

Marine insurance underwriting

Objective: To develop in the candidate

- a knowledge and understanding of the assessment of hull risks;
- a knowledge and understanding of the assessment of cargo risks;
- a knowledge and understanding of the assessment of liability risks;
- a knowledge and understanding of the assessment of energy risks;
- a knowledge and understanding of the cover provided in the marine insurance and reinsurance markets for all of the above risks;
- the ability to synthesise different aspects of the syllabus and apply them to marine underwriting, broking and claims scenarios;
- the ability to apply knowledge and skills to practical situations.

Assumed knowledge and application skills:

It is assumed that the candidate already has knowledge of the general principles and practice of marine insurance and reinsurance gained from a study of the following CII units or equivalent qualifications:

- 770 Principles of marine insurance;
- 785 Principles of reinsurance.

This syllabus is concerned with the application of the material covered within these syllabuses to specific aspects of marine underwriting.

Method of assessment: See page 7 in the 2005 Advanced Diploma in Insurance 'Information for candidates' brochure.

Notes:

- The syllabus will be based on UK and EU law and practice.
- The April session will test the legal position as of 31st August of the preceding year.
- The October session will test the legal position as of 28th February of the same year.

1. Hull

1.1 Risk assessment

Candidates should be able to

- *discuss* the main risk assessment and rating factors applicable to the underwriting of:
 - navigating hulls;
 - building/repair risks;
 - port risks;
 - loss of hire;
 - mortgagee's interest.

1.2 Loss prevention

Candidates should be able to

- *explain* the methods used in and importance of loss prevention.

1.3 Deductibles and limits

Candidates should be able to

- *explain* the application of deductibles and limits to the underwriting of hull risks.

1.4 Statistics and other information

Candidates should be able to

- *outline* the main statistics and information used in the underwriting of hull risks;
- *identify* the various sources of this information;
- *apply* it practically to the underwriting of hull risks.

1.5 War and strikes, including terrorism

Candidates should be able to

- *explain* the basis of cover provided for war and strikes, including terrorism;
- *discuss* market practice and its influence on the premium charged.

1.6 Claims issues

Candidates should be able to

- *explain* the types of claims arising under marine hull contracts and *apply* in an underwriting context.

2. Hull Clauses

2.1 Hull clauses

Candidates should be able to

- *describe* the cover provided by each of the following:
 - Institute Hull and Freight Clauses (Time and Voyage);
 - Institute Hull and Freight Clauses (War and Strikes);
 - Standard Loss of Hire Clauses;
 - Institute MII Clauses;
 - Disbursement Clauses;
 - Institute Clauses for Builders' Risks;
 - American and Norwegian clauses and conditions;

- *distinguish* between the cover provided by each, *discuss* the differences and *apply* in underwriting, broking and claims contexts;
- *discuss* in what circumstances each of the clauses would be used.

3. Cargo and goods in transit

3.1 Risk assessment

Candidates should be able to

- *discuss* the main risk assessment and rating factors applicable to the underwriting of:
 - cargo risks;
 - goods in transit risks.

3.2 Loss prevention

Candidates should be able to

- *explain* the methods used in and importance of loss prevention.

3.3 Accumulation

Candidates should be able to

- *describe* the effects of accumulation;
- *explain* the methods used for and the importance of controlling accumulation.

3.4 Open covers

Candidates should be able to

- *explain* the use of open covers and other methods in the transaction of cargo insurance.

3.5 Statistics and other information

Candidates should be able to

- *outline* the main statistics and information used in the underwriting of cargo risks;
- *identify* the various sources of this information;
- *apply* it practically to the underwriting of cargo risks.

3.6 War and strikes, including terrorism

Candidates should be able to

- *explain* the basis of cover provided for war and strikes, including terrorism;
- *discuss* market practice and its influence on the premium charged.

3.7 Consequential loss

Candidates should be able to

- *explain* the effects of consequential loss and other cargo coverages.

3.8 Claims issues

Candidates should be able to

- *explain* the types of claims arising under marine cargo contracts and *apply* in an underwriting context.

4. Cargo clauses

4.1 Cargo Clauses

Candidates should be able to

- *describe* the cover provided by each of the following:
 - Institute Cargo Clauses A, B & C;
 - Institute Trade Clauses;
 - Institute Container Clauses ;
 - Institute War Clauses (Cargo);

- Institute Strikes Clauses (Cargo);
- Terrorism exclusion and other commonly used market clauses;

- *distinguish* between the cover provided by each, *discuss* the differences and *apply* in underwriting, broking and claims contexts;
- *discuss* in what circumstances each of the clauses would be used.

5. Protection and indemnity

5.1 Risk assessment

Candidates should be able to

- *outline* the basis of risk assessment in protection and indemnity underwriting.

6. Protection and indemnity clauses

6.1 Main clauses and risks covered

Candidates should be able to

- *explain* the provisions of the main clauses;
- *explain* what cover is provided under each.

6.2 War and strikes

Candidates should be able to

- *explain* the effect of war and strikes on P&I cover;
- *identify* what is and is not covered.

6.3 Freight, demurrage and defence clubs' cover

Candidates should be able to

- *outline* the scope of freight, demurrage and defence clubs' cover.

6.4 Charterers' liability clauses

Candidates should be able to

- *outline* the scope of charterers' liability covers.

7. Protection and indemnity claims

7.1 Claims

Candidates should be able to

- *describe* the scope and handling of claims under P&I policies.

8. Energy

8.1 Risk assessment

Candidates should be able to

- *discuss* the main risk assessment and rating factors applicable to the underwriting of:
 - exploration risks;
 - construction risks;
 - operational risks;
 - operators' extra expenses insurance.

8.2 Business interruption and control of well

Candidates should be able to

- *discuss* the importance of business interruption;
- *discuss* the methods and importance of control of well.

8.3 Deductibles and limits

Candidates should be able to

- *explain* the application of deductibles and limits to the underwriting of energy risks.

8.4 Accumulation

Candidates should be able to

- *describe* the effects of accumulation;
- *explain* the methods used for and the importance of controlling accumulation.

8.5 Statistics and other information

Candidates should be able to

- *outline* the main statistics and information used in the underwriting of energy risks;
- *identify* the various sources of this information;
- *apply* it practically to the underwriting of energy risks.

8.6 War and Strikes and terrorism

Candidates should be able to

- *discuss* the effect of war, strikes and terrorism on the underwriting of energy risks.

9. Energy clauses

9.1 Main London Market conditions

Candidates should be able to

- *explain* the cover provided and not provided by the main London Market conditions.

9.2 London Standard Drilling Barge Form

Candidates should be able to

- *explain* the cover provided by the London Standard Drilling Barge Form.

9.3 Typical construction policy

Candidates should be able to

- *describe* the cover provided by a typical construction policy.

9.4 Energy Exploration and Development Form

Candidates should be able to

- *outline* the cover provided by the Energy Exploration and Development Form.

10. Energy claims

10.1 Types of claims

Candidates should be able to

- *explain* the main types of claims, including business interruption, arising under:
 - exploration risks;
 - construction risks;
 - operational risks.

11. Portfolio management and reinsurance

11.1 Portfolio management

Candidates should be able to

- *explain* the principles of portfolio management.

11.2 Marine reinsurance programmes

Candidates should be able to

- *discuss* the factors used in the arranging and pricing of a marine reinsurance programme.

11.3 Effect of a major loss

Candidates should be able to

- *evaluate* the ways in which a major loss/casualty affects cross-class issues.

11.4 Accumulation

Candidates should be able to

- *describe* the effects of accumulation;
- *explain* the methods used for and the importance of controlling accumulation.

11.5 Joint Excess Loss Committee standard excess loss clauses

Candidates should be able to

- *discuss* the application of Joint Excess Loss Committee standard excess loss clauses to marine reinsurance.

11.6 Other market clauses

Candidates should be able to

- *discuss* the application of other standard market clauses to marine reinsurance.

11.7 Claims issues

Candidates should be able to

- *explain* the types of claims arising under marine reinsurance contracts and *apply* in an underwriting context.

Reading list

The following list provides details of various publications which may assist with your studies. The primary text for this syllabus is shown in bold type. Periodicals and publications listed as additional reading will be of value in ensuring candidates keep up to date with developments and in providing a wider coverage of syllabus topics. The reference materials cited are authoritative, detailed works which should be used selectively as and when required.

Note: The examination will test the syllabus alone. The reading list is provided for guidance only and is not in itself the subject of the examination.

Most of these additional study materials can be borrowed or purchased from CII Information Services at www.cii.co.uk/is

Primary text

Marine underwriting. London: The CII. Coursebook 775.

Additional reading

A Guide to Marine Hull Claims. Nigel C Rogers, John R Ahern. London: Richards Hogg 1989.

Marine Claims Handbook. N G Hudson, J C Allen. 5th edition. London: Lloyd's of London Press 1996.

Marine Insurance Claims. J Kenneth Goodacre. 3rd edition. London: Witherby 1996.

Reference works

Marine Insurance Legislation. Robert Merkin. London: Lloyd's of London Press 2000.

Elements of Cargo Insurance. Dennis Badger, Geoffrey Whiteside Gray. London: Lloyd's of London Press 1987.

Analysis of Marine Insurance Clauses. Book 1, The Institute Cargo Clauses. R H Brown. 2nd edition. London: Witherby 1983.

Analysis of Marine Insurance Clauses. Book 2, The Institute Time Clauses. Hulls (1983). R H Brown. 2nd edition. London: Witherby 1984.

Offshore Oil: Risk and Insurance. London: RRG Publications 1981.

The Institute Clauses Handbook. N G Hudson, J C Allen. London: Lloyd's of London Press 1999.

Reference Book of Marine Insurance Clauses. Annual. London: Witherby.

Introduction to General Average. Maurice Denny. London: Witherby 1996.

Periodicals

The Journal. London: The CII. Six issues a year. Also available online (CII/SOFA members only) at www.cii.co.uk

Post Magazine. London: Timothy Benn. Weekly.

Lloyd's List. Daily. London: LLP.

Marine Insurance Report. Monthly. London: DYP Insurance and Reinsurance Research Group.

Lloyd's Law Reports. Monthly. London: LLP.

Fairplay International: The International Shipping Weekly. London: Fairplay Publications.

Marine Insurance Bulletin. Monthly. London: LLP.

Examination guides

You are strongly advised to study these before the examination. Please visit www.cii.co.uk to buy online or contact CII Customer Service for further information on 020 8989 8464.

Exam technique/study skills

There are many modestly priced guides available in bookshops.

You should choose one which suits your requirements.

An example is:

The exam secret: how to make the grade. Barbara Brown. Tadworth, Surrey: Elliott Right Way Books, 2000.

For a more interactive approach, you should consider:

Winning the brain game. London: The CII, 1996. CD Rom.