

Marine insurance underwriting and claims

Objective: To provide a knowledge and understanding of the assessment of risks and cover provided in the marine insurance and reinsurance markets for hull, cargo, liability, business interruption and energy risks, and the settlement of claims.

Note to candidates: You are recommended to attempt this subject after subject 770 Principles of marine insurance as it relies on a knowledge of certain information gained from the study of that subject.

Knowledge ratings:

Each sub-topic has been designated a numerical knowledge rating as follows:

- 1 General background awareness necessary.
- 2 Requires a knowledge of the major elements of procedures or concepts and their uses.
- 3 Requires the ability to evaluate concepts, issues, policies and procedures, together with an understanding of associated aspects of these items and their application to various situations.

	<i>Knowledge rating</i>		<i>Knowledge rating</i>
Method of assessment: See page 7 in the 2004 Advanced Diploma in Insurance 'Information for candidates' brochure.		Claims	
Notes:		Analysis and adjustment of claims in respect of:	
– The syllabus will be based on UK law and practice.		– particular average;	3
– The April session will test the legal position as of 31st August of the preceding year.		– total loss;	3
– The October session will test the legal position as of 28th February of the same year.		– collision liability;	3
		– freight;	3
		– loss of hire, mortgagee's interest.	2
Hull		Learning outcome	
Underwriting		Candidates should be able to differentiate between types of hull risk for underwriting purposes, describe the cover provided by the various clauses, understand the basis of premium setting, and adjust hull claims.	
Risk assessment for building risks, port risks and navigating hulls.	3		
Application of deductibles and limits.	2	Cargo	
Sources and use of statistics.	2	Underwriting	
War and strikes.	3	Risk assessment.	3
Clauses		Loss prevention.	2
Institute Hull and Freight Clauses (Time and Voyage).	3	Effects and control of accumulation.	2
Institute Hull and Freight Clauses (War and Strikes).	3	Open covers and other methods of transacting cargo insurance.	2
International clauses and conditions, including American, Norwegian, German and Dutch.	2	Sources and use of statistics.	2
		War and strikes.	3

Clauses

Institute Cargo Clauses.	3
Institute Trade Clauses.	1
Institute Container Clauses.	2

Claims

Analysis and adjustment of claims in respect of:	
– salvage loss;	3
– particular average;	3
– total loss.	3

Learning outcome

Candidates should be able to differentiate between types of cargo risk for underwriting purposes, describe the cover provided by the various clauses, understand the basis of premium setting, and adjust cargo claims.

Goods in transit

Risk assessment and underwriting.	2
Analysis and adjustment of claims.	2

Learning outcome

Candidates should be able to differentiate between types of goods in transit risk for underwriting purposes, describe the cover provided, understand the basis of premium setting, and adjust goods in transit claims.

General average

The role of salvage and general average.	2
The application of general average to the maritime adventure.	3
The application of general average to policies of insurance.	3
The arrangement and collection of general average security.	3
Preparing the general average adjustment and settlement.	3

Learning outcome

Candidates should be able to describe the role of salvage and general average, demonstrate the application of general average, and prepare a general average adjustment.

Protection and indemnity

Underwriting

Basis of risk assessment.	1
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Clauses

Main clauses and risks covered by P & I clubs.	2
Scope of freight, demurrage and defence clubs' cover.	1
Scope of charterers' liability clauses.	1

Claims

Scope and handling of claims.	1
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Learning outcome

Candidates should be able to describe the cover provided and the general operations of P&I insurers.

Energy

Underwriting

Risk assessment in respect of exploration, construction and operational risks.	3
Business interruption: cost of control.	3
Application of deductibles and limits.	2
Effects and control of accumulation.	2
Sources and use of statistics.	1

Clauses

Standard London market conditions: London Standard Drilling Barge Form, standard offshore construction policy.	2
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Claims

Main types of claims under exploration, construction and operational risks, including business interruption.	2
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Learning outcome

Candidates should be able to differentiate between types of energy risk for underwriting purposes, describe the cover provided by the various clauses, understand the basis of premium setting, and describe the main types of energy claim.

Underwriting management and reinsurance

Principles of portfolio management.	2
Reinsurance: the perspective of buyer and seller.	2

Reinsurance underwriting

Facultative and treaty.	3
Proportional and non-proportional.	3
Arranging and pricing a programme.	3
Effects and control of accumulation.	3
Accounting.	2

Clauses

Joint Excess Loss Committee standard excess loss clauses.	3
Other standard market clauses.	2

Claims

Analysis and adjustment of claims.	3
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Learning outcome

Candidates should be able to differentiate between the main types of marine reinsurance for underwriting purposes, describe the cover provided by the various clauses, and prepare reinsurance claims.

Reading list

The following list provides details of various publications which may assist with your studies. The primary text for this syllabus is shown in bold type. Periodicals and publications listed as additional reading 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.

Most of these additional study materials can be borrowed or purchased from CII Information Services at www.cii.co.uk/is

Primary text

Marine Insurance Underwriting and Claims. London: CII. Coursebook 775.

Additional reading

A Guide to Marine Hull Claims. Nigel C. Rogers, John R. Ahern. London: Richards Hogg, 1989.

Marine Claims Handbook. N. G. Hudson, J. C. Allen. 5th edition. London: Lloyd's of London Press, 1996.

Marine Insurance Claims. J. Kenneth Goodacre. 3rd edition. London: Witherby, 1996.

Reference works

Marine Insurance Legislation. Robert Merkin. London: Lloyd's of London Press, 2000.

Elements of Cargo Insurance. Dennis Badger, Geoffrey Whiteside Gray. London: Lloyd's of London Press. 1987.

Analysis of Marine Insurance Clauses.

Book 1, The Institute Cargo Clauses.

R. H. Brown. 2nd edition. London: Witherby, 1983.

Analysis of Marine Insurance Clauses. Book 2, The Institute

time clauses – hulls (1983). R. H. Brown.

London: Witherby, 1984.

Offshore Oil: Risk and Insurance.

London: RRG Publications, 1981.

The Institute Clauses Handbook. N. G. Hudson, J. C. Allen.

London: Lloyd's of London Press, 1999.

Reference Book of Marine Insurance Clauses. Annual.

London: Witherby.

Introduction to General Average. Maurice Denny.

London: Witherby 1996.

Periodicals

The Journal, London: The Chartered Insurance Institute.

Six issues a year.

Post Magazine. London: Timothy Benn. Weekly.

Lloyd's List. Daily. London: LLP.

Marine Insurance Report. Monthly.

London: DYP Insurance and Reinsurance Research Group.

Lloyd's Law Reports. Monthly. London: LLP.

Fairplay International: The International Shipping Weekly.

London: Fairplay Publications.

Marine Insurance Bulletin. Monthly. London: LLP.

Examination guides

You are strongly advised to study these before the examination.

Please visit www.cii.co.uk to buy online or contact CII Customer

Service for further information on 020 8989 8464.