



## 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               | — |  |

⌘ 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