

Marine hull and associated liabilities

Purpose

At the end of this unit, candidates should be able to demonstrate knowledge and understanding of marine hull and related liability 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 covered in IF1, Insurance, legal and regulatory and Mo5/Po5, Insurance law or equivalent examinations.

Summary of learning outcomes

1. Understand the principal elements of shipping and world trade.
2. Understand the legal and regulatory environment of shipping.
3. Understand the key provisions of the Marine Insurance Act 1906.
4. Understand and apply key underwriting considerations in marine insurance.
5. Understand the scope of cover under marine hull, liability and related insurances.
6. Understand the scope of protection and indemnity (P&I) insurance and how it is provided.
7. Understand claims investigation, handling and settlement procedures in marine insurance.

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 principal elements of shipping and world trade

- 1.1 Describe the world of shipping, including the different types of ships.
- 1.2 Explain risks in the world of shipping.
- 1.3 Explain ship finance and the requirements of mortgagees and lessors.

2. Understand the legal and regulatory environment of shipping

- 2.1 Describe the legal and regulatory environment of shipping relating to:
 - IMO and international conventions.
 - Law of the sea.
 - Safety.
 - Pollution.
 - Limitation of liability.
 - Shipowners' liability.
 - Chartering.
 - Towage.
 - Salvage.
 - Wreck removal.
- 2.2 Describe the legal position regarding:
 - General average.
 - Maritime liens.
 - Classification societies.
- 2.3 Apply shipping law and regulation to relevant scenarios.

3. Understand the key provisions of the Marine Insurance Act 1906

- 3.1 Explain the key provisions of the Marine Insurance Act 1906.
- 3.2 Describe recent changes to marine insurance law.

4. Understand and apply key underwriting considerations in marine insurance

- 4.1 Explain the impact of shipping law for hull and liability insurers.
- 4.2 Explain the varying risk profiles of vessels, including:
 - Type.
 - Flag.
 - Classification.
 - Ownership and management.
 - Trading patterns.
 - Navigational limitations.
 - Areas of perceived enhanced risk.
- 4.3 Explain the implications of variations in ship valuation.
- 4.4 Explain the key methods of loss prevention and risk management in shipping.

5. Understand the scope of cover under marine hull, liability and related insurances

- 5.1 Explain the scope of cover provided by standard London market clauses including:
 - Hull and machinery.
 - Yachts.
 - Builders risks.
 - War and strikes.
 - Ancillary insurances and additional clauses.
 - Loss of earnings.
 - Charterers' liability.
 - Mortgagees Interest Insurance.
 - Other maritime related liability coverage.
- 5.2 Describe the key elements of hull and machinery cover provided by standard American clauses and the Nordic Marine Insurance Plan.

6. Understand the scope of protection and indemnity (P&I) insurance and how it is provided

- 6.1 Explain the differences between the International Group clubs and other providers of P&I insurance.
- 6.2 Explain the cover provided by major P&I insurers for:
 - Cargo risks.
 - People risks.
 - Vessel risks.
 - Specialist operations.
 - Charterers' risks.
 - Freight Defence and Demurrage ('FD&D') insurance.
- 6.3 Explain the role of P&I insurers in the provision of compulsory insurance certificates.
- 6.4 Explain the interaction between P&I insurance and the following:
 - Hull insurance.
 - War insurance.

7. Understand claims investigation, handling and settlement procedures in marine insurance

- 7.1 Explain the role of the various parties in the investigation, handling and settlement of claims.
- 7.2 Explain the use of marine survey reports and other documents in support of claims.
- 7.3 Apply the provisions of standard market clauses in typical claims scenarios, including:
 - Partial loss.
 - Total loss.
 - Collision liability.
 - General Average.
 - Salvage.
 - Sue and labour.
- 7.4 Explain the handling of claims by P&I Clubs.
- 7.5 Describe the settlement of liability claims for ports, terminals, shiprepairers, shipbuilders and charterers.
- 7.6 Explain subrogation/recovery potential following claims on hull and liability policies and against whom such claims might be made.

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

Marine hull and associated liabilities. London: CII. Study text P98

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.

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

Charterers' liability insurance: essential best practice. Heinz Gohlish. London: Witherby, 2008.

Elements of shipping. A E Branch. 8th ed. Abingdon, Oxfordshire: Routledge, 2007.

General average law and practice. 2nd ed. Francis Rose. London: Informa Professional, 2005.

Lowndes & Rudolf: the law of general average and the York-Antwerp Rules. 14th ed. Richard Cornah & John Reeder (eds). Sweet & Maxwell, 2013.

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

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.*

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

Maritime economics. 3rd ed. Martin Stopford. Abingdon: Routledge, 2009.

The international hull clauses. 1st ed. Stephen Goodacre. London: Witherby, 2003.

International maritime conventions: Volume 2. Navigations, securities, limitation of liability and jurisdiction. Francesco Berlingieri. Oxon: Informa Law, 2014.*

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

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: IIL, 2007.

What ship is that? A field guide to boats and ships. BL Basnight. The Lyons Press, 2008.

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.

Journals and magazines

Insurance day. London: Informa. Daily except weekends. Also available online at www.insuranceday.com.

Lloyd's list. London: Informa. Daily except Sundays.

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.

Reference book on marine insurance clauses. London: Witherby. Annual.

*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).