

**ONE YEAR LL.M. DEGREE SECOND SEMESTER EXAMINATION,
SEPTEMBER 2020**

LAW OF MARINE INSURANCE AND P & I PRACTICE

Time: 3 Hours

Maximum Marks: 50

Answer any Five questions. Each question carry Ten marks

(5*10 =50 Marks)

- I. a) Explain the early development of Marine Insurance in England. Give an account of the standard marine insurance policies used worldwide.

OR

- b) Exactly when and where is a binding contract of marine insurance formed? How does a “marine policy” differ from a slip and a cover note. What is the process of entering into an insurance contract in the Lloyd’s Market?

- II. a) Explain the test for determining materiality relating to utmost good faith. Do you think that the insistence on utmost good faith can be too harsh on the assured and that the Marine Insurance Act, 1963 must be amended accordingly?

OR

- b) What impact or influence must non-disclosure have on the insurer before it can avoid the policy? What is the effect of pre-contractual misrepresentations on a marine insurance policy?

- III. a) How are marine insurance policies assigned? What is the conceptual link between insurable interest and assignment of policies? How does this effect assignment of policies after loss?

OR

- b) The plaintiff, shipped 300 bales of jute aboard ship *Emperor*. The jute was insured under a policy of marine insurance; the clause ‘warranted free from capture, seizure, etc’ was struck out in consideration of an extra premium. The perils insured against included, *inter alia*, ‘arrests, restraint and detainment of all Kings...’. By the time that vessel arrived at the port of destination, war had broken out between the neighbouring countries and the vessel was put into port X, which was situated in a neutral country, to avoid capture by the warring countries. The voyage was terminated by the plaintiff. The plaintiff gave notice of abandonment of the cargo and claimed upon their policy of insurance. Determine whether the plaintiff will succeed in their claim on the basis of whether loss was caused by a peril insured against. Discuss the case in the light of the principle of *causa proxima*.

IV. a) A ship, belonging to Mr. X , carrying bio-diesel was captured by pirates. The insurer was notified of the seizure and told that the shipowners were negotiating with the pirates to ransom the ship and its cargo. Later, Mr. X served a notice of abandonment to the insurers which was declined. After 10 days, Mr. X retrieved the vessel by paying ransom and the vessel proceeded to discharge the cargo and was sold at a reduced amount. Mr. X brought an action against the insurer for the bio-diesel's actual total loss, less an amount for receipts for its disposal. Mr. X argues that as at the date when the proceedings were deemed to have been commenced, it had been irretrievably deprived of the bio-diesel for the purposes of section 57(1) of the Marine Insurance Act, 1963. Decide.

OR

b) A 12 month time policy of insurance, warranted 'free from captures and seizures ', was effected upon the ship *Isabella*. *Isabella* was captured by privateer only two months into the currency of the policy. The plaintiff sought to recover the premium for the outstanding 10 months, on the basis that the risk had ceased at the moment of capture. Decide as to whether the plaintiff is entitled to the return of the premium. Discuss as to what are the circumstances in which the insured is entitled to the return of the premium.

V. a) What is mutual insurance? What are the factors that contributed to the formation of P& I Clubs? What are the different types of covers offered by P & I Clubs?

OR

b) Explain the functions of the P and I clubs with special reference to the claims handling service provided by the P and I clubs.
