explain the following concepts in marine insurance practice:
- i. Warranty
 - ii. Letter of indemnity (for cargo discharge)
- (12 marks)
- (b) Institute cargo clauses (ICC) A provides the widest coverage for shipper or consignee. Based on ICC A 2009, describe three (3) of its general exclusions and the duration of cover.
- (8 marks)

Question 6

- (a) Define the following terms :
- i. Call (of P&I)
 - ii. Institute clauses
- (4 marks)
- (b) MV Bunga Melati hit a floating structure while coming alongside a jetty at North Port, Port Klang. Discuss the measures should be taken by the Master in handling this incident.
- (8 marks)
- (c) Entering confined spaces onboard ship has caused many deaths of seafarers. Knowledge about confined spaces and adherence to safety procedures are of utmost importance. P&I clubs have advised three stages of safety procedure namely before, during and after entry. In this context, discuss the safety procedures before entry.
- (8 marks)

END OF QUESTIONS