Principles of marine insurance

Objective: To develop in the candidate:

- a knowledge and understanding of the principles of marine insurance;
- an understanding of the world market within which the principles of marine insurance apply;
- an understanding of the legal context within which the principles of marine insurance apply;
- the ability to apply knowledge to given scenarios and cite case law in support.


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. Development of marine insurance

1.1 Maritime perils
Candidates should be able to
- describe typical maritime perils;
- explain how marine insurance covers these perils.

1.2 World trade
Candidates should be able to
- state the effect on the development of marine insurance of the evolution of world trade.

1.3 Legal regimes
Candidates should be able to
- state the effect on the development of marine insurance of the following legal regimes:
  - general average;
  - salvage;
  - collision.

1.4 Changing business environment
Candidates should be able to
- state the effect on the development of marine insurance of the changing business environment.

1.5 Worldwide markets
Candidates should be able to
- outline the growth of the main worldwide marine insurance markets.

1.6 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.

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, including the Salvage Association and classification societies.

2.3 Trade associations and market committees
Candidates should be able to
- explain the purpose and functions of the main trade associations, market committees and their bureaux.

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 in the marine insurance market.

2.6 Electronic information
Candidates should be able to
- describe the sources and exchange of electronic information, including market systems.
3. Legal principles

3.1 International conventions
Candidates should be able to
– describe the background to 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.

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

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

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

3.6 General average
Candidates should be able to
– explain, interpret and apply the main principles of international maritime law relating to general average.

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

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

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

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 of international maritime law relating to charterparties.

3.13 Bills of lading
Candidates should be able to
– explain, interpret and apply the main principles of international maritime law relating to bills of lading.

3.14 Waybills
Candidates should be able to
– explain, interpret and apply the main principles of international maritime law relating to waybills.

3.15 Carriage of Goods by Sea Act 1971
Candidates should be able to

3.16 Hague-Visby Rules
Candidates should be able to
– explain, interpret and apply the main provisions of the Hague-Visby Rules.

3.17 Hamburg Rules
Candidates should be able to
– explain the main provisions of the Hamburg Rules.

3.18 Voluntary codes
Candidates should be able to
– describe the function and main principles of the following voluntary codes:
  • multimodal codes, road, rail;
  • Incoterms;
  • York-Antwerp rules.

3.19 Restrictions on the transaction of insurance
Candidates should be able to
– explain the restrictions on transacting international marine insurance business and the freedom of insurance.


4.1 Insurable interest, assignment and double insurance
Candidates should be able to
– explain, interpret and apply the main provisions of the Act relating to insurable interest, assignment and double insurance.

4.2 Disclosure and representations
Candidates should be able to
– explain, interpret and apply the main provisions of the Act relating to disclosure and representations.

4.3 Warranties
Candidates should be able to
– explain, interpret and apply the main provisions of the Act relating to warranties.

4.4 Premium
Candidates should be able to
– explain, interpret and apply the main provisions of the Act relating to premium.

4.5 Measure of indemnity
Candidates should be able to
– explain, interpret and apply the main provisions of the Act relating to measure of indemnity, total and partial loss.

4.6 Rights of insurer on payment
Candidates should be able to
– explain, interpret and apply the main provisions of the Act relating to rights of insurer on payment.
5. Risks and types of cover

5.1 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;
  - energy;
- describe the cover provided by excess of loss and other forms of reinsurance.

5.2 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.

6. Ethical considerations

6.1 Fraud
Candidates should be able to
- outline the various types of maritime fraud.

6.2 Treatment of fraud
Candidates should be able to
- describe the treatment by marine insurers of incidences of fraud.

6.3 Marine Insurance (Gambling Policies) Act 1909
Candidates should be able to
- describe the issues arising from the Marine Insurance (Gambling Policies) Act 1909.

6.4 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. 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 works

Periodicals
The Journal. London: The CII. Six issues a year. Also available online (CII/SOFA members only) at www.cii.co.uk/is

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.

Exam technique/study skills
There are many modestly priced guides available in bookshops. You should choose one which suits your requirements. An example is:
For a more interactive approach, you should consider: