



ASSOCIATE EXAMINATIONS

SUMMARY OF TOPICS

PAPER 2 (2 ½ hours) Hull and Cargo Claims

Questions will be based (unless otherwise specified) on the Institute Time Clauses Hulls 1.10.83 (ITCH) and the Institute Cargo Clauses (ICC)

Candidates will not be expected to reproduce the wording of these Clauses verbatim but should be familiar with the key words and phrases used in the Clauses, and be aware of their practical implications.

SECTION A – HULL CLAIMS

1) ITCH Clauses

Termination of the policy (Clause 4)

- Classification etc.
- Change of flag, management etc.

Insured perils (Clause 6)

- Named perils
- Application of the “due diligence” proviso.

Collision Clause (Clause 8)

- Extent of coverage/exclusions
 - *Single and cross liability
 - *Treatment of costs
 - *Treatment of recoveries
- (* Candidates will be expected to undertake simple calculations to demonstrate their understanding of the principles involved)

Notice of Claim (Clause 10)

- Notice in the event of accident
- Tenders

Deductibles (Clause 12)

- Application of deductible clause
- Special Committee report guidelines

Sue and Labour (Clause 13)

- Duty of Assured Clause
- Extent of coverage
- Effect of under-insurance
- S & L in Total Loss claims

New for Old (Clause 14)

- Deductions

Wages and Maintenance (Clause 16)

- When excluded/allowed

Unrepaired damage (Clause 18)

- Measure of indemnity (18.1)

Constructive Total Loss (Clause 19)

- When established (19.2)

Exclusions (Clauses 23 – 26)

- Outline the four types of losses excluded

2) General Average

Candidates are required to show an understanding of the basic principles of General Average as set out in the York Antwerp Rules 1994 and be prepared to carry out simple calculations applying these principles. Candidates are not expected to have a detailed knowledge of General Average or the York Antwerp Rules but should be familiar with the key words and phrases used. The basic principles to be considered are:-

- Definitions – Rule A
- Included/excluded losses – Rule C
- Remedies/defences – Rule D
- Substituted expenses – Rule F
- Examples of General Average sacrifices of Ship and cargo
- Examples of expenditure for the Common Safety
- Examples of expenses allowable at a port of refuge
- Contributory values of Ship and Cargo
- Apportionment of a General Average

3) Calculation of claims

Candidates should be familiar with the relevant Rules of Practice and be able to carry out simple calculations relating to the following aspects of hull claims.

- Removal expenses (D1)
- Dry-docking and tank cleaning costs (D5 & 6)
- Treatment of overtime and temporary repairs; vessel in “liner” service.

4) Miscellaneous

Candidates should be able to show a general understanding of the following topics:-

- Institute Additional Perils Clause (areas of extra coverage compared to ITCH)
- Increased Value and Excess Liability Policies (purpose and effect of those policies)
- Loss of Hire Insurance (nature of coverage and basis of recovery)
- P&I Insurance (main areas of cover provided by the International Group Protection and Indemnity Clubs)
- Lloyds Open Form (main features of this type of salvage contract)
- General Average Absorption Clauses.

SECTION B – CARGO CLAIMS

1) Institute Cargo Clauses A, B & C

The questions are based on the 1982 ICC which remain the most commonly used. However, candidates may answer the questions based on the equivalent Clauses in the ICC 2009 version.

- Risks Covered (Clauses 1 and 2)
- Exclusions (Clause 4)
- Unseaworthiness (Clause 5)
- Transit Clause (Clause 8)
- Insurable Interest (Clause 11)
- Forwarding Charges (Clause 12)
- Minimising losses (Clause 16)

Candidates should be aware of the differences in cover provided by ICC A, B and C.

2) Adjustment of Cargo Claims

Candidates will be expected to carry out simple calculations of a cargo claim stated on a:-

- Depreciation basis
- Salvage loss basis

3) Miscellaneous

- Meaning and operation of open covers
- Documentation of claims (Summarise the documents that an Assured would be requested to provide when submitting a claim and describe the purpose of each).