Principles of marine insurance

Objective: To provide knowledge and understanding of marine insurance principles and the world market and legal context within which they apply.

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.


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.

Development of marine insurance
Maritime perils and how marine insurance covers them. 2
The effect on the development of marine insurance of:
– the evolution of world trade; 1
– the development of legal regimes, including general average, salvage, collision; 1
– the changing business environment. 1
Growth of the main worldwide marine insurance markets. 1
Cargoes, modes of transport and the marine transport infrastructure. 1

Learning outcome
Candidates should be able to describe the main influences on the development of marine insurance.

Marine insurance market
Characteristics of the different types of market with particular reference to:
– London and other major international markets; 2
– domestic markets; 2
– mutuals; 2
– captives. 2

Market functions and services provided by:
– brokers; 1
– average adjusters; 1
– risk managers; 1
– captive managements; 1
– lawyers, including the Admiralty Court; 1
– banks; 1
– surveyors, including the Salvage Association and classification societies. 1

Purpose and functions of the main trade associations and market committees and their bureaux. 2
Provision and effect of market agreements, including:
– leading underwriter agreements; 2
– war risk agreements. 2
Use and trading implications of e-commerce in the marine market. 2
Sources and exchange of electronic information, including market systems. 2

Learning outcome
Candidates should be able to describe the characteristics of the marine insurance market and its ancillary services.

Legal principles
Background to international conventions. 2
Relationship between international maritime law and UK and other domestic maritime law. 2
Main principles of international maritime law relating to:
– limitation of liability; 3
– salvage; 3
– collision; 3
– general average; 3
- towage; 3
- wreck removal; 3
- arrest and maritime liens and mortgages; 3
- passengers; 3
- pollution. 3

Main principles of international maritime law relating to contracts of carriage:
- charterparties; 3
- bills of lading; 3
- waybills; 2
- Carriage of Goods by Sea Act 1971; 3
- the Hague-Visby Rules; 3
- the Hamburg Rules. 2

Function and main principles of the major maritime voluntary codes, including:
- multimodal codes, road, rail; 2
- Incoterms; 2
- York-Antwerp rules. 2

Restrictions on transacting international marine insurance business; freedom of insurance. 2

Learning outcome
Candidates should be able to explain and interpret the legal principles relating to shipping and the carriage of goods and apply them to a variety of situations.

Marine Insurance Act 1906

Provisions of the Act, with particular reference to:
- insurable interest, assignment and double insurance; 3
- disclosure and representations; 3
- warranties; 3
- premium; 3
- measure of indemnity, total and partial loss; 3
- rights of insurer on payment. 3

Learning outcome
Candidates should be able to describe in detail the relevant provisions of the Marine Insurance Act 1906.

Risks and types of cover

The main classes of marine risk and the cover available:
- hull; 2
- cargo; 2
- liability, including P&I; 2
- war; 2
- energy; 2
- excess of loss and other forms of reinsurance. 2

Contractual obligations of the assured to others, with specific reference to:
- documentary credits; 2
- contracts of sale; 2
- mortgages. 2

Learning outcome
Candidates should be able to describe the main classes of marine risk, the cover available, and the contractual obligations of the assured to others.

Ethical considerations

Types of maritime fraud. 1
Treatment by marine insurers of incidences of fraud. 2

Issues arising from the Marine Insurance (Gambling Policies) Act 1909. 2

Cover for sensitive cargoes and sensitive shipping operations. 1

Learning outcome
Candidates should be able to describe the principal ethical considerations arising from the transaction of marine insurance.

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


Additional reading


Reference materials

Maritime Economics. Dr Martin Stopford. Clarksons Research Studies.

2004
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**Periodicals**

Six issues a year.
Fairplay International: The International Shipping Weekly.
London: Fairplay Publications.
Insurance Day. Three issues per week. 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.