

Marine Hull and Associated Liabilities

3rd March 2024

Instructions to candidates

Read the instructions below before answering any questions

Three hours are allowed for this paper which carries a total of 160 marks, as follows:

Part I

1 compulsory question (case study) 80 marks

Part II

2 questions selected from 3 (scenarios) 40 marks each for a total of 80marks

- You should answer the question in Part I, and two out of the three questions in Part II.
- You are advised to spend no more than 90 minutes on Part I and 45 minutes on each question selected in Part II.
- It is recommended that you spend 15 minutes reading and planning your answer to the case study and 75 minutes answering it, and that you spend 10 minutes reading and planning your answer to each scenario and 35 minutes answering it.
- A case study tests extensively across syllabus learning outcomes, whilst a scenario will be more focused on specific learning outcomes.
- Read carefully all questions and information provided before starting to answer. Your answer will be marked strictly in accordance with the question set.
- You may find it helpful in some places to make rough notes in the answer booklet. If you do this, you should cross through these notes before you hand in the booklet.
- Answer each question on a new page. If a question has more than one part, leave six lines blank after each part.

PART I

Case study

This question is worth 80 marks

You should include relevant examples and further reading in your answer where applicable

QUESTION 1

CASE STUDY

The shipping industry continues to be one of the most significant sectors worldwide, contributing to about US\$380 billion in freight rates to the global economy and amounting to about 5 per cent of global trade overall. Heightened and unstable freight rates, port closures, congestion and evolving shipping requirements as a result of Covid-19 and the Ukraine conflict have all had far reaching effects beyond the shipping sector itself. These have brought to the fore, the importance of the maritime law, rules and regulations that always served to achieve fairness, curb abuse and solve disputes.

QUESTION

In the light of the above, discuss 4 key provisions of the Marine Insurance Act 1906, 4 legal issues related to carriage of goods & charter parties and 2 conventions that regulate the shipping industry.

(80 marks)

PART II
Scenarios
Answer TWO of the following THREE questions
Each question is worth 40 marks

QUESTION 2

SCENARIO

In *Gulf Refining Co. v. Atlantic Mut. Ins. Co.*, 279 U.S. 708 (1929), the respondent issued a war risk insurance policy for \$27,690 upon a cargo of gasoline, owned by petitioner's predecessor in interest and valued in the policy at \$212,000, on board the tanker *Gulflight*, bound from Port Arthur, Texas, to Rouen. On the voyage, the *Gulflight* was torpedoed and expenses of a general average nature were incurred.

In its disability state, the tanker collided with another ship as it was unable to steer clear in accordance with maritime practices. A salvage operation to save the vessel was undertaken successfully.

QUESTION

Referring to the scenario above, discuss how general average is decided and calculated by insurers and how hull insurers would deal with the labour, sue and salvage charges.

(40 marks)

QUESTION 3

SCENARIO

The Marine insurance industry is currently facing a myriad of underwriting challenges brought about by geographical tensions across the world, increased piracy due to political instability and uncertain macroeconomic factors. This is compounded by emergent risks and the developing technology that has had an impact on traditional underwriting.

QUESTION

Discuss how the mentioned factors in the scenario above, are affecting marine underwriters in their operations and in providing assurance to marine hull and their respective liabilities.

(40 marks)

QUESTION 4

SCENARIO

On the 8th December 2023, Bulk carrier "Shuo Long 817" reportedly ran aground in the Yangtze river in front of Changxing island, Shanghai, between Buoys 45 and 47, veering into shallow waters. The ship was proceeding upstream to Shanghai, arriving from Jingtang Bohai sea, carrying cargo of coal.

It remained aground for 5 days with at least two tugs around working on her to get her freed. In the process, coal had to be jettisoned to lighten the load which was later cleaned and cleared by the contractors engaged by the port authorities.

QUESTION

By reference to the respective cover and clauses, discuss how the insurers of "Shuo Long 817" would likely deal with the incident in the scenario above.

(40 marks)
