Principles of marine insurance

Objective: To develop in the candidate:

• a knowledge and understanding of the legal principles of marine insurance;
• an understanding of the world market within which the principles of marine insurance apply;
• a knowledge and understanding of the legal liabilities of vessel owners and carriers;
• the ability to apply knowledge to given scenarios and cite case law in support.

Notes:

• The syllabus will be based on English law and practice.
• The April session will test the legal position as of 31st August of the preceding year.
• The October session will test the legal position as of 28th February of the same year.
1. Marine insurance in context

1.1 World trade
Candidates should be able to:
– describe the relationship between marine insurance and world trade.

1.2 Cargoes and transport
Candidates should be able to:
– outline the main types of marine cargo;
– state the main modes of transport pertinent to marine insurance;
– outline the marine transport infrastructure.

1.3 Fraud
Candidates should be able to:
– outline the various types of maritime fraud.

1.4 Treatment of fraud
Candidates should be able to:
– describe the treatment by marine insurers of incidences of fraud.

2. The marine insurance market

2.1 Types of market
Candidates should be able to:
– describe the characteristics of the following:
  • London and other major international markets;
  • domestic markets;
  • mutuals;
  • captives.

2.2 Functions and services
Candidates should be able to:
– outline the market functions and services provided by:
  • brokers;
  • average adjusters;
  • risk managers;
  • captive managements;
  • lawyers, including the Admiralty Court;
  • banks;
  • surveyors;
  • classification societies.

2.3 Market associations and market committees
Candidates should be able to:
– explain the purpose and functions of the main market associations, market committees and organisations.

2.4 Market agreements
Candidates should be able to:
– explain the provision and effect of the following market agreements:
  • leading underwriter agreements;
  • war risk agreements.

2.5 E-commerce
Candidates should be able to:
– describe the use and trading implications of e-commerce and e-documentation in the marine insurance market.

2.6 Sources of information
Candidates should be able to:
– describe the sources and use of information relevant to marine insurance.

3. Legal principles

3.1 International conventions
Candidates should be able to:
– describe the process for creating and implementing international conventions.

3.2 Maritime law
Candidates should be able to:
– explain the relationship between international maritime law and UK and other domestic maritime law;
– explain the international conventions relating to jurisdiction over vessels.

3.3 Limitation of liability
Candidates should be able to:
– explain, interpret and apply the main principles of maritime law relating to limitation of liability.

3.4 Arrest, maritime liens and mortgages
Candidates should be able to:
– explain, interpret and apply the main principles of maritime law relating to arrest, maritime liens and mortgages.

3.5 Salvage
Candidates should be able to:
– explain, interpret and apply the main principles of maritime law and practice relating to salvage.

3.6 Collision
Candidates should be able to:
– explain, interpret and apply the main principles of maritime law relating to collision.

3.7 General average
Candidates should be able to:
– explain, interpret and apply the main principles of general average.

3.8 Towage
Candidates should be able to:
– explain, interpret and apply the main principles of maritime law and practice relating to towage.

3.9 Wreck removal
Candidates should be able to:
– explain, interpret and apply the main principles of maritime law relating to wreck removal.

3.10 Passengers
Candidates should be able to:
– explain, interpret and apply the main principles of international maritime law relating to passengers.

3.11 Pollution
Candidates should be able to:
– explain, interpret and apply the main principles of international maritime law relating to pollution.

3.12 Charterparties
Candidates should be able to:
– explain, interpret and apply the main principles relating to charterparties.

3.13 Bills of lading and waybills
Candidates should be able to:
– explain, interpret and apply the main principles of:
  • bills of lading;
  • waybills.
5. Risks and types of cover

5.1 Maritime perils
Candidates should be able to:
– describe typical maritime perils;
– explain how marine insurance covers these perils.

5.2 Classes of risk and available cover
Candidates should be able to:
– describe the following classes of marine risk and the cover available for each:
  • hull;
  • cargo;
  • liability, including P&I;
  • war, strikes and terrorism;
  • energy;
– describe the cover provided by excess of loss and other forms of reinsurance.

5.3 Contractual obligations
Candidates should be able to:
– explain the contractual obligations of the assured to others in relation to:
  • documentary credits;
  • contracts of sale;
  • mortgages and shipping finance;
  • incoterms.

5.4 Sensitive cargoes and operations
Candidates should be able to:
– outline the cover available for sensitive cargoes;
– outline the cover available for sensitive shipping operations.

Reading list
The following list provides details of various publications which may assist with your studies. Periodicals and publications listed will be of value in ensuring candidates keep up to date with developments and in providing a wider coverage of syllabus topics. Any reference materials cited are authoritative, detailed works which should be used selectively as and when required.

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.

CII/Personal Finance Society members can borrow most of these additional study materials from CII Knowledge Services and may be able to purchase some at a special discount.

For further information on lending and discounts go to www.cii.co.uk/knowledge.


Reference materials


Periodicals
The Journal. London: CII. Six issues a year. Also available online (CII/Personal Finance Society members only) at www.cii.co.uk/knowledge/journal.

Websites
CII Knowledge Services – www.cii.co.uk/knowledge
London Shipping Law Centre – www.london-shipping-law.com

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 for the last two sittings. Please visit www.cii.co.uk to buy online or contact CII Customer Service for further information on 020 8989 8464. Older examination guides are available (for members only) at www.cii.co.uk/knowledge/exanguides.

Exam technique/study skills
There are many modestly priced guides available in bookshops. You should choose one which suits your requirements. You will also find advice at www.cii.co.uk/knowledge/careersupport (CII/Personal Finance Society members only).
For a more interactive approach, you should consider: Winning the brain game. London: CII, 2006. CD-ROM.