



## Module 2

# P&I Insurance: History, Operation and Practice

### Module 2 Sample questions

Match the case or statute to the change in law it is known for.

De Vaux v Salvador	—	
Duncan v Finlater	—	
Lord Campbell's Act	—	
Responsibility of Shipowners Act	—	

☒ Collision liability    ☒ Vicarious liability    ☒ Ability for an estate to sue after death

☒ Limitation of liability

Which two countries have high profile Clubs outside the International Group?

- Japan
- Singapore
- Vietnam
- China
- Korea
- Thailand



Which case discusses the pay to be paid rule?

- Captain Panagos DP
- Westerhope
- Fanti & Padre Island
- Alexion Hope

Choose which statements are true and which are false

	True	False
Clubs are obliged to provide security	<input type="radio"/>	<input type="radio"/>
Clubs will provide security in some cases for non covered losses	<input type="radio"/>	<input type="radio"/>
Security is normally given for covered losses to prevent arrest of the ship	<input type="radio"/>	<input type="radio"/>
Club letters of security are accepted everywhere	<input type="radio"/>	<input type="radio"/>

Which other insurance policy taken out by the shipowner must be triggered for a Loss of Hire policy to respond?

- F D & D
- P & I
- Builders' Risks
- H & M

Choose which statements are true and which are false.

	True	False
F D & D will cover various different types of commercial disputes that the shipowner might be involved in	<input type="radio"/>	<input type="radio"/>
F D & D is almost always a mutual product	<input type="radio"/>	<input type="radio"/>
F D & D insurers are not obliged to support the Member in their dispute	<input type="radio"/>	<input type="radio"/>
F D & D is never used for disputes with other insurers	<input type="radio"/>	<input type="radio"/>



Match the term with its meaning.

Technical account	—	
Non technical account	—	
Surplus	—	

Options:

- ☒ Calls less claims
- ☒ Investment income less tax
- ☒ A position of having more income than expenditure
- ☒ calls less claims less expenses
- ☒ reinsurance recoveries exceeding reinsurance premium
- ☒ Calls less claims plus expenses

Rating agencies consider a number of factors. Choose the two that might apply.

- Quality of investments
- Claims backlog
- Location of offices
- Risk management

On what basis does the International Group generally set the level above which commercial reinsurance is obtained?

- The level above which claims should be few in number but might be uncertain as to their final value
- The level which represents the lowest level that reinsurers are prepared to offer cover
- The level above which the regulators advise that commercial reinsurance must be purchased
- The level which represents the largest claim ever received

Approximately how much cover is practically available to an owner should they have a significant loss (in USD bn)?

- 8
- 5
- 3
- 2