

POLITEKNIK
Jabatan Pengajian Politeknik

EXAMINATION AND EVALUATION DIVISION
DEPARTMENT OF POLYTECHNIC EDUCATION
(MINISTRY OF HIGHER EDUCATION)

COMMERCE DEPARTMENT

FINAL EXAMINATION
DECEMBER 2011 SESSION

P5315 : MARINE & AVIATION INSURANCE

DATE : 24.04.2012
DURATION : 2 HOURS (08:30AM – 10:30AM)

This paper consists of **SEVEN (7)** pages including the front page.
Section A: Essay (6 questions – answer 4)

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CHIEF INVIGILATOR

STRUCTURES / ESSAY (100 marks)

Instruction: This section consists of **six (6)** structures questions. Answer only **four (4)** questions.

QUESTION 1

- (a) Justify on the purpose of Certificate of Origin.
(2 marks)
- (b) Differentiate the following:
i. Free on Board (FOB)
ii. Cost, Insurance and Freight (CIF)
(6 marks)
- (c) What does it mean by “FOB Port Penang”? Explain.
(3 marks)
- (d) Define **TWO (2)** types of charter party.
(6 marks)
- (e) Discuss the **TWO (2)** major distinctions between the charter party under the following clauses:
i. responsibilities of the charterer
ii. prices of services
(8 marks)

QUESTION 2

- (a) The bill of lading is a very vital document in shipping trade. Describe any **TWO (2)** function of the bill of lading.

(10 marks)

- (b) Describe the following types of bill of lading:

- i. straight bill of lading
- ii. order bill of lading
- iii. bearer bill of lading

(6 marks)

- (c) As a buyer they should be aware that the bill of lading serves as the actual contract between them and their seller. On this reason, they must be given a copy of bill of lading and upon the unloading process buyer must make sure that his bill of lading must include few important particular.

List any **NINE (9)** particular that buyer must check in their bill of lading.

(9 marks)

QUESTION 3

(a) The vessel "Nahoda" was on voyage to New Zealand when it went aground at the Tasman Sea and results in heavy damages. The shipowner is claiming for constructive total loss.

i. Explain to the shipowner how a Constructive Total Loss (CTL) is different from an Actual Total Loss (ATL).

(12 marks)

ii. Give **TWO (2)** examples of CTL and ATL.

(4 marks)

(b) Section 18 of Marine Insurance Act is a provision regarding to what facts to be disclosed by insured to his insurer.

i. Describe **THREE (3)** material facts need to be disclose by shipowner to his insurer while proposing for marine hull insurance.

(9 marks)

QUESTION 4

Mr. Sukkie, a businessman, needs to export several consignments of textile products to buyer in South Korea for the next 2 years. He seeks an advice pertaining the insurance arrangement for his cargoes. As a representative of marine insurance company, advise Mr. Sukkie with regards to:

(a) the coverage of **ALL** cargo clauses available in market

(18 marks)

(b) suggest to him the most suitable insurance cargo arrangement and explain your reasons

(1 marks)

(c) explain to him why the following losses are generally excluded under the cargo clause and provide **ONE (1)** example for each of them

i. willful misconduct of the insured

ii. ordinary leakage

iii. inherent vice or nature

(6 marks)

QUESTION 5

- (a) Discuss the main **FOUR (4)** underwriting factors to be considered when insurer underwrites the aviation insurance proposal.

(12 marks)

- (b) The Tokyo Convention, 1963 includes a very important chapter dealing with unlawful seizure of aircraft.

- i. What immediate action should be taken by Contracting State if unlawful seizure is about to be committed?

(3 marks)

- ii. Explain on Chapter III – Article 6 of this particular convention.

(10 marks)

QUESTION 6

Air Asion Airline System insure their aircraft with Lloyd's Aircraft Policy which granted cover for loss or damage to the insured aircraft, legal liability to third party and legal liability to passengers. If the following loss occurred, will it be claimable under the policy? Explain.

- (a) Skyzips Enterprise claiming RM 40,000 for the damage of glass windows of their office building which were shattered due to the strong vibrations caused by aircraft landing and taking off.

(5 marks)

- (b) Due to engine defect, the pilot had to make an emergency landing. As a result the tail of the aircraft was damage.

(5 marks)

- (c) The aircraft was damaged whilst carrying 15 passengers exceed their capacity from Surabaya, Indonesia on humanitarian ground.

(5 marks)

- (d) Mr. Jang, an engineer of this airline, died in an explosion whilst he was repairing the aircraft at the hangar.

(5 marks)

- (e) Miss Marry, a passenger, broke her leg whilst boarding the aircraft due to slippery stairways.

(5 marks)