

Cargo and goods in transit insurances

Purpose

At the end of this unit, candidates should be able to demonstrate knowledge and understanding of cargo and goods in transit risks and their insurance

Assumed knowledge

It is assumed that the candidate already has the knowledge gained from a study of the fundamental principles of insurance as covered in IF1, Insurance, legal and regulatory, and Mo5/Po5 Insurance law, or equivalent examinations.

Summary of learning outcomes

1. Understand the business environment of shipping and world trade.
2. Understand the legal and regulatory environment of cargo and goods in transit risks.
3. Understand the scope of cover for cargo.
4. Understand the scope of cover for haulage contractor's liability.
5. Understand the underwriting of cargo and goods in transit insurance.
6. Understand claims considerations and procedures for cargo and goods in transit.

Important notes

- **Method of assessment: Part I 14 compulsory questions (140 marks). Part II 2 questions selected from 3 (60 marks). Total of 200 marks. Three hours are allowed for this exam.**
- **The syllabus is examined on the basis of English law and practice unless otherwise stated.**
- **The general rule is that the exams are based on the English legislative position six months before the date of the exams.**
- **Candidates should refer to the CII website for the latest information on changes to law and practice and when they will be examined:**
 1. Visit www.cii.co.uk/qualifications
 2. Select the appropriate qualification
 3. Select your unit on the right hand side of the page

1. Understand the business environment of shipping and world trade

- 1.1 Describe the world import and export business.
- 1.2 Describe the principal trading countries and trade routes, including risks.
- 1.3 Describe different types of goods, including their main origins and destinations.
- 1.4 Describe the main terms of trade used in buying and selling goods internationally.

2. Understand the legal and regulatory environment of cargo and goods in transit risks

- 2.1 Describe the legal and regulatory environment of carriage of goods by sea, road, rail and air.
- 2.2 Apply the relevant laws and regulations to carriage of goods scenarios within a global context.

3. Understand the scope of cover for cargo

- 3.1 Explain the cover provided by Institute Cargo Clauses.
- 3.2 Explain the appropriateness of Institute Cargo Clauses in different circumstances.
- 3.3 Apply the cover provided by Institute Cargo Clauses to various scenarios in a global context.
- 3.4 Explain cover provided for war, strikes and terrorism.
- 3.5 Explain cover provided for consequential loss and delayed start-up.
- 3.6 Explain the types of charterparties.
- 3.7 Explain the cover provided by stockthroughput insurance.

4. Understand the scope of cover for haulage contractor's liability.

- 4.1 Explain the tripartite nature of haulage contractor's liability cover.
- 4.2 Explain the importance of custody and control.
- 4.3 Describe haulage contractors' legal liabilities for goods.
- 4.4 Explain the relationship between haulage contractors, freight forwarders, warehouses and ports for the movement of goods.

5. Understand the underwriting of cargo and goods in transit insurance

- 5.1 Explain the risk profile of different cargoes.
- 5.2 Evaluate geographic and physical aspects of risk in different countries and by different trade routes.
- 5.3 Explain typical approaches to premium rating, including premium adjustments.
- 5.4 Describe the methods used in loss prevention.
- 5.5 Explain how risk accumulates and the importance of its control.
- 5.6 Describe rating practices of haulage contractor's liability, including premium adjustments.
- 5.7 Explain the physical aspects of risk in stockthroughput insurance.

6. Understand claims considerations and procedures for cargo and goods in transit

- 6.1 Describe claims notification procedures.
- 6.2 Describe the role of surveyors, average adjusters, recovery agents, insurance brokers and lawyers.
- 6.3 Describe the use of cargo survey reports and other documents in support of claims.
- 6.4 Explain the main principles and application of bills of lading and waybills.
- 6.5 Adjust cargo claims for partial or total loss in given scenarios.
- 6.6 Calculate the following elements in claims scenarios:
 - Particular charges.
 - Salvage charges.
 - General Average.
 - Sue and labour.
 - Extra charges.
- 6.7 Explain and calculate potential recoveries under typical carriage conditions.

Reading list

The following list provides details of various publications which may assist you with your studies.

Note: The examination will test the syllabus alone.

The reading list is provided for guidance only and is not in itself the subject of the examination.

The publications will help you keep up-to-date with developments and will provide a wider coverage of syllabus topics.

CII/PFS members can borrow most of the additional study materials below from Knowledge Services. CII study texts can be consulted from within the library.

New materials are added frequently - for information about new releases and lending service, please go to www.cii.co.uk/knowledge or email knowledge@cii.co.uk.

CII study texts

Cargo and goods in transit insurances. London: CII. Study text P9o

Insurance law. London: CII. Study text Mo5/PO5

Insurance, legal and regulatory. London: CII. Study text IF1

Books (and ebooks)

Arnould's law of marine insurance and average. J Gilman, Robert M Merkin et al. 18th ed. London: Sweet & Maxwell, 2013.

Carriage of goods by sea. 2nd ed. Stephen Girvin. Oxford: Oxford University Press, 2011.

Carriage of goods by sea. 7th ed. John F Wilson. Harlow: Pearson, 2010.

Carriage of goods by sea under the Rotterdam Rules. Edited by D R Thomas. London: Lloyd's List Law, 2010.

Cases & materials on marine insurance law. Susan Hodges. Routledge-Cavendish, 1999.*

Contracts of carriage by air. 2nd ed. Malcolm Clarke. London: Lloyd's List, 2010.

Contracts of carriage by land and air. 2nd ed. Malcolm Clarke and David Yates. London: Informa, 2008.

Insuring cargoes. KS Vishwanath. London: Witherby, 2010.

International carriage of goods by road: CMR. 6th ed. Malcolm Clarke. London: LLP, 2014.

International maritime conventions: Volume 1. The carriage of goods and passengers by sea. Francesco Berlingieri. Oxon: Informa Law, 2014.*

International trade: an essential guide to the principles and practice of export. Jonathan Reuid and Jim Sherlock. 3rd ed. London: Kogan Page, 2011.

Law of marine insurance. Susan Hodges. London: Cavendish Publishing, 1996.*

Offshore contracts and liabilities. Baris Soyer, Abdrew Tetteborn. Oxon: Informa Law, 2015.*

Marine cargo insurance. John Dunt. London: Informa, 2009.

'Marine insurance'. Chapter – The modern law of insurance. 3rd ed. Andrew McGee. London: Informa, 2011.

Marine insurance clauses. Geoffrey Hudson and Tim Madge. 5th ed. London: LLP, 2012.

Marine insurance fraud. Baris Soyer. Hoboken: Infoma Law, 2014.*

Marine insurance: law and practice. 2nd ed. Francis Rose. Cornwall: Informa Professional, 2012.

Marine insurance legislation. Robert Merkin, et al. 5th ed. London: Informa Professional, 2014.*

Principles and practice of marine insurance. Ehsanul Haque. Dubai: United Publications, 2012.

The law of marine insurance. H N Bennett. 2nd ed. Oxford: Oxford University Press, 2006.

The modern law of marine insurance. Rhidian Thomas. London: Informa, 2009.

'War, terrorism and associated perils in marine insurance'. Nigel Miller and Risto Talas. Chapter – War risks and terrorism. Research Study Group 258. London: ILL, 2007.

Ebooks

The following ebooks are available through Discovery via www.cii.co.uk/discovery (CII/PFS members only):

Marine insurance law. Ozlem Gurses. Routledge, 2015.

The Blackwell companion to maritime economics. Wayne K Talley. Massachusetts: Wiley, 2012.

Factfiles and other online resources

CII factfiles are concise, easy to digest but technically dense resources designed to enrich the knowledge of members. Covering general insurance, life and pensions and financial services sectors, the factfile collection includes key industry topics as well as less familiar or specialist areas with information drawn together in a way not readily available elsewhere. Available online via www.cii.co.uk/ciifactfiles (CII/PFS members only).

Piracy. Ian Youngman.

Further articles and technical bulletins are available at www.cii.co.uk/knowledge (CII/PFS members only).

Journals and magazines

Post magazine. London: Incisive Financial Publishing. Weekly. Also available online at www.postonline.co.uk.

The Journal. London: CII. Six issues a year. Also available online via www.cii.co.uk/knowledge (CII/PFS members only).

Further periodical publications are available at www.cii.co.uk/journalmagazines (CII/PFS members only).

Reference materials

Concise encyclopedia of insurance terms. Laurence S. Silver, et al. New York: Routledge, 2010.*

Dictionary of insurance. C Bennett. 2nd ed. London: Pearson Education, 2004.

Insurance: Conduct of Business sourcebook (ICOBS). Available via www.fshandbook.info/FS/.

*Also available as an ebook through Discovery via www.cii.co.uk/discovery (CII/PFS members only).

Examination guides

Guides are produced for each sitting of written answer examinations. These include the exam questions, examiners' comments on candidates' performance and key points for inclusion in answers.

You are strongly advised to study guides from the last two sittings. Please visit www.cii.co.uk to buy online or contact CII Customer Service for further information on +44 (0)20 8989 8464.

Alternatively, if you have a current study text enrolment, the latest exam guides are available via www.revisionmate.com.

Older guides are available via www.cii.co.uk/pastexamguides (CII/PFS members only).

Exam technique/study skills

There are many modestly priced guides available in bookshops. You should choose one which suits your requirements.

The Insurance Institute of London (IIL) holds a lecture on revision techniques for CII written exams approximately three times a year. The slides from their most recent lectures can be found at www.cii.co.uk/iilwrittenrevision (CII/PFS members only).