



Professional Qualification in SHIPPING & LOGISTICS

Level 4 Diploma

UNIT 3 – PRINCIPLES OF SHIPPING AND INSURANCE MANAGEMENT

Question 1

Illustrate the damaged cargo insurance claim procedure a logistics company could conduct for the following case study:

'On opening a twenty foot container containing electrical products belonging to two individual shippers, it was found that half of the products were severely damaged as they had moved around inside the container during the sea passage.' (20 marks)

Question 2

- (a) **Explain** how the Baltic Dry Index (BDI) works. (8 marks)
- (b) **Distinguish** between the operation of the Baltic Dry Index and the Worldscale Index. (12 marks)

Question 3

- (a) **State** the name of **ONE** charter party agreement suitable for the carriage of a dry bulk cargo and **ONE** suitable for a liquid bulk cargo. (4 marks)
- (b) **Describe ONE** document other than a charter party agreement that serves as evidence of the contract of carriage. (6 marks)
- (c) **Illustrate** the differences between a voyage charter and a contract of affreightment (COA). Use examples to support your answer. (10 marks)

Question 4

- (a) **Discuss** what is meant by the term 'insurable interest' in marine insurance. (6 marks)
- (b) **Assess** why a ship owner would take out Protection and Indemnity (P&I) cover even though they have full Hull and Machinery (H&M) Insurance cover. (14 marks)

Question 5

- (a) **State** the purpose of Lloyd's Open Form (LOF) salvage agreement. (4 marks)
- (b) **Compare** between constructive total loss and partial loss in the case of a vessel being stranded on a rock at sea. (6 marks)
- (c) Referring to your answer to Question 5b, **discuss** the factors to be considered in the viability of the vessel recovery and repair. (10 marks)