



Module 2

# P&I Insurance: History, Operation and Practice

## Module 2 Sample questions - answers

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

De Vaux v Salvador	1	
Duncan v Finlater	2	
Lord Campbell's Act	3	
Responsibility of Shipowners Act	4	

Collision liability    Vicarious liability    Ability for an estate to sue after death    Limitation of liability

Correct answers:

- 1 Collision liability
- 2 Vicarious liability
- 3 Ability for an estate to sue after death
- 4 Limitation of liability



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

Thailand

China ✓

Vietnam

Singapore

Japan

Korea ✓

Which case discusses the pay to be paid rule?

Captain Panagos DP

Westerhope

Alexion Hope

Fanti & Padre Island ✓

Choose which statements are true and which are false

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

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

Builders' Risks

P & I

H & M

F D & D



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 checked="" type="radio"/>	<input type="radio"/>
F D & D is almost always a mutual product	<input checked="" type="radio"/>	<input type="radio"/>
F D & D insurers are not obliged to support the Member in their dispute	<input checked="" type="radio"/>	<input type="radio"/>
F D & D is never used for disputes with other insurers	<input type="radio"/>	<input checked="" type="radio"/>

Match the term with its meaning.

Technical account	1	
Non technical account	2	
Surplus	3	

  

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		

**Correct answers:**

- |   |                   |   |                            |   |                                                   |
|---|-------------------|---|----------------------------|---|---------------------------------------------------|
| 1 | Calls less claims | 2 | Investment income less tax | 3 | A position of having more income than expenditure |
|---|-------------------|---|----------------------------|---|---------------------------------------------------|

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 the regulators advise that commercial reinsurance must be purchased
- The level which represents the largest claim ever received
- 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

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

- 8 ✓
- 2
- 5
- 3