

FEDERAL UNIVERSITY OF TECHNOLOGY
DEPARTMENT OF TRANSPORT MANAGEMENT TECHNOLOGY
2014/2015 RAIN SEMESTER EXAMINATIONS
COURSE CODE: TRP 508 **TITLE: TRANSPORT INSURANCE**
DATE: 24 AUGUST, 2015 **TIME ALLOWED: 3 HOURS**
INSTRUCTIONS: ATTEMPT ANY FOUR QUESTIONS. ALL QUESTIONS
CARRY EQUAL MARKS

- 1(a) As a Consultant, the MD of ABC Transport Plc which is involved in international road transport (TIR) approached you for advice on the type of insurance suitable for their operation from Lagos, Nigeria to Accra, Ghana. Explain the types of insurance covers available.
- (b) Discuss in detail the advantages of the type(s) cover you consider suitable for their operation. Reference to Sections in the Road Transport Act 1934 will be an added advantage to support your advice.
2. As airlines struggle to develop the revenue necessary to pay for the huge capital investment in aircraft and fuel, so aviation insurers are struggling to return to profitability following a series of loss years. Flying still remains probably the safest form of transports and the state of the art is constantly advancing. So why do insurers find themselves locked in a battle for survival in the aviation market?
- 3 (a) In the words of Lord Mansfield, in the case of Carter v. Boehm (1766) "The special facts upon which the contingent chance is to be computed lies most commonly in the knowledge of the insured only"
- Discuss disclosure by the assured.
- (b) A ship was insured under a time policy in the usual Mar form, (including the risk of barratary) and was "warranted free from capture and seizure, and the consequences of any attempt of threat". In consequence of smuggling (barratary) by the master, the ship was seized and detained by Spanish revenue officers. The insured owners made a claim on the policy to recover expenses incurred to obtain the release of their vessel, the underwriters declined to pay, saying, they were exempted from liability by the warranty.



Advise the assured on their position in the insurance contract with reference to the Marine Insurance Act 1906 or 1990.

4. A tug had been insured against "the risk of collision and damage received in collision with any object" but not against perils of the sea. The tug came in contact with a snag, sustaining a considerable injury to her engine-room and machinery, and breaking the cover of the condenser. She commenced to Ulah, and there being imminent danger that water would get in through the hole in the condenser cover, the ejection pipes were plugged from outside. Whilst being towed to a port of repair, one of the plugs fell out, then rapidly began to fill with water and sank. The plaintiff sued to recover for a total loss consequent on collision with the snag: the defendant underwriter maintained that his liability, if any, was limited to the damage actually sustained by such collision, and that the proximate cause of the sinking was not the collision, but the towing to a port for repair.

Advise the defendant underwriter on his legal position.

5. "Actual total loss is a total loss in law and in fact; constructive total loss is a loss in law but not in fact". Discuss.
6. During the First World War, the steamer *m. v. 'Chris'* owned by Leyland shipping Co. Ltd was insured by Norwich Union Fire Insurance Society against marine perils. But warranted free of "all consequences of hostilities". She was torpedoed by a German submarine near Le' Havre and was seriously damaged. She managed, however, to get to that port, and was berthed along side quay, where a salvage steamer commenced to pump water of her. A gale sprang up and owing to the swell in the harbour which caused the vessel to range and bumped against one another, pumping operations had to be discontinued; furthermore, there was a grave danger of the damaged steamer sinking along the quay, and she was therefore, by the order of the authorities shifted to an outer berth. With the fall and rise of the tides the vessel alternatively took the ground and floated, but on the third grounding two of her bulk heads gave way and she broke her back and sank. The underwrites argued that the proximate cause of the loss brought it within the exceptive warranty.

Advise the underwriters of their legal position in the incident.

