

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

EXAMINATION FOR THE AWARD OF DEGREE OF BACHELOR OF COMMERCE

BCOM 441: INSURANCE OF TRANSPORTATION II

STREAMS: BCOM Y4S1

TIME: 2 HOURS

DAY/DATE: TUESDAY 04/12/2018

2.30 P.M. – 4.30 P.M.

INSTRUCTIONS:

- **Answer question ONE (1) and any other TWO questions.**
 - **Your answer should be clear and precise.**
 - **Do not write anything on the question paper.**
- (a) A shipment of grain is destroyed. The apparent cause of the loss is directly attributed to it being shipped in a vessel that was not fit to carry cargo, neither was it manned by crew of a sufficient calibre. Give reasons why the loss could or could not be covered by the standard Institute Cargo B set clauses depending on how the contract of carriage was arranged for the ship to carry the cargo. (5 marks)
- (b) About half of the perils enumerated in a typical marine insurance policy come under the heading "*peril of war.*" Explain the perils covered under perils of war. (5 marks)
- (c) A vessel sustains three weather related partial losses on three separate occasions during a voyage from Mexico to Cape Town. Explain fully how you would expect insurers to respond to this series of casualties. (3 marks)
- (d) Explain the following phraseology in a marine insurance contract
- (i) Lost or not lost (2 marks)
 - (ii) At and from (2 marks)
 - (iii) Touch and stay (2 marks)
 - (iv) Assignment of the policy (2 marks)
 - (v) Policy prove of interest (2 marks)
- (e) Subject to the provisions of the Marine insurance act, and unless the policy otherwise provides, an insurer is not liable for some losses. Explain three excluded losses. (3 marks)

- (f) Explain the major exclusions under aircraft hull coverage. (4 marks)

QUESTION TWO

- (a) Marine policies, commonly in one form, are of different kinds and are known by different names according to the manner in which they are executed or risks which they are intended to cover. Give a brief explanation of various marine policies. (12 marks)
- (b) There are certain essential warranties which must be complied in order to render a marine insurance contract valid. Explain. (4 marks)
- (c) Explain hull coverages under aviation insurance. (4 marks)

QUESTION THREE

- (a) Explain what is Deviation and its consequences as provided for in the Marine insurance act, 2017. (6 marks)
- (b) Explain the circumstances in which an insured may claim actual and constructive total loss and their effect on payment under the policy. (6 marks)
- (c) Explain 3 perils of the sea. (3 marks)
- (d) Discuss five coverages found in a typical airport premises liability coverage. (5 marks)

QUESTION FOUR

- (a) What is 'maritime salvage' and how does it differ from 'general average'? (8 marks)
- (b) Explain four key elements in aircraft underwriting. (4 marks)
- (c) Explain what is covered by the following words or phrases and identify who bears the loss?
- (i) Fire (2 marks)
 - (ii) Jettison (2 marks)
 - (iii) Barratry (2 marks)
 - (iv) All other perils, losses and misfortunes (2 marks)
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