

IUMI Hull tutorial sample questions set 2

1

Fill in the gaps in the text below from the choices available.

A brown water vessel generally operates **1** or
2 or within **3** of the coast.

☒ on inland waters

☒ on the high seas

☒ 5 miles

☒ 15 miles

☒ in coastal waters

Correct answers:

1 on inland waters

2 in coastal waters

3 5 miles

2

Match the description of the vessel to the type of vessel.

Container vessel	Bulk carrier	Both
1	2	3

- ⌘ Exist in a variety of sizes
- ⌘ Regular shaped cargo spaces
- ⌘ Cargo might be worth significantly more than the ship
- ⌘ Can be geared or gearless
- ⌘ Cargo might be packed or not packed
- ⌘ Typically operate on a tramp trade
- ⌘ Typically operate on a liner trade

Correct answers:

1 Typically operate on a **liner** trade

2 Typically operate on a tramp trade

Cargo might be packed or not packed

Can be geared or gearless

3 Exist in a variety of sizes Regular shaped cargo spaces

Cargo might be worth significantly more than the ship

3	<p>What peril covers the deliberate throwing of some ship's equipment overboard?</p> <ul style="list-style-type: none"><input type="radio"/> Barratry<input checked="" type="radio"/> Jettison ✓<input type="radio"/> Piracy<input type="radio"/> Crew negligence
4	<p>Under ITC-H which 3 costs cannot normally be claimed as sue and labour?</p> <ul style="list-style-type: none"><input checked="" type="checkbox"/> GA contributions ✓<input checked="" type="checkbox"/> Collision attack/defence costs ✓<input type="checkbox"/> Contractual salvage<input checked="" type="checkbox"/> Non contractual salvage/salvage charges ✓

5

Complete the statement from the options provided.

The collision convention uses the concept of comparative negligence
which means that

1

❑

each vessel pays damages to the other party based
on their share of the fault for the collision

❑

each vessel bears responsibility for its own damage

❑ the vessels share the fault on a 50/50 basis

❑

the parties can choose how best to apportion fault.

Correct answers:

1

each vessel pays damages to the other party based on their share
of the fault for the collision

6

The Harwood and the Lloyd collide in the English Channel causing damage to both vessels. The agreed allocation of fault is 60% to Harwood and 40% to Lloyd.

The following damages were caused to both sides

	Harwood	Lloyd
Ship	USD 2.5M	USD 5M
Cargo	USD 1.5M	0
Loss of use	USD 500K	0
Crew injury	USD 1.5M	0
GA	0	USD 500K
Total	USD 6M	USD 5.5M

Harwood pays Lloyd 60% of USD 5.5M which is USD 3.3M

Lloyd pays Harwood 40% of USD 6M which is USD 2.4M

Cash settlement from Harwood to Lloyd is USD 900,000

Look at the attached collision calculation. Choose what type of liability settlement it shows.

- Single liability ✓
- Cross liability

7	<p>Does ITCH have an inbuilt GA absorption clause?</p> <p><input checked="" type="radio"/> No ✓</p> <p><input type="radio"/> Yes</p>
8	<p>A vessel loaded with cargo suffers a malfunction in her main steering gear. The Master asks for an additional two tugs to be provided when she arrives in port. Normal port arrival would require two tugs but she enters the port with four. The Master declares general average and a claim is made for contributions for the cost of the 4 tugs. Should the other parties have to pay for all four tugs?</p> <p><input type="radio"/> Yes they should pay for all 4 tugs as the vessel and cargo were in a position of peril</p> <p><input checked="" type="radio"/> They should pay for the 2 additional tugs as they are an extraordinary expense that would not otherwise have been incurred ✓</p> <p><input type="radio"/> No because there was no sacrifice</p> <p><input type="radio"/> No, they should not pay for the tugs at all as they are normal operating costs</p>
9	<p>A vessel in ballast starts taking on water in the Arabian Gulf and has to make for a nearby port which happens to be in Iran. Which potential additional exclusion might apply if the insured asks for payment of port charges that he has had to pay to the local authorities?</p> <p><input type="radio"/> Strikes</p> <p><input checked="" type="radio"/> Sanctions ✓</p> <p><input type="radio"/> War</p> <p><input type="radio"/> No exclusions should apply in this situation</p>

10

News report

Reports are coming in that a cargo vessel has been damaged by weapons fired from naval vessels engaging in military exercises and practice in nearby waters.

Read this news report. Does ITCH specifically exclude this type of incident from the marine policy?

No ✓

Yes

11

For what **main** reason will war insurers terminate cover if the vessel is requisitioned?

- Requisition is the same as sale so the insurable interest will have transferred to another party
- War insurers do not terminate or suspend, they will stay on risk
- Insured typically will not pay the additional premium that war insurers require to stay on risk
- Vessel will usually be going into dangerous areas and war insurers do not want the additional risk in any circumstances ✓

12	<p>A vessel is trapped in a port for a number of weeks and makes a claim to her war insurers under the blocking and trapping clause. Part of the claim is for lost income as the vessel lost a charter as she could not arrive to load on time. Will this element of the claim be covered under a typical war insurance which includes blocking and trapping?</p> <ul style="list-style-type: none"><input checked="" type="radio"/> No, as there is no cover for losses linked to delays in most war policies ✓<input type="radio"/> Yes as the proximate cause of the loss of income was the blocking and trapping<input type="radio"/> No, because it is an operational expense only<input type="radio"/> Yes because it is not specifically excluded
13	<p>Do insurers under ITC-H specifically require the owner to obtain approval of his layup plan from insurers in advance?</p> <ul style="list-style-type: none"><input checked="" type="radio"/> No ✓<input type="radio"/> Yes

14

Match the descriptions with the types of layup

Hot layup	Cold layup
1	2

- ⌘ Engine and machinery will be drained
- ⌘ Crew will be repatriated
- ⌘ Watchmen only on board
- ⌘ Crew remain on board
- ⌘ Equipment remains fully functional
- ⌘ Tends to be a shorter period of time
- ⌘ Tends to be a longer period of time

Correct answers:

1 Crew remain on board
Equipment remains fully functional
Tends to be a shorter period of time

2 Engine and machinery will be drained
Crew will be repatriated Watchmen only on board
Tends to be a longer period of time



15	<p>ITC-H has inbuilt claims leader provisions. True or false?</p> <p><input type="radio"/> True</p> <p><input checked="" type="radio"/> False ✓</p>
16	<p>If a vessel is insured under ITC-H when does interest become payable on the claim?</p> <p><input checked="" type="radio"/> There are no specific provisions about interest in ITC-H ✓</p> <p><input type="radio"/> From the date of expiry of the policy</p> <p><input type="radio"/> 4 weeks after adjustment should have been issued</p> <p><input type="radio"/> 4 weeks after date of loss</p>

17

What amount of additional insurance is permitted under ITC-H



⌘
Maximum of 25% of hull sum insured in total for increased value and any freight insurances

⌘
25% of hull sum insured available for increased value, and a separate 25% available for freight insurance

⌘ No limit to the value of additional insurances being purchased

Correct answers:

1 Maximum of 25% of hull sum insured in total for increased value and any freight insurances

18

Which 3 numbers are required to calculate claims under an excess liability policy.

Contributory value of the vessel ✓

Sound market value of the vessel

Sum insured under excess liability policy ✓

Sum insured under H & M policy ✓

<p>19</p>	<p>For what main reason will insurers put a sanctions clause in a hull policy?</p> <ul style="list-style-type: none"> <input type="radio"/> To be able to charge the insured an additional premium if they want to trade to certain parts of the world <input type="radio"/> To exclude certain types of indemnity <li style="background-color: #ffffcc;"><input checked="" type="radio"/> To make clear that they will not make claims payments if doing so would put them in breach of sanctions ✓ <input type="radio"/> To make clear that the policy will be void if the insured breaches sanctions 															
<p>20</p>	<p>Decide which statements are true and which are false</p> <table border="1" data-bbox="293 1032 1453 1599"> <thead> <tr> <th></th> <th>True</th> <th>False</th> </tr> </thead> <tbody> <tr> <td>The CL 380 cyber exclusion will not exclude loss linked to computer guided missiles if added to a war policy</td> <td style="background-color: #ffffcc;"><input checked="" type="radio"/> ✓</td> <td><input type="radio"/></td> </tr> <tr> <td>The CL 370 RACE clause only refers to weapons</td> <td><input type="radio"/></td> <td style="background-color: #ffffcc;"><input checked="" type="radio"/> ✓</td> </tr> <tr> <td>CL 370 specifically does not exclude medical isotopes being carried for peaceful purposes</td> <td style="background-color: #ffffcc;"><input checked="" type="radio"/> ✓</td> <td><input type="radio"/></td> </tr> <tr> <td>It is possible to buy back some of the coverage excluded under CL 0380</td> <td style="background-color: #ffffcc;"><input checked="" type="radio"/> ✓</td> <td><input type="radio"/></td> </tr> </tbody> </table>		True	False	The CL 380 cyber exclusion will not exclude loss linked to computer guided missiles if added to a war policy	<input checked="" type="radio"/> ✓	<input type="radio"/>	The CL 370 RACE clause only refers to weapons	<input type="radio"/>	<input checked="" type="radio"/> ✓	CL 370 specifically does not exclude medical isotopes being carried for peaceful purposes	<input checked="" type="radio"/> ✓	<input type="radio"/>	It is possible to buy back some of the coverage excluded under CL 0380	<input checked="" type="radio"/> ✓	<input type="radio"/>
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If you are writing a loss of hire policy, how will you normally identify the first part of the claim that you expect the insured to pay themselves?

- A franchise which if the claim is higher means that the insured pays nothing
- The insured never pays a share of a loss of hire claim
- A deductible in financial terms
- An excess period expressed in days ✓

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Decide which statements are true and which are false

	True	False
Loss of Hire insurers will always pay even if the vessel is a Constructive total loss	<input type="radio"/>	<input checked="" type="radio"/> ✓
All loss of hire policies will have some exclusions	<input checked="" type="radio"/> ✓	<input type="radio"/>
The English LOH wordings are the only standard ones available	<input type="radio"/>	<input checked="" type="radio"/> ✓
All loss of hire policies have limits on how long after the casualty the repairs can take place	<input checked="" type="radio"/> ✓	<input type="radio"/>



23	<p>A bank is presenting a claim to its MII insurers. The management company has changed since the MII policy inception but this is the first time the MII insurers have been advised of this. What impact will this have on the MII claim?</p> <ul style="list-style-type: none"><input checked="" type="radio"/> MII insurers will cancel the policy ✓<input type="radio"/> No impact on the claim but MII insurers will probably charge an additional premium<input type="radio"/> None as it not an issue for MII insurers<input type="radio"/> It is an exclusion under the MII policy
24	<p>A bank is presenting a claim to its MII insurers. The hull insurers have not paid the claim to the owner as the hull insurance premium had not been paid. Does this fact affect the bank's claim on their own MII?</p> <ul style="list-style-type: none"><input type="radio"/> MII insurers will only pay 50% of the claim<input type="radio"/> None as it is a covered peril under the MII policy<input checked="" type="radio"/> It is an exclusion under the MII policy ✓<input type="radio"/> MII insurers will cancel the policy as the hull insurance requirements were not satisfied

25

A ship is being built and the Builders' Risk insurance shows that the expected delivery date was 30th May 2020. The ship had some problems during the sea trials which need to be repaired. The repeated sea trials are due to finish on 15th July 2020. What is the latest date that the ship can be delivered to stay within the insurance terms?

- 30 days after the end of the repeated sea trials ✓
- Insured and insurers will agree a mutually acceptable time
- Insurers will already be off risk as the original delivery date was missed
- Up to 9 months after the original delivery date

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A ship is being built in a yard in Italy. Some machinery is being built in a suppliers' factory and will then be transported to Italy when completed. When are insurers on risk for the that machinery if the insurers are not covering the machinery at the suppliers' factory?

- When the parts arrive at the Italian yard ✓
- As soon as the parts start the journey to the Italian yard
- When attached to the hull in the Italian yard
- As soon as the build work starts