

**THE CHARTERED INSURANCE INSTITUTE**



**E90**

**Examination element of M90 Cargo and goods in transit insurances**

**Based on the 2017/2018 syllabus  
examined from 1 May 2017 until 30 April 2018**

## E90 – Examination element of M90 Cargo and goods in transit insurances

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## E90 – Examination element of M90 Cargo and goods in transit insurances

**Based on the 2017/2018 syllabus examined from 1 May 2017 until 30 April 2018**

### Introduction

This examination guide has been produced by the Examinations Department at the Chartered Insurance Institute (CII) to assist students in their preparation for the E90 examination. It contains a specimen examination with answer key.

Ideally, students should have completed the majority of their E90 studies before attempting the specimen examination. Students should allow themselves one hour to complete the examination. They should then review their performance to identify areas of weakness on which to concentrate the remainder of their study time. The examination must be successfully passed within 18 months of enrolment on M90.

Although the specimen examination in this guide is typical of an E90 examination, it should be noted that it is not possible to test every single aspect of the syllabus in any one particular examination. To prepare properly for the examination, candidates should make full use of the tuition options available and read as widely as possible to ensure that the whole syllabus has been covered. They should also endeavour to keep as up-to-date as possible with developments in the industry by reading the periodicals listed in the M90 reading list, which is located on the syllabus in this examination guide and on the CII website at [www.cii.co.uk](http://www.cii.co.uk).

### Background Information

CII examination questions undergo a rigorous writing and editing process before reaching an examination. The questions are written to strict guidelines by practitioners with relevant technical knowledge and experience. Questions are very carefully worded to ensure that all the information required to answer the question is provided in a clear and concise manner. They are then edited by an independent panel of experienced practitioners who have been specifically trained to ensure that questions are technically correct, clear and unambiguous. As a final check, each examination is scrutinised by the Senior Examiner and a CII assessment expert.

Occasionally a question will require amendment after the examination guide is first published. In such an event, the revised question will be published on the CII website:

- 1) Visit [www.cii.co.uk/qualifications](http://www.cii.co.uk/qualifications)
- 2) Select the appropriate qualification
- 3) Select your unit on the right hand side of the page

Candidates should also refer here for the latest information on changes to law and practice and when they will be examined.

## Syllabus

The M90 syllabus is published on the CII website at [www.cii.co.uk](http://www.cii.co.uk). **Candidates should note that the examination is based on the syllabus, rather than on any particular tuition material.** Of course, the CII tuition material will provide the vast majority of the information required to perform well in the examination, but the CII recommends that students consult other reference materials to supplement their studies.

## Skill Specification

The examination syllabus categorises M90 learning outcomes into attainment levels. Each learning outcome specifies the level of skill required of candidates and thus the level at which candidates may be tested.

The syllabus requires that candidates have the ability to *understand* the subject matter. Each learning outcome begins with the following cognitive skill:

**Understanding** - Candidates must be able to link pieces of information together in cause and effect relationships. Typically questions may ask 'Why'. Questions set on an *understand* learning outcome can test either knowledge or understanding or both.

## Examination Information

The method of assessment for the E90 examination is 50 multiple choice questions (MCQs). One hour is allowed for this examination.

The M90 syllabus provided in this examination guide will be examined from 1 May 2017 until 30 April 2018.

Candidates will be examined on the basis of English law and practice unless otherwise stated.

The general rule is that legislative and industry changes will not be examined earlier than 3 months after they come into effect.

E90 examinations test the Financial Conduct Authority and Prudential Regulation Authority rules and regulations.

When preparing for the examination, candidates should ensure that they are aware of what typically constitutes each type of product listed in the syllabus and ascertain whether the products with which they come into contact during the normal course of their work deviate from the norm, since questions in the examination test generic product knowledge.

A multiple choice question consists of a problem followed by four options, labelled A, B, C and D, from which the candidate is asked to choose the correct response. Each question will contain only one correct or best response to the problem posed.

One mark is awarded for each correct response identified by the candidate. No mark is awarded if the candidate either chooses an incorrect response, chooses more than one response or fails to choose any response. No marks are deducted for candidates choosing an incorrect response.

If you bring a calculator into the examination room, it must be a silent battery or solar-powered non-programmable calculator. The use of electronic equipment capable of being programmed to hold alphabetic or numerical data and/or formulae is prohibited. You may use a financial or scientific calculator, provided it meets these requirements.

Candidates are permitted to make rough notes. Candidates are not permitted, in any circumstances, to remove any papers relating to the examination from the examination room.

## Examination Technique: Multiple Choice Questions

The best approach to multiple choice examinations is to work methodically through the questions.

The questions are worded very carefully to ensure that all the information required is presented in a concise and clear manner. It cannot be emphasised too strongly that understanding the precise meaning of the question is vital. If candidates miss a crucial point when reading the question it could result in choosing the wrong option. Candidates should read carefully through the question and all the options before attempting to answer.

Candidates should pay particular attention to any words in the question which are emphasised in bold type, for example, **maximum**, **minimum**, **main**, **most**, **normally** and **usually**. Negative wording is further emphasised by the use of capital letters, for example **NOT**, **CANNOT**.

Candidates should not spend too much time on any one question. If they cannot make up their mind, they should leave the question and come back to it later.

When all of the questions have been answered, it is prudent to use any remaining time to go through each question again, carefully, to double-check that nothing has been missed. Altering just one incorrect response to a correct response could make the difference between passing and failing.

## After the Examination

Rigorous checks are made to ensure the correctness of the results issued. A pre-defined quota of passes to be awarded does not exist. If all candidates achieve a score of at least the pass mark, then all candidates will be awarded a pass grade. Individual feedback on the candidate's examination performance is automatically provided and will indicate the result achieved and, for each syllabus learning outcome, the percentage of questions in the examination that were answered correctly.

# 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 knowledge of the fundamental principles of insurance as covered in IF1 Insurance, legal and regulatory or equivalent examinations.

Summary of learning outcomes	Number of questions in the examination*
1. Understand the business environment of shipping and world trade.	9
2. Understand the legal and regulatory environment of cargo and goods in transit risks.	7
3. Understand the scope of cover for cargo.	12
4. Understand the scope of cover for haulage contractor's liability.	5
5. Understand the underwriting of cargo and goods in transit insurance.	10
6. Understand claims considerations and procedures for cargo and goods in transit.	7

\*The test specification (relevant to the M90 multiple choice question exam only) has an in-built element of flexibility. It is designed to be used as a guide for study and is not a statement of actual number of questions that will appear in every exam. However, the number of questions testing each learning outcome will generally be within the range plus or minus 2 of the number indicated.

## Important notes

### M90

- **Method of assessment:**

Mixed assessment consisting of two components, both of which must be passed. One component is a coursework assignment and one is a multiple choice examination. The details are:

1. an online coursework assignment using RevisionMate consisting of 10 questions which sequentially follow the learning outcomes. This must be successfully completed within 6 months of enrolment; and
2. a multiple-choice question (MCQ) exam at one of the CII's online centres (paper based MCQs are available in April and October for those sitting outside the UK). The MCQ exam consists of 50 MCQs. 1 hour is allowed for this examination. This exam must be successfully passed within 18 months of enrolment.

- This syllabus will be examined from 1 May 2017 until 30 April 2018.

- Candidates will be examined on the basis of English law and practice unless otherwise stated.

- 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/updates](http://www.cii.co.uk/updates)
2. Select the appropriate qualification
3. Select your unit on the right hand side of the page

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- **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](http://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](http://www.cii.co.uk/knowledge) or email [knowledge@cii.co.uk](mailto:knowledge@cii.co.uk).

### CII study texts

Cargo and goods in transit insurances. London: CII. Study text M90/P90

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, land and air: uni-modal and multi-modal transport in the 21st Century. Baris Soyer, Andrew W Tettenborn. London: Informa Law from Routledge, 2013.

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: a practical guide to the law and practice. K S 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 Reuvid and Jim Sherlock. 3rd ed. London: Kogan Page, 2011.

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

Marine cargo insurance. 2nd ed. John Dunt. London: Informa, 2016.\*

'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: Informa 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 modern law of marine insurance. Volume 4. Rhidian Thomas. London: Informa, 2016.

'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](http://www.cii.co.uk/discovery) (CII/PFS members only):

Cases and materials on the carriage of goods by sea. 4th ed. Anthony Rogers, et al. London: Routledge, 2016.

International trade and carriage of goods. Baris Soyer, A M Tettenborn. Oxon: Informa Law from Routledge, 2017.

Marine insurance law. 2nd ed. Ozlem Gurses. Routledge, 2017.

Principles of the carriage of goods by sea. Paul Todd. London: Routledge, 2016.

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](http://www.cii.co.uk/ciifactfiles) (CII/PFS members only).

Project cargo and delayed start-up insurances. John Potter.

Subject gateway on marine insurance. Updated regularly. Available online via [www.cii.co.uk/subjectgateways](http://www.cii.co.uk/subjectgateways).

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

### Journals and magazines

Post magazine. London: Incisive Financial Publishing. Monthly. Also available online at [www.postonline.co.uk](http://www.postonline.co.uk).

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

Further periodical publications are available at [www.cii.co.uk/journalmagazines](http://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.handbook.fca.org.uk/handbook/ICOBS](http://www.handbook.fca.org.uk/handbook/ICOBS).

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

## M90

### Exemplars

Exemplar papers are available for all mixed assessment units. Exemplars are available for both the coursework component and the multiple-choice component.

These are available on the CII website under the unit number before purchasing the unit. They are available under the following link [www.cii.co.uk/qualifications/diploma-in-insurance-qualification](http://www.cii.co.uk/qualifications/diploma-in-insurance-qualification).

These exemplar papers are also available on the RevisionMate website [www.revisionmate.com](http://www.revisionmate.com) after you have purchased the unit.

## P90

### 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](http://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](http://www.revisionmate.com).

Older guides are available via [www.cii.co.uk/pastexamguides](http://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](http://www.cii.co.uk/iilwrittenrevision) (CII/PFS members only).

1. What is a **key** reason for changes in the development of world trade?
  - A. Economic growth is much higher in mature economies.
  - B. Extensive holdings of stock are needed.
  - C. More products are transported by air.
  - D. Patterns of demographics are static.
  
2. Which Incoterms 2010® imposes the **greatest** duty on the seller?
  - A. Carriage Paid To.
  - B. Delivery At Terminal.
  - C. Delivery Duty Paid.
  - D. Ex Works.
  
3. The principal liner service routes to and from the UK include Australia and
  - A. Indonesia.
  - B. Malaysia.
  - C. New Zealand.
  - D. Singapore.
  
4. Which trade routes have the second highest movement of containers as measured by Twenty Equivalent Units?
  - A. Australasia to Europe and vice versa.
  - B. China/Asia to Europe and vice versa.
  - C. China/Asia to the US and vice versa.
  - D. Europe to North America and vice versa.
  
5. Which two Incoterms 2010® can only be used for carriage of goods by sea?
  - A. Carriage Paid To and Delivery Duty Paid.
  - B. Cost and Freight and Cost Insurance and Freight.
  - C. Delivery At Terminal and Delivery At Place.
  - D. Ex Works and Free Carrier.
  
6. One use of an insulated container would be to carry a cargo of
  - A. flowers.
  - B. frozen food.
  - C. green coffee beans.
  - D. tinned foods.
  
7. From which countries are phosphates **usually** sourced?
  - A. Algeria and Tunisia.
  - B. Ghana and Sierra Leone.
  - C. South Africa and Botswana.
  - D. The US and Morocco.

8. What type of cargo is **usually** shipped in non-bulk form?
- A. Fertilisers.
  - B. Machinery.
  - C. Minerals.
  - D. Timber.
9. Which Incoterms 2010® imposes the **most** duties on the buyer of goods?
- A. Carriage Paid To.
  - B. Delivery At Terminal.
  - C. Delivery Duty Paid.
  - D. Ex Works.
10. The sole legal purpose of a certificate of marine insurance is to establish
- A. a contractual link between the marine cargo insurer and the buyer.
  - B. that the goods were despatched by the seller to the buyer.
  - C. that the marine cargo insurance arranged by the buyer satisfied the requirements of the Marine Insurance Act 1906.
  - D. that the seller arranged marine cargo insurance for the benefit of the buyer.
11. Goods are being carried by a road carrier to a UK port under Road Haulage Association Conditions of Carriage. They will then be carried by sea to an overseas destination, using the Hague-Visby Rules. In the event of loss or damage to these goods either by road or during the sea journey, at what rate will compensation be payable?
- A. £1,300 per tonne or SDR 2 per kilo of weight.
  - B. £1,300 per tonne or SDR 2.5 per kilo of weight.
  - C. £1,300 per tonne or SDR 8.33 per kilo of weight.
  - D. £1,300 per tonne or SDR 17 per kilo of weight.
12. Once a ship has discharged cargo, which of the terms of carriage require the cargo owner to notify the shipowner within three days of any loss or damage to the cargo during the carriage by sea?
- A. CIM.
  - B. CMR.
  - C. Hague-Visby Rules.
  - D. Hamburg Rules.
13. Special Drawing Rights are **NOT** found under the
- A. Hague-Visby Rules.
  - B. Hamburg Rules.
  - C. Rotterdam Rules.
  - D. US Carriage of Goods by Sea Act 1936.

14. In what circumstances would the Hague-Visby Rules make the carrier liable for loss or damage to goods?
- A. The places on the ship where the goods are to be stored are not fit and safe for the purpose.
  - B. There is an act of war.
  - C. There is insufficiency of packing.
  - D. There is negligent navigation of the ship.
15. Goods being shipped under the Hamburg Rules are damaged. The liability to pay compensation will be based on
- A. a 50/50 split of liability between the shipper and the carrier.
  - B. a negotiated individual settlement of the cost of the damage.
  - C. the presumed fault of the carrier.
  - D. the presumed fault of the shipper.
16. Under the United Kingdom Warehousing Association Conditions for Logistics and the CMR Convention respectively, what is the standard compensation payable for loss or damage to goods?
- A. £100 per tonne and £800 per tonne.
  - B. £100 per tonne and £1,300 per tonne.
  - C. £100 per tonne and £2,000 per tonne.
  - D. £100 per tonne and SDR 8.33 per kilo.
17. What is specified in Clause 8 of the Institute Cargo Clauses (A) 1/1/09?
- A. The maximum time an assured has to submit a valid claim after a loss has occurred.
  - B. The maximum period of time before an actual total loss can be considered.
  - C. The maximum period of time before a constructive total loss can be considered.
  - D. The points at which insurance cover attaches and terminates.
18. In accordance with the Institute Classification Clause, standard rates apply on a bulk carrier up to a **maximum** age limit of
- A. 10 years.
  - B. 20 years.
  - C. 25 years.
  - D. 30 years.
19. Under Institute Cargo Clauses (A) 1/1/09, wilful misconduct of the assured which causes loss or damage to the goods will cause a claim to be rejected under the wording of
- A. clause 4.1.
  - B. clause 4.2.
  - C. clause 4.3.
  - D. clause 4.4.

20. Under the Institute Cargo Clauses 1/1/09, cover remains in force for what **maximum** number of days?
- A. 30 days after arrival of the ship at the destination port.
  - B. 30 days after discharge of the cargo from the ship at the destination port.
  - C. 60 days after arrival of the ship at the destination port.
  - D. 60 days after discharge of the cargo from the ship at the destination port.
21. A vessel is due to sail to Jeddah carrying goods which are insured under Institute Cargo Clauses (A) 1/1/09. The vessel sails to Basra instead without the assured's knowledge and the goods are damaged. Which party would bear the cost of the damage and for what reason?
- A. The assured as clause 10 of the Institute Cargo Clauses 1/1/09 excludes such cover.
  - B. The assured's shipping agent as it did not inform the assured of the change.
  - C. The insurer as clause 10 of the Institute Cargo Clauses 1/1/09 provides such cover.
  - D. The shipowner as it changed the voyage.
22. Three cartons are being sent by ship to New Orleans which are insured under Institute Cargo Clauses (B) 1/1/09. Carton 1 is dropped overboard whilst being loaded and is totally lost. Carton 2 is damaged by fire during the voyage. Carton 3 is crushed whilst being unloaded in New Orleans. Which losses will be covered?
- A. Cartons 1 and 2 only.
  - B. Cartons 1 and 3 only.
  - C. Cartons 2 and 3 only.
  - D. Cartons 1, 2 and 3.
23. In respect of timber carried in bundles on the deck of a ship and which is exposed to the forces of the weather and the sea, cover under the Institute Timber Trade Federation Clauses 1/4/86 is restricted to the equivalent of
- A. Institute Cargo Clauses (B) 1/1/09 only.
  - B. Institute Cargo Clauses (B) 1/1/09 plus theft only.
  - C. Institute Cargo Clauses (B) 1/1/09 plus theft, non-delivery and malicious damage.
  - D. Institute Cargo Clauses (B) 1/1/09 plus theft, pilferage and non-delivery.
24. A ship has been unloading its cargo in a port for 24 hours when war breaks out whilst some of the cargo is on the quayside. This cargo is quickly reloaded to the ship and whilst departing the port, cannon fire damages some of the cargo. How will the war insurers deal with the subsequent claim?
- A. Pay for damage to all the cargo, but apply a deductible.
  - B. Pay for damage to all the cargo without applying a deductible.
  - C. Only pay for damage to the cargo which was reloaded.
  - D. Only pay for damage to the cargo which was not unloaded.

25. The Termination of Transit Clause (Terrorism) 2009 – JC2009/056 excludes claims for loss or damage to goods
- during the ordinary course of transit.
  - in temporary storage awaiting clearance by customs.
  - outside the ordinary course of transit.
  - when stored in a warehouse awaiting the availability of a ship.
26. In underwriting stockthroughput insurance it is important to know that there is a **minimum** fire jump separation between buildings of
- 30 feet.
  - 40 feet.
  - 50 feet.
  - 60 feet.

27. Under a stockthroughput insurance policy, a property location limit of £10,000,000 applies at one location. The property rates are

Fire	0.35%
Perils	0.15%
Theft	0.10%
Accidental damage	0.02%

What is the **total** premium, excluding Insurance Premium Tax, for the storage aspect of the stockthroughput risk?

- £44,286
  - £45,000
  - £60,000
  - £62,000
28. In accordance with the Institute Classification Clause, standard rates apply on a vehicle carrier up to a **maximum** age limit of
- 10 years old.
  - 20 years old.
  - 25 years old.
  - 30 years old.
29. The CMR Convention makes the carrier liable for goods it is carrying from the time they are handed to the carrier until the time of delivery, in accordance with which Article?
- Article 17.1.
  - Article 17.3.
  - Article 17.4.
  - Article 29.1.



30. Under which types of law, if any, does a haulage driver have absolute liability for securing a load to his vehicle?
- A. A haulage driver does not have absolute liability.
  - B. Health and Safety and CIM Convention.
  - C. Road Traffic and CMR Convention.
  - D. Road Traffic and Health and Safety.
31. The legal liability for haulage contractors, in respect of goods they are carrying, arises under
- A. common law, and statute or international convention only.
  - B. private contract and common law only.
  - C. private contract and statute or international convention only.
  - D. private contract, common law, and statute or international convention.
32. Which party(ies) are **usually legally** responsible for any damage arising during the loading of a large printing machine and the unloading of it at the place of delivery?
- A. The consignee and the consignor.
  - B. The consignor and the haulage contractor's driver.
  - C. The consignee and the haulage contractor's driver.
  - D. Independent specialists in loading and unloading heavy machinery.
33. The standard defence to a claim under the CMR Convention arises from which Article?
- A. Article 17.2
  - B. Article 18.4
  - C. Article 37.0
  - D. Article 41.1
34. A bulk carrier, with a cargo of nickel ore in bulk, is listing to one side due to the shifting of the cargo and risking the capsizing of the carrier. What is this shifting of the cargo known as?
- A. Solid bulk cargo liquidation.
  - B. Solid bulk cargo liquefaction.
  - C. Solid bulk cargo leaning.
  - D. Unstable cargo.
35. What type of goods are the **least** vulnerable to breakage from dropping during loading or unloading operations?
- A. Brown goods.
  - B. Ceramics.
  - C. Clothing.
  - D. Furniture.

36. Tsunamis are caused by volcanic eruptions and
- A. cyclones.
  - B. hurricanes.
  - C. typhoon winds.
  - D. undersea earthquakes.
37. Which two areas of the world are **most commonly** affected by cyclones in October and November?
- A. Arabian Sea and Bay of Bengal.
  - B. Australia and New Zealand.
  - C. Caribbean Ocean and Florida.
  - D. Pacific Coast of Mexico and Bay of Bengal.
38. A cargo owner based in the UK exports goods to a total value of £12,000,000 over a 12-month period. Half of these goods go to the Far East and the other half goes to Europe. The premium rate for goods from the UK to the Far East is 0.10% and 0.05% for goods from the UK to Europe. A minimum and deposit premium of 85% of the estimated premium is payable. What premium was charged by the insurer?
- A. £7,650
  - B. £8,500
  - C. £8,750
  - D. £9,250
39. What are the **main** reasons that loss prevention is practised by a marine cargo insurance policyholder?
- A. To keep the costs of premiums down and to protect the goodwill of the business only.
  - B. To prevent loss or damage and to keep the costs of premiums down only.
  - C. To prevent loss or damage and to protect the goodwill of the business only.
  - D. To prevent loss or damage, to protect the goodwill of the business and to keep the costs of premiums down.
40. Section 39 of The Marine Insurance Act 1906 imposes which warranty to aid in loss prevention of goods?
- A. Packaging.
  - B. Product.
  - C. Seaworthiness.
  - D. Stillage.

41. How can a marine cargo insurer limit its exposure where there is an accumulation of cargo in any one conveyance?
- A. Apply an any one loss limit clause only.
  - B. Apply an accumulation clause and use proprietary modelling techniques only.
  - C. Apply an accumulation clause and an any one loss limit, and use proprietary modelling techniques only.
  - D. Apply an accumulation clause and an any one loss limit, use proprietary modelling techniques and obtain appropriate reinsurance protection.
42. Why is the fixed annually renewable rating method advantageous to a haulage contractor's liability insurer?
- A. It ascertains its maximum exposure from the outset of the policy.
  - B. It attracts new customers and helps the insurer remain competitive.
  - C. It reflects the number of drivers in the haulier's fleet.
  - D. It reflects the number of vehicles in the haulier's fleet.
43. A building constructed of profile metal cladding to an exposed steel frame, is **especially** vulnerable to the effects of which elements?
- A. Heavy rainfall and heat from a fire.
  - B. Heavy rainfall and heavy winds.
  - C. Heavy winds and heat from a fire.
  - D. Heavy winds and malicious damage.
44. A cargo is carried by road from the UK to Holland and then by sea to a port in Asia. Which documents will be required by the marine cargo insurer to deal with any claim for loss or damage to the cargo during the carriage?
- A. The Air Waybill, the Final Delivery Receipt, the Original Bill of Lading and the Outturn Report.
  - B. The CMR Consignment Note, the Final Delivery Receipt, the Interchange Receipt and the Original Bill of Lading.
  - C. The CMR Consignment Note, the Final Delivery Receipt, the Original Bill of Lading and the Outturn Report.
  - D. The Final Delivery Receipt, the Outturn Report and the Original Bill of Lading only.
45. Which type of specialist would give an opinion on the law and practice of salvage?
- A. Average adjuster.
  - B. Claims agent.
  - C. Recovery agent.
  - D. Surveyor.

46. Which document confirms the condition and value of goods?
- A. The bill of lading.
  - B. The Interchange Receipt.
  - C. The Packing list.
  - D. Pre-shipment survey report.
47. What is a Bill of Lading and by whom is it issued?
- A. It is a packing list for the goods on board a vessel and it is issued by the shipowner's agent.
  - B. It is a receipt for the goods on board a vessel and it is issued by the master of the ship.
  - C. It is a receipt for the goods on board a vessel and it is issued by the port authority.
  - D. It is a sales invoice for the goods on board a vessel and it is issued by the freight forwarder.
48. Which document is provided by the operators of a RO/RO vessel in respect of goods on vehicles?
- A. CMR consignment note.
  - B. Interchange receipt.
  - C. Outturn Report.
  - D. Sea waybill.
49. A vessel sinks with £500,000 of machinery and freight valued at £10,000 on board, which was sent on a Free On Board basis. What is the **total** amount that can be claimed?
- A. £490,000
  - B. £500,000
  - C. £510,000
  - D. £561,000
50. A haulage contractor under CMR is liable for the theft of 30 tonnes of electronic goods he was carrying, worth £200,000, when the lorry and its load were stolen. The CMR liability works out at £7.58 per kilo of weight lost or damaged. How much will the haulage contractor be liable to pay the owner of the goods in respect of the stolen goods only?
- A. £175,000
  - B. £200,000
  - C. £227,400
  - D. £250,000

## Specimen Examination Answers and Learning Outcomes Covered

Question	Answer	Learning Outcome	Question	Answer	Learning Outcome	Question	Answer	Learning Outcome
<b>Learning Outcome 1</b>			<b>Learning Outcome 4</b>			<b>Learning Outcome 6</b>		
1	C	1.1	29	A	4.1	44	C	6.1
2	C	1.4	30	D	4.2	45	A	6.2
3	C	1.2	31	D	4.3	46	D	6.3
4	B	1.2	32	A	4.4	47	B	6.4
5	B	1.4	33	A	4.3	48	D	6.4
6	A	1.3	<b>5 questions</b>			49	C	6.5
7	D	1.3				50	B	6.7
8	D	1.3	<b>Learning Outcome 5</b>			<b>7 questions</b>		
9	D	1.4	34	B	5.1			
<b>9 questions</b>			35	C	5.1			
			36	D	5.2			
<b>Learning Outcome 2</b>			37	A	5.2			
10	A	2.1	38	A	5.3			
11	A	2.2	39	D	5.4			
12	C	2.1	40	C	5.4			
13	D	2.1	41	D	5.5			
14	A	2.1	42	B	5.6			
15	C	2.2	43	C	5.7			
16	D	2.2	<b>10 questions</b>					
<b>7 questions</b>								
<b>Learning Outcome 3</b>								
17	D	3.1						
18	A	3.3						
19	A	3.1						
20	D	3.1						
21	C	3.2						
22	A	3.2						
23	C	3.2						
24	D	3.4						
25	C	3.4						
26	B	3.7						
27	D	3.7						
28	D	3.3						
<b>12 questions</b>								