



ASSOCIATION OF
Average Adjusters

Fellowship Level Examinations

**Module F1: General Average / Salvage / Carriage of Goods by Sea /
Miscellaneous**

(3 hours)

**Syllabus, Law Cases and Bibliography (Applicable to examination sessions
held from March 2023 onwards)**

Updated January 2023

SYLLABUS - GENERAL

The purpose of this Module is to test the candidates extensively on their knowledge of the law and practice concerning General Average, Salvage, Carriage of Goods by Sea and related insurance claims. The miscellaneous subjects allocated to this Module are listed below; no specific syllabus is prescribed for these topics.

Candidates will be required to answer a number of practical problems, some of which will be detailed figured questions. Candidates will need to demonstrate their knowledge of both the theoretical and practical basis for the calculation of claims involving general average losses affecting all interests, claims for salvage services and sue and labour expenditure and the resulting claims under insurance policies, including those covering average disbursements. They should be familiar with the development of the York Antwerp Rules from 1974 onwards and with case law concerning the carriage of goods by sea, especially its application to claims for general average.

The majority of the paper (approximately 55%) will be weighted towards questions on General Average, with approximately 35% relating to Salvage and COGSA and the remaining 10% to the miscellaneous topics (labelled A, B and C) which have been allocated to this Module.

AAA EXAM SYLLABUS - MODULE F1

General Average / Salvage / Carriage of Goods by Sea / Miscellaneous (3 hours)

GENERAL AVERAGE

Candidates are expected to be familiar with and be able to explain the following areas in detail. They will be required to answer a number of practical problems, some of which will be detailed figured questions. References to the York Antwerp Rules (YAR) contained in the syllabus are to YAR 1994 and/or YAR 2016. However, on occasion an answer to an examination question may require reference to other versions of the YAR – for example, it might involve reference to an older law case which clarifies a point concerning the application of the YAR 1974.

Areas of Study - GA

- Definition of a general average act, Rule A of YAR and S. 66(2) of the MIA, 1906. The candidate will need to be able to recognise the essential elements in cases such as perils of the sea, fire, piracy, machinery breakdown etc.
- Who can carry out such an act.
- The need for peril to be present and whether expenses incurred to avoid a non-existent peril can be claimed in GA.
- Understanding of all sections of Rule C and recognising practical situations where allowances can be made or are excluded.
- The main differences between YAR and English law on GA.
- The evolution and role of the Rule of Interpretation and the Rule Paramount of YAR issues that could arise out of currency of adjustment problems.
- Application of GA to specialized vessels such as FPSO, drilling rigs etc.
- The issues in GA with tug and tow - see US legal cases and Rule B of YAR 1994 compared with Rule B of YAR 2016.
- Main differences between YAR 1994 and 2016.
- The provisions of YAR on losses to the environment and the cost of environmental measures
- The significance, if any, of a "declaration" of general average.
- Onus of proof and evidence requirements, Rule E of YAR.
- Currency of adjustment.

Allowances

Sacrifices

- Detailed knowledge of YAR Rules 1, 2, 3, 5, 7, 9 and 12 covering various specific situations of GA loss to ship, cargo and other property.
- Method of calculation of amount to be made good for ship in GA including unrepaired damage, Rules 13 and 18 of YAR (and "*Henderson v. Shankland*" [1896].)
- The circumstances of and method for calculation of a loss of freight admitted in GA set out in Rule 15 of YAR.
- The circumstances of and method for calculation of a loss of cargo admitted in GA set out in Rule 16 of YAR.

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- The appropriate allowance for undeclared or wrongfully declared cargo.
- The concept involved in state of wreck and allowances under Rule 4 for cutting away damaged parts of the vessel.

Expenditures

- Third party liability damage allowed in GA under Rule C.
- Concept of substituted expenses, what can be considered for the alternative course of action and the application to practical situations.
- The ways that temporary repairs can be claimed in GA along with the application to practical situations. It is important that candidates are aware of how temporary repairs can also be claimed in particular average.
- Circumstances covering all allowances made for both putting into a port of refuge and while being detained there under Rules 10 and 11 of YAR. Knowledge of every aspect of these rules and the practical calculations that can arise therefrom is required.
- Allowances for salvage payments and consequent costs.
- Allowance of commission and interest on items of GA and practical calculation of such allowances.

Contribution

- The place and time for contribution, Rule G (and "*Fletcher v Alexander*" [1868])
- The concept of contributing interests, Rules G and the mechanism for calculating contributory values, Rule 17.
- Practical calculation of contributory values under Rule 17 for all potential contributing interests including "made good".
- Calculation of contributions attaching to time charterers' bunkers.
- Liability for freight, chartered and ulterior, ballast GA's per ROP B26.
- The sub-division of contribution for freight between shipowner and time charterer where hire is to contribute.
- The calculation of contributory values in double/multiple GA situations.
- What happens if there are no arrived values.
- The significance of a vessel or cargo being a total loss.
- The significance of cargo being sold short of destination.

Security

- The operation of a possessory lien in relation to securing GA contributions.
- The concept of obtaining, and format of, GA security.
- The contractual effects of bonds and guarantees.
- Non-separation agreements including the third and fourth paragraphs of Rule G, what they are designed to cover, their limits and practical calculation of allowances under them.

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- Issues arising on forwarding, security and payment of freight in situations such as in the law case *City of Colombo [1986]*.
- Remedies by ship against cargo, cargo remedies as against ship and other cargo, time charterers' remedies against ship.
- Shipowner's failure to obtain security and have an adjustment prepared - claims in GA made by cargo.
- Treatment of cash deposits specified by YAR and by Rules of Practice B 34 to B37.

Unseaworthiness / carrier's fault

- Provisions of Rule D of YAR.
- General knowledge of examples of carrier's fault in GA cases.
- Knowledge of how the shipowner may claim if cargo interests are excused from contributing due to a breach of the contract of affreightment.
- General understanding of the P&I Clubs' role in unrecoverable contributions in general average.
- Clubs' requirements for covering their members.

Insurances

- The circumstances where an insurer might not be liable for GA loss or contribution - see s. 66(6) of MIA 1906.
- Effect of s. 73 (1) of MIA, 1906 on claims on marine insurers.
- Detailed knowledge of how reductions for underinsurance are calculated on hull, cargo and freight policies.
- Losses falling on the insurer under s. 66(4).
- The concept of Average Disbursements Insurance.
- Outline of the main differences between Average Disbursements Clauses A" and "B", 14/5/87.
- What can and cannot be declared on an ADI cover and the calculation of the opening and closing figures.
- Adjustment of claims on ADI insurance under "A" and "B" clauses.
- The liability of insurers where one person owns multiple interests in one incident
- The concept of ballast GA (under ROP B26) and insurance policies.
- Crediting insurers with payments on account including commission and interest.
- General understanding of absorption clauses.
- Possible requirement for insurance on cargo force-discharged and distinction from SOL insurance.

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Case law – GA

Candidates are expected to be very familiar with the cases in **bold print** and be aware of the decisions in the supplementary cases:

1. **ABT Rasha [1999]**
2. **Alpha, The [1991]**
3. **Anderson Tritton & Co v Ocean Steamship Co [1884-85]**
4. **Anglo-Grecian Trading Co v T. Beynon & Co [1926]**
5. **Austin Friars Steamship Co Ltd v Spillers & Bakers Ltd [1915]**
6. **Australian Coastal Shipping Commission v Green [1971]**
7. *Beatrice, The* [1975]
8. **Bijela, The [1994]**
9. **Brandeis Goldschmidt & Co. v The Economic Insurance Co. [1922]**
10. *CAPE BONNY, The* [2018]
11. **Chandris v Argo Insurance Co Ltd [1963]**
12. **Chellew v Royal Commission on the Sugar Supply [1922]**
13. **City of Colombo, The [1978]**
14. *CMA CGM Libra, The* [2019] EWCH 481
15. **Corry v Coulthard [1876]**
16. **Crooks & Co v Allan [1879-80]**
17. **Daniolos v Bunge & Co Ltd [1938]**
18. *Despina R, The* [1979]
19. **Fawcas v. Sarsfield [1856]**
20. **Federal Commerce and Navigation Co Ltd v Eisenerz GmbH [1975]**
21. **Fletcher v Alexander [1867-68]**
22. **Green Star Shipping Co Ltd v London Assurance [1933]**
23. **Hallet v. Bousfield [1811]**
24. **Henderson Bros v Shankland & Co [1896]**
25. *Huth & Co v Lamport* [1885-86]
26. **J.P. Donaldson, The [1897]**
27. **Johnson v Chapman [1865]**
28. **Joseph Watson & Son Ltd v Fireman's Fund Insurance Co [1922]**
29. **Jute Express, The [1991]**
30. **Kemp v Halliday [1865-66]**
31. *Lash Atlantica, The* [1987]
32. *Lehmann Timber* [2013]
33. **Longchamp [2017] UKSC 68**
34. *Maersk Neuchatel* [2014]

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35. **Makis [1929]**
36. **McCall v Houlder Bros [1897]**
37. Miliangos v George Frank (Textiles) Ltd [1976]
38. **Mormacmar [1947, USA]**
39. Northland Navigation Co Ltd V Patterson Boiler Works Ltd [1983]
40. **Overseas Tankship (UK) Ltd v. Morts Docks and Engineering Co (1961); the "Wagon Mound"?**
41. **Papayanni v Grampian Steamship Co. [1896]**
42. **Potoi Chau, The [1984]**
43. **Price v Noble [1811]**
44. **Ralli v Troop [1894]**
45. **Royal Boskalis Westminster NV v Mountain [1999]**
46. S.C. Loveland Co v USA [1963]
47. **Seapool, The [1934]**
48. Shepherd v Kottgen [1877]
49. **Société Nouvelle d'Armement v Spillers & Bakers Ltd [1917]**
50. **Strang Steel & Co v A. Scott & Co [1889]**
51. **Trade Green, The [2001]**
52. Transoceanica Francesca, The [1987]
53. **Troilus, The [1951]**
54. **Union of India v E.A. Aaby's Rederi [1975]**
55. **Wavertree Sailing Ship Co Ltd v Love [1897]**
56. **Wilson v Bank of Victoria [1866-67]**
57. **Wordsworth, The [1898]**

Reading materials – GA

- York Antwerp Rules 1974, 1994, 2004 and 2016
- Marine Insurance Act 1906 - sections 66, 73.1
- The general average clauses included in the principal Institute hull, cargo and freight policy forms as well as Excess Liabilities and Disbursements and Increased Value.
- The IG P&I Clubs' relevant rules covering members' entitlement to recover for unseaworthiness and unrecoverable contributions in general average.
- Rules of Practice of the Association of Average Adjusters Sections B and C as issued in 2020, including the (probationary) revised version of RoP B26, adopted in May 2021.
- Practice Committee Opinions of the Association of Average Adjusters nos. G2-24 and P5-6.

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- Lowndes and Rudolf, The Law of General Average and The York Antwerp Rules, (latest edition)
- N. Geoffrey Hudson and Michael Harvey, The York Antwerp Rules: The Principles and Practice of General Average Adjustment, 4th edition.
- Goodacre, Marine Insurance Claims, 3rd edition.
- Templeman, Marine Insurance - 6th edition (now somewhat dated but a good general overview with some practical calculations).
- D.J. Wilson, Average Disbursements and Other Subsidiary Interests, 1987.
- Chairman's address: Frustration and the York Antwerp Rules - Keith Jones - 2013/14

SALVAGE

The candidate is expected to be familiar with how a salvage claim may be made and paid for and display a good level of knowledge of the following areas:

Areas of Study (Salvage - English law)

- Dangers to property
- Threat to the environment
- Obligations on salvors and owners of salvaged property.
- Subjects for salvage
- Parties entitled to recover salvage
- Criteria for reward of services
- Provisions of the International Convention on Salvage 1989 as enacted in the UK per the Merchant Shipping (Salvage and Pollution) Act 1994.
- Assessment of salvaged values
- Special compensation per Article 14 of the International Convention on Salvage, 1989.
- Maritime liens
- Sister-ship salvage
- Provision of security, including interim security – ISU 2 Form
- Negligence of salvors and limitation of liability.
- Life salvage and who pays.
- Engaged services.
- Master's authority to enter a salvage contract.
- Criteria for entering a no cure no pay contract.
- Relationship between salvage and general average with reference to YAR Rule 6 1994, 2004 and 2016.
- Difference between salvage, salvage charges and sue and labour set out in MIA, 1906 and ITC Hulls 1/10/83.

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Lloyd's Open Form 2020

- Familiarity with the 7 specific pieces of information which need to be entered on the opening page before 8) signatures of Salvor and 9) signature of Captain.
- Contractors' basic obligation/Environmental protection/Scopic Clause/Application of principle of "no cure-no pay"/Prior services/Duties of property owners/Rights of termination/Deemed performance/Arbitration and the LSA Clauses/Governing law/Scope of authority/Inducements prohibited.

- Important Notice No. 1 - Salvage security

- Familiarity with the following LSA Clauses:
 - 2 Objectives
 - 3 Definitions 3.9 ("special compensation") and 3.10 ("Scopic Clause")
 - 4 Provisions as to Security, Maritime Lien and Right to Arrest
 - 9 Interest
 - 10 Currency correction
 - 14 Special Cargo Provisions
 - 15 Fixed Cost Arbitration Procedure (FCAP)

- Familiarity with the following sub-sections of the SCOPIC Clause 2020:
 - 2 Invoking the SCOPIC Clause
 - 3 Security for SCOPIC remuneration
 - 5 Tariff Rates
 - 6 Article 13 award
 - 7 Discount
 - 11 Article 18 of 1989 Salvage Convention
 - 14 Pollution prevention
 - 15 General AveragePlus:
 - Method of calculation of amounts payable under SCOPIC

Case law - Salvage

Candidates are expected to be very familiar with the cases in **bold print** and be aware of the decisions in the supplementary cases:

1. **Ballantyne v MacKinnon [1896]**
2. **Bosworth, The (No 3) [1962]**
3. **Castor, The [1932]**
4. **Choko Star, The [1987]**
5. **Cuba, The [1860]**
6. **Cumbrian, The [1887]**
7. **Edison, The [1933]**
8. George Dean, The [1857]
9. **Goring, The [1987/8]**
10. **Harmonides, The [1903]**

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11. **Hohenzollern, The [1906]**
12. **Melanie, The (Owners) vs San Onofre, The [1925]**
13. **Pyrennee, The [1863]**
14. **Renos, The UKSC 29 [2019]**
15. **Troilus, The [1951]**
16. **Undaunted, The [1860]**
17. **Winson, The [1981]**

Reading Materials - Salvage

- Lloyd's Standard Form of Salvage Agreement and SCOPIC including Lloyd's Salvage Arbitration Clauses (latest versions - 2020)
- Merchant Shipping (Salvage and Pollution) Act 1994
- Kennedy and Rose on the Law of Salvage, 9th Revised edition
- John Reeder QC - Brice on Maritime Law of Salvage, 5th Revised edition

CARRIAGE OF GOODS BY SEA

The object for this section of the module is to ensure that the candidate has a working knowledge of the obligations falling on the carrier under a contract of affreightment and the effects of an actionable breach in the performance of that contract and defences such a breach gives, to recovery of a general average contribution. Furthermore, the module also expects the candidate to have good knowledge of the position of the shipowner as a bailee of cargo and the position of all parties in the event of legal abandonment of the voyage after a major casualty. The candidate is expected to be familiar with the following areas of knowledge:

Areas of Study – COGSA

- Implied obligations in a contract of carriage in common law
- Exceptions available to a common carrier.
- Justifiable vs. unjustifiable deviation.
- Effects of a breach of the contract of carriage.
- Functions of a bill of lading per COGSA 1992.
- Payment of freight.
- Frustration of the contract of carriage.
- Justifiable abandonment of the voyage.
- Master's duties on abandonment of the voyage.
- Obligations for transhipment/discharging of cargo following frustration of the contract.

Carriage of Goods by Sea Act - 1971

- Be aware of when the Act and the Hague Visby Rules apply.
- Definitions under Article 1 of the Hague Visby rules.

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- The carrier's duty to provide a seaworthy ship under Art III r.1.
- Definition of unseaworthiness.
- Duty to exercise due diligence.
- Article III r.2 care of cargo.
- Burden of proof on due diligence.
- Effect of breach of duty.
- Exceptions of Article IV r.2.
- Shipper's responsibilities.
- Deviation which is excused.
- Limitation of liability; how it works.

General – COGSA

- An outline of the differences between Hamburg Rules and Hague Visby Rules on liability of the carrier.
- An outline of the differences between Rotterdam Rules and Hague Visby Rules on liability of the carrier.
- Explain the nature of SOL insurance, its use and who bears the cost.
- Effect on unseaworthiness
 - on the ship's ability to claim GA contributions
 - on insurance contracts
- Responsibility for goods and when it transfers.
- The significance of a clean bill of lading.
- Impact on insurance policies of deviation.
- Responsibility for disposal of worthless cargo at destination.
- **Who has title to sue under a bill of lading?**
- **What is the time bar for cargo claims?**

Case law - COGSA

Candidates are expected to be very familiar with the cases in **bold print** and be aware of the decisions in the supplementary cases:

1. **Amstelslot, The [1962]**
2. **Angliss & Co. (Australia) Proprietary Ltd v P&O Steam Navigation [1927]**
3. Assicurazioni Generali v Bessie Smith
4. **Bulgaris v. Bunge (1933)**
5. **Capricorn, The [1995]**
6. **Caspiana, The [1956]**
7. **CMA CGM Libra [2019] EWCH 481**
8. **Daffodil B, The [1982]**

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- 9. Davis Contractors v Fareham UDC [1956]**
10. De Cuadra v Swan [1864]
11. Dimitrios N. Rallias, The [1922]
12. Dominique, The [1989]
13. Eugenia, The [1964]
- 14. Fjord Wind, The [2000]**
15. **Grant v Norway [1851]**
- 16. Hain Steamship Co. Ltd v Tate & Lyle Ltd [1936]**
- 17. Hansen v Dunn [1906]**
- 18. Hellenic Dolphin, The [1978]**
19. Hunter v Prinsep [1808]
- 20. Jackson v Union Marine Insurance [1872-73]**
21. Kish v Charles Taylor & Sons & Co. [1912]
- 22. Kulukundis v Norwich Union Fire Insurance Society Ltd [1937]**
23. Liver Alkali v Johnson [1872]
24. Lorna 1 [1983]
- 25. Maxine Footwear v Canadian Govt. Merchant Marine [1959]**
26. Moss v Smith [1850]
- 27. Muncaster Castle, The [1961]**
- 28. Notara v Henderson [1872]**
29. Nugent v Smith [1877]
30. Pa Mar, The [1999]
- 31. Reardon Smith Line Ltd v Black Sea & Baltic General Ins. Co. Ltd [1939]**
32. Savona, The [1900]
- 33. Scaramanga & Co. v Stamp [1879-80]**
- 34. Stag Line v Foscolo Mango [1932]**
- 35. Volcafe v CSAV [2018] UKSC 61**
36. Shipton v Thornton [1838]
37. Siordet v Hall [1828]
- 38. Standard Oil Co. of New York v Clan Line Steamers [1924]**
- 39. Teutonia, The [1869-72]**
40. Williams & Co v Canton Ins. Office [1901]

Reading Materials - COGSA

- Carriage of Goods by Sea Act 1971
- Carriage of Goods by Sea Act 1992
- Hamburg Rules
- Rotterdam Rules

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- Dockray, Cases & Materials on the Carriage of Goods by Sea, 3rd edition.
- Scrutton on Charterparties and Bills of Lading, current edition
- Wilson, Carriage of Goods by Sea, 7th revised edition
- "Special charges on cargo Part 1: The obligations of ship and cargo owners", N. Geoffrey Hudson in Lloyd's Maritime and Commercial Law
- Chairman's address: Frustration and the York Antwerp Rules - Keith Jones - 2013/14

MISCELLANEOUS TOPICS – F1

- A. Requirement for extra insurances when vessel drydocked with cargo on board and towed to destination.
- B. Coverage offered by ITC Excess Liabilities clauses:
- General understanding of their function and purpose
 - Stating claims on excess liabilities policies
- C. Origin and purpose of:
- Jason Clause and New Jason Clause
 - Frustration Clause
 - Foreign GA Clause

Case law and reading materials (relevant to the Miscellaneous Topics allocated over Modules F1, F2 and F3)

1. Newby v Reed (1762) 96 E.R. 37
 2. Bruce v Jones [1863]
 3. Weddell v Road Transport and General Insurance Co Ltd [1932]
 4. Commercial Union Assurance Co. v Hayden [1977]
 5. **Empress Assurance Corp. v CT Bowring [1905]**
 6. Fanti, The; Padre Island No.2 The, [1991]
 7. Legal and General Assurance Society Ltd v Drake Insurance Co Ltd [1992]
 8. **North & South Trust Co. v Berkeley [1971]**
 9. O'Kane v Jones [The Martin P] [2003]
 10. **Sanday & Co. v British and Foreign Marine Insurance Co. [1916]**
 11. **Seller v Work [1801]**
- Arnould's Law of Marine Insurance and Average (latest edition).
 - **Marine Insurance Act 1906 – Section 53**
 - Insurance Act 2015 – Section 3.

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APPROXIMATE ALLOCATION OF MARKS FOR THIS MODULE:

| <u>F1</u> | <u>%</u> |
|-----------|------------|
| GA | 55 |
| Salvage | 20 |
| COGSA | 15 |
| Misc. | <u>10</u> |
| | <u>100</u> |