Marine and aviation insurance

Objective: To develop in the candidate:

- a sound knowledge and understanding of marine and aviation insurance practices;
- a sound knowledge and understanding of the economic, geographic and national and international legal context in which the insurances operate.


Notes:
- The syllabus will be based on UK 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. Geographic, economic and physical risk

1.1 Economic and physical geography
Candidates should be able to
- outline the relationship between economic and physical geography and marine insurance;
- outline the relationship between economic and physical geography and aviation insurance.

1.2 Oceans, seas and waterways
Candidates should be able to
- describe the climatic and physical features of the oceans, seas and waterways.

1.3 Major sea and airports and principal routes
Candidates should be able to
- identify the location of major sea and airports and principal routes.

1.4 Vessels and aircraft
Candidates should be able to
- describe the characteristics of the main types of vessels carrying cargo by sea;
- describe the characteristics of the main types of aircraft.

1.5 Suitability of routes
Candidates should be able to
- describe the suitability of routes for the main types of vessel.

1.6 Passengers and goods
Candidates should be able to
- identify the different cargoes suitable for transport by air;
- identify the main commodities transported by sea and the issues associated with their carriage;
- explain the issues associated with the carriage of passengers by air and sea.

2. International trading practices and organisations

2.1 Scope of international trade
Candidates should be able to
- identify the scope of international trade.

2.2 Documentation
Candidates should be able to
- explain the documentation involved in international trade.

2.3 Payment processes
Candidates should be able to
- describe the characteristics of payment processes in international trade.

2.4 International organisations
Candidates should be able to
- outline the role and function of international organisations governing shipping and aviation.

3. Law relating to international trade and carriage of passengers

3.1 International conventions/protocols
Candidates should be able to
- outline the scope of international conventions / protocols relating to the carriage of goods and passengers by sea, road and rail;
- describe the main international aviation conventions, including their regulation of aviation law;
- describe the main principles of the Warsaw Convention 1929 and its effect on the rights of passengers and cargo owners.
3.2 Legislation regulating the national shipping and aviation industries
Candidates should be able to
– outline the nature of legislation regulating the national shipping and aviation industries.

3.3 Main forms of contracts of carriage
Candidates should be able to
– describe the main forms of contracts of carriage.

3.4 Liabilities, immunities and limitations
Candidates should be able to
– describe the liabilities, immunities and limitations of owners and operators of ships and aircraft in respect of:
  • the owners of goods;
  • third parties including environmental risks;
  • passengers.

3.5 Carriers to owners
Candidates should be able to
– describe the liabilities of carriers to owners of goods sent by road or rail.

3.6 Piracy, hi-jacking and terrorism
Candidates should be able to
– define piracy, hi-jacking and terrorism.

4. The marine and aviation markets
4.1 The need for marine and aviation insurance
Candidates should be able to
– outline the need for marine and aviation insurance.

4.2 Intermediaries
Candidates should be able to
– identify the types of intermediary involved in marine and aviation insurance.

4.3 Types of insurer
Candidates should be able to
– identify the types of insurer involved in marine and aviation insurance.

4.4 Placing risks
Candidates should be able to
– describe the procedures for placing marine and aviation risks with insurers, including the use of slips.

4.5 Brokers’ responsibilities and rights
Candidates should be able to
– describe brokers’ responsibilities and rights relating to premium payments and brokerage.

4.6 Insurance market organisations
Candidates should be able to
– outline the role and functions of marine and aviation insurance market associations.

5. Insurance legal principles
5.1 Application of legal principle
Candidates should be able to
– apply the following legal principles to marine and aviation insurance:
  • insurable interest;
  • utmost good faith;
  • indemnity; proximate cause;
  • subrogation;
  • contribution.

6. Marine insurance
6.1 Policy forms
Candidates should be able to
– state the characteristics of the marine insurance policy form, including slip policies.

6.2 Valued and unvalued policies
Candidates should be able to
– distinguish between valued and unvalued policies.

6.3 Warranties
Candidates should be able to
– discuss the characteristics of warranties used in marine insurance.

6.4 Hull and cargo clauses
Candidates should be able to
– describe the cover and exclusions of the Institute Time Clauses (Hulls) 1/11/95;
– describe the cover and exclusions of the Institute Cargo Clauses (A), (B) and (C) 1/1/82.

6.5 Rating of marine risks
Candidates should be able to
– explain the main factors which determine the rate of premium charged for hulls and cargo.

6.6 Marine Insurance Act 1906
Candidates should be able to
– discuss the terms of the Marine Insurance Act 1906 relating to:
  • insurable interest;
  • insurable value;
  • disclosure and representation;
  • the policy;
  • double insurance;
  • warranties;
  • the voyage;
  • assignment;
  • the premium;
  • loss and abandonment;
  • partial losses;
  • indemnity and insurers’ rights;
  • terminology.

6.7 Use of expert
Candidates should be able to
– outline the use of surveyors and average adjusters in claims handling.

7. Aviation insurance
7.1 Types of policy
Candidates should be able to
– outline the main types of aviation policy.
7.2 Hull and liability policy forms
Candidates should be able to
– describe the main policy forms used in aviation hull and liability insurance (other than in the USA).

7.3 Scope of the cover
Candidates should be able to
– explain the scope of cover provided by aviation policies and clauses;
– identify the main policy exclusions.

7.4 Rating of aviation risks
Candidates should be able to
– describe the factors which affect the risk and determine the rate for the premium.

7.5 Specialist aviation risks
Candidates should be able to
– describe the insurance of specialist aviation risks.

7.6 Space risks
Candidates should be able to
– describe the insurance of space risks.

7.7 Use of experts
Candidates should be able to
– outline the use of surveyors and loss adjusters in the handling of aviation claims.

8. Reinsurance

8.1 Application of reinsurance
Candidates should be able to
– explain the application to marine and aviation insurance of the various methods of reinsurance, including:
  • treaty;
  • facultative;
  • pools.

8.2 Proportional reinsurance
Candidates should be able to
– describe the characteristics of proportional reinsurance.

8.3 Non-proportional reinsurance
Candidates should be able to
– describe the characteristics of non-proportional reinsurance.

Primary text
Marine and Aviation Insurance. London: The CII.
Coursebook P13:

Additional reading

Reference works

Periodicals

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 8664.

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