

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 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 implications of shipping law for hull and protection and indemnity (P&I) insurance.
- 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.

Reading list

The following list provides details of various publications which may assist 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 candidates keep up-to-date with developments and will provide a wider coverage of syllabus topics.

CII/Personal Finance Society members can borrow most of the additional study materials below from Knowledge Services.

CII study texts can be consulted from within the library. For further information on the lending service, please go to www.cii.co.uk/knowledge.

CII study texts

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

Insurance law. London: CII. Study text Po5

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

Additional reading

Additional reading materials are available through the library or on the Knowledge Services website.

New materials are added frequently – for information about new books and articles in your area of interest, please visit www.cii.co.uk/knowledge or email knowledge@cii.co.uk.

Books (and ebooks)

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

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

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

Law of marine insurance. Susan Hodges. Routledge-Cavendish, 2006. Also available as an ebook via www.cii.co.uk/knowledge (CII/Personal Finance society members only).

Cases & materials on marine insurance law. Susan Hodges. Routledge-Cavendish, 1999. Also available as an ebook via www.cii.co.uk/knowledge (CII/Personal Finance society members only).

Elements of shipping. A E Branch. 8th ed. Abingdon, Oxfordshire: Routledge, 2007. Also available as an ebook via www.cii.co.uk/knowledge (CII/Personal Finance society members only).

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

'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.

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

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

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

P&I clubs: law and practice. 3rd ed Steven Hazelwood. London: LLP, 2000.

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

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

Journals and magazines

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

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

Post magazine. London: Incisive Financial Publishing. Weekly.

Insurance day. London: Informa. Daily except weekends.

Reference materials

Dictionary of insurance. C Bennett. 2nd ed. London: Pearson Education, 2004. Also available as an ebook via www.cii.co.uk/knowledge (CII/Personal Finance Society 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 for 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 (for members only) via www.cii.co.uk/knowledge.

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 holds a lecture on revision techniques for CII exams approximately three times a year. The slides from their most recent lectures can be found at www.cii.co.uk/knowledge/iilrevision (CII/Personal Finance Society members only).