

## Cargo tutorial sample questions set 2

1	<p>If an insurer is offering open covers, what normal protection can s/he put into the contract to prevent against unexpected accumulations?</p> <ul style="list-style-type: none"><li><input type="radio"/> The underwriter has no control over accumulation if writing open covers</li><li><input type="radio"/> Demanding notifications prior to shipment</li><li><input type="radio"/> Controls on the size of vessel being used</li><li><input checked="" type="radio"/> Limit any one vessel/storage location ✓</li></ul>
2	<p>Why does the buyer need the insurance contract assigned to them if buying goods under the Incoterm ® rule CIF?</p> <ul style="list-style-type: none"><li><input type="radio"/> To satisfy the requirements of the bank</li><li><input type="radio"/> It is required so the buyer can obtain delivery of the goods at destination.</li><li><input checked="" type="radio"/> The risk transfers to the buyer on loading so the buyer then has the insurable interest.</li><li><input type="radio"/> The insurers might not want to sell insurance to the buyer so the seller buys it instead and then transfers it.</li><li><input type="radio"/> The buyer needs the insurance contract to trigger the payment process.</li></ul>

<p>3</p>	<p>A ship is carrying coal. For which 1 reason should the crew be careful when opening the hatches?</p> <ul style="list-style-type: none"><li><input type="radio"/> Coal can explode</li><li><input checked="" type="radio"/> Coal can reduce the oxygen in the atmosphere ✓</li><li><input type="radio"/> Coal is very dusty</li><li><input type="radio"/> Coal can corrode the ships' structure</li></ul>
<p>4</p>	<p>Which 2 by-products of the refining process are generally called by the generic term LPG?</p> <ul style="list-style-type: none"><li><input type="checkbox"/> Styrene</li><li><input type="checkbox"/> Ethylene</li><li><input checked="" type="checkbox"/> Butane ✓</li><li><input checked="" type="checkbox"/> Propane ✓</li><li><input type="checkbox"/> Methane</li></ul>
<p>5</p>	<p>Does the 1989 Salvage Convention always apply to salvage in inland waters?</p> <ul style="list-style-type: none"><li><input checked="" type="radio"/> No ✓</li><li><input type="radio"/> Yes</li></ul>

6	<p>Choose 4 criteria that a salvor can use for their claim under Article 13 of the Salvage convention.</p> <ul style="list-style-type: none"><li><input type="checkbox"/> insured value of the items recovered</li><li><input type="checkbox"/> jurisdiction in which work was being done</li><li><input type="checkbox"/> nature of the danger ✓</li><li><input type="checkbox"/> availability of equipment ✓</li><li><input type="checkbox"/> protection of the environment ✓</li><li><input type="checkbox"/> degree of success ✓</li></ul>
7	<p>Which type of exclusion will an insurer use to protect themselves against accidentally breaching governmental bans on transferring funds to certain countries or individuals?</p> <ul style="list-style-type: none"><li><input type="radio"/> Termination of transit (terrorism)</li><li><input type="radio"/> Cyber</li><li><input type="radio"/> Process</li><li><input type="radio"/> Sanctions ✓</li><li><input type="radio"/> Strikes</li><li><input type="radio"/> War</li><li><input type="radio"/> Insolvency</li></ul>

<p>8</p>	<p>Choose 4 reasons why a vessel could be unseaworthy or unfit to carry cargo.</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Not classed by an IACS member</li> <li><input checked="" type="checkbox"/> Insufficient bunkers ✓</li> <li><input checked="" type="checkbox"/> Dirty cargo spaces ✓</li> <li><input type="checkbox"/> Flying a flag of convenience</li> <li><input checked="" type="checkbox"/> Inaccurate charts ✓</li> <li><input checked="" type="checkbox"/> Insufficient crew ✓</li> </ul>
<p>9</p>	<p>Is there a humidity exclusion in the strikes policy?</p> <p><input checked="" type="radio"/> No ✓</p> <p><input type="radio"/> Yes</p>
<p>10</p>	<p>Choose 3 criteria that will be used to decide whether any conflict has become as serious as civil war.</p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> What were the objectives and how were they pursued? ✓</li> <li><input type="checkbox"/> Where any other countries' citizens involved?</li> <li><input checked="" type="checkbox"/> What was the scale, and impact on the inhabitants of the country? ✓</li> <li><input type="checkbox"/> Has the government failed?</li> <li><input checked="" type="checkbox"/> Are there opposing sides? ✓</li> </ul>

<p><b>11</b></p>	<p>What amendment is typically made to the duration provisions in cargo policies to offer more flexibility for the client?</p> <ul style="list-style-type: none"> <li><input type="radio"/> Putting specific dates into the contract</li> <li><input type="radio"/> Insurers do not generally permit changes to the duration provisions</li> <li><input type="radio"/> Removing any reference to days</li> <li><input checked="" type="radio"/> Linking the duration to when the client has actual risk exposure ✓</li> </ul>
<p><b>12</b></p>	<p>The day before a cargo is due to arrive by truck, the insured decides that it will have to stay in the truck overnight before unloading. Just before arrival, the truck is involved in a collision causing damage to the cargo. If the cargo is insured on ICC (A) will the insured successfully make a claim?</p> <ul style="list-style-type: none"> <li><input type="radio"/> Yes, collision is covered and the journey is still in progress</li> <li><input type="radio"/> Yes, insurers would only come off risk at arrival and then when goods stayed in the truck</li> <li><input checked="" type="radio"/> No, insurers would have come off risk when the decision was made to use the truck to store the goods on arrival at destination ✓</li> <li><input type="radio"/> No, collision damage is not covered</li> </ul>
<p><b>13</b></p>	<p>A cargo is found to be contaminated as a result of a casualty. The surveyor advises that the cargo can be reprocessed but there are no facilities to do it in the port where the cargo is currently. What amounts are used to calculate whether the cargo is a Constructive Total Loss?</p> <ul style="list-style-type: none"> <li><input checked="" type="radio"/> The costs of reprocessing and delivering to final destination ✓</li> <li><input type="radio"/> The costs of reprocessing and any unpaid freight to date</li> <li><input type="radio"/> Just the basic costs of reprocessing</li> <li><input type="radio"/> The cost of returning it to the port of shipment</li> </ul>

14	<p>An insurer pays out a claim of USD 15,000 for partially damaged cargo and decides to exercise subrogation rights against the carrier. If the carrier actually pays out USD 17,000, how much of this amount can the insurers keep?</p> <ul style="list-style-type: none"><li><input type="radio"/> USD 17,000</li><li><input type="radio"/> USD 2,000</li><li><input checked="" type="radio"/> USD 15,000 ✓</li><li><input type="radio"/> USD 8,500 as the insurers share recovery with the insured</li></ul>
15	<p>The Termination of Transit (Terrorism) Clause in a stock throughput policy means that there is no land based terrorism cover at all.</p> <ul style="list-style-type: none"><li><input type="radio"/> True</li><li><input checked="" type="radio"/> False ✓</li></ul>
16	<p>Choose 5 perils that might <b>typically</b> be excluded from a stock throughput policy.</p> <ul style="list-style-type: none"><li><input checked="" type="checkbox"/> Terrorism ✓</li><li><input checked="" type="checkbox"/> Rejection ✓</li><li><input checked="" type="checkbox"/> War ✓</li><li><input type="checkbox"/> Unseaworthiness</li><li><input type="checkbox"/> Strikes</li><li><input checked="" type="checkbox"/> Retail ✓</li><li><input checked="" type="checkbox"/> Mysterious disappearance ✓</li></ul>

<b>17</b>	<p>A warranty surveyor is required to monitor the shipment of every item insured under a project cargo policy.</p> <p><input type="radio"/> True</p> <p><input checked="" type="radio"/> False ✓</p>
<b>18</b>	<p>An item arrives at a project site in good time for use in the construction so is left in its crate until needed. It is opened when needed and installed into the project but when tested it does not function properly. This leads to delay in the project start up. If it is not clear when the item was actually damaged how will any claim be handled?</p> <p><input checked="" type="radio"/> Project cargo and CAR insurers often put 50%/50% clauses in their wordings so they share loss if unclear when damage happened ✓</p> <p><input type="radio"/> It will always be 100% for the project cargo insurers</p> <p><input type="radio"/> Insured will have to claim from both insurers and see who is prepared to pay</p> <p><input type="radio"/> It will always be 100% for the CAR insurers.</p>
<b>19</b>	<p>If a cargo ship is inspected in port and is found not to be in compliance with either ISM or ISPS, what is the most likely outcome?</p> <p><input type="radio"/> Vessel will be arrested by the local authorities and owners will have to file a guarantee to release her.</p> <p><input type="radio"/> Vessel will be allowed to sail but inspectors will travel on board to ensure the problems are resolved.</p> <p><input checked="" type="radio"/> Vessel will be detained in the port ✓</p> <p><input type="radio"/> Vessel will be allowed to sail but will be required to sort out problem in a fixed time</p>

<p>20</p>	<p>A generator arrives at destination and is found to be not working at all. An engineer identifies that the problem is a small part which should be easily replaced. The insurance contains the Institute Replacement Clause 1/12/2008. Which 4 things will the insurers pay for?</p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Transportation ✓</li> <li><input checked="" type="checkbox"/> Duty if already paid on machine and in sum insured ✓</li> <li><input type="checkbox"/> Insurers will pay for a total loss if that is what the insured prefers</li> <li><input checked="" type="checkbox"/> Replacement or repair of the part involved ✓</li> <li><input checked="" type="checkbox"/> Labour for removing/refitting ✓</li> <li><input type="checkbox"/> No claim payable for partial loss, only if machine truly is a total loss and unrepairable</li> </ul>
<p>21</p>	<p>"Land based cover" is <b>not</b> offered as a standard cover under which of the following trade clauses?</p> <ul style="list-style-type: none"> <li><input checked="" type="radio"/> They all provide some land based cover, but it is quite limited in some cases ✓</li> <li><input type="radio"/> Timber</li> <li><input type="radio"/> Frozen Food</li> <li><input type="radio"/> Rubber</li> <li><input type="radio"/> Coal</li> <li><input type="radio"/> Oil</li> </ul>



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A cargo of frozen meat was discharged at a port in Malaysia and was then transported in a refrigerated container for 15 days to the final destination . Just before arrival at final destination the freezer malfunctioned and allowed the temperature to rise and the cargo to defrost. The insurance is on the Frozen Meat clauses. Will there be a problem with any claim?

- Yes, Insurers do not cover transport in frozen containers, only in frozen holds of ships
- Yes, freezer was not broken down for 24 hours
- Yes, under the Frozen meat clauses insurers are off risk 5 days after discharge from the vessel for locations other than Europe or North America ✓
- No issues, claim appears to be covered