

## Study Syllabus For

### Examination For Full Membership

Note: The following syllabus was updated by the Executive Committee in June, 2006. It is intended solely as a suggested study guide for those planning to take the examination for Full Membership in the Association. The Membership Committee is under no obligation to confine its examination to the material included therein.

#### A. THEORY

1. Common policy forms
  - a. American Institute Hull Clauses (6/2/77)
  - b. American Institute Increased Value & Excess Liabilities (11/3/77)
  - c. American Institute Hull War Risks & Strikes (12/1/77)
  - d. American Institute Tug (8/1/76)
  - e. Loss of Hire/Earnings (SP - 40B)
  - f. Protection & Indemnity (SP - 23; SP - 38: Club rules)
  - g. American Institute Builders Risks Clauses (2/8/79) including addendums 1 and 2
2. Special Clauses
  - a. American Hull Insurance Syndicate Liner Negligence Clause (6/2/77)
  - b. General Average Absorption Clauses
  - c. Liner Repair Clauses
  - d. Aggregate Deductibles (Annual or other)
3. Statutes, Rules of Practice
  - a. Marine Insurance Act 1906 (British)
  - b. Limitation of Liability Act 1851, including the 1935 amendments
  - c. Acts re Carriage of Goods:
    1. Fire Statute (RS 4282)
    2. Harter Act, Section 3
    3. Carriage of Goods By Sea Act 1936
      - Sec. 1 (a), (c), (e)
      - Sec. 2
      - Sec. 3 (1), (2), (8)
      - Sec. 4 (1), (2), (4), (5)
      - Secs. 5, 7, 8, 12, 13
  - d. Hague/Visby Rules
  - e. Hamburg Rules
  - f. Rules of Practice of the Association of Average Adjusters of the United States
  - g. York-Antwerp Rules 1974 , including 1990 Addendum
  - h. York –Antwerp Rules 1994
  - i. York-Antwerp Rules 2004
  - j. General Average under U.S. common law
4. Other Contracts
  - a. Average Agreement/Bond
  - b. General Average Guarantee (also deposits & surety bonds)

## Study Syllabus For

### Examination For Full Membership

- c. Lloyd's Open Form of Salvage Agreement (1980) ; 2000 with SCOPIC
- d. Non-Separation of Interest Agreements (incl. "Bigham clause")
- e. Security and Countersecurity
  - 1. Salvage
  - 2. Collision
  - 3. Release of Attachment (cargo liability, etc.)

#### 5. Leading court cases

(Note: An addendum listing suggested cases for study is following)

#### 6. Special Subjects

- a. Reasonable cost of repairs
- b. Common charges
- c. Unrepaired damage
- d. Sue & Labor charges
- e. Underinsurance & double insurance
- f. Treatment of recoveries (3rd party)
- g. Salvage awards, life salvage
- h. Total Loss & Abandonment
- i. Abandonment or frustration of voyages
- j. Bottom painting
- k. Application of deductibles, e.g.
  - 1. Heavy weather/ice damages
  - 2. Progressive damage
  - 3. Recoveries (G/A, P/A, Owners)
- l. Legal costs in collision cases
- m. Proximate cause
- n. G/A insurances (on disbursements, cargo, etc.)
- o. Contributory values (G/A), Salvaged Values
- p. Sacrifices of Vessel, Freight & Cargo, and application to policies thereon
- q. Principles of Single and Cross Liabilities in collision cases
- r. Subrogation
- s. "Death blow" theory
- t. Common safety vs. common benefit
- u. Inefficient repairs
- v. Progressive or discovered damages
- w. Complex salvage operations
- x. SCOPIC

#### B. PRACTICAL APPLICATION

Candidates may be presented with details of a casualty, supporting documents, invoices and policy conditions, such as might be encountered in an actual average adjustment. They will be expected to ascertain from the circumstances of the case if a General or Particular Average situation exists, and, if so, to interpret the invoices, separate and allocate the charges, ascertain contributory values, apportion General Average and state claim under appropriate policies.

## Study Syllabus For

### Examination For Full Membership

#### C. RECOMMENDED READING LIST

- Buglass, Marine Insurance and General Average in the United States (3rd Ed.), Cornell Maritime Press
- Chalmers, The Marine Insurance Act 1906, LexisNexis UK, London
- Coe, Law and Practice of General Average in the United States (1912), available from the College of Insurance
- Congdon, General Average, Principles and Practice in the United States. (2nd Ed.), reprinted 1952 by Edward W. Sweetman, New York
- Gilmore & Black, The Law of Admiralty (2nd Ed.), Foundation Press
- Goodacre, Marine Insurance Claims (3rd Ed.), Witherby & Co. Ltd., London
- Hurd, The Law and Practice of Marine Insurance Relating to Collision Damages and Other Liabilities to Third Parties, Sir Isaac Pitman & Sons Ltd.
- Lambeth, Templeman on Marine Insurance, Its Principles and Practice (6th Ed.), Pitman Publishing
- Lowndes & Rudolf, The Law of General Average and the York Antwerp Rules (12th Ed.), Sweet and Maxwell

Study Syllabus For  
Examination For Full Membership

D. Legal Cases

*Potter v. Ocean*

Established the legal basis for ballast GA under US law.

*Ralli v. Troop*

There are numerous cases defining the degree of peril necessary to create a general average situation. This case cites “imminent peril over the whole”. See also *Star of Hope* below.

*United States v. Atlantic Mutual Insurance Co. (1936)*

Established that a claim for general average contribution accrues and is enforceable when a ship arrives at destination and discharges her cargo, not at the time of adjustment.

*United States v. Reliable Transfer Co. Inc.*

Brought US law into line with that of other maritime nations by imposing the doctrine of comparative fault in collision cases.

*The “George W. Roby”*

Supports the theory that innocent claimants have priority in limitation funds arising out of collision.

*The “J.P. Donaldson”*

Decision states that “any right of contribution in general average cannot extend beyond the barge and her cargo” in Tug and Tow cases.

*The “Jason”*

Upheld the validity of the general average negligence clause in charter parties.

*The “Pennsylvania”*

Places the burden of proof in limitation proceedings on the petitioner.

*The “Star of Hope”*

There are numerous cases defining the degree of peril necessary to create a General Average situation. This case cites “danger imminent and apparently inevitable”. See also *Ralli v. Troop* above.

*The “Union Reliance”*

The cost of wreck removal is a charge against the wreck and its cargo can be sold to defray the costs.

*The “West Imboden”*

A sacrifice made in the mistaken belief that a peril existed does not constitute a general average act.

## Study Syllabus For

### Examination For Full Membership

#### *East River Steamship Corp. v. Transamerica Delaval*

Bars tort actions in products liability cases where the loss is purely economic. Plaintiff must show that the defective product caused injury or damage to persons or other property, i.e., the product is entitled to injure itself only.

#### *The Armar*

Provides formula for calculating unrepaired damage claim. The court took the damaged value of the vessel as compared to the sound value and found a depreciation percentage which was applied to the insured value. The cost of repairs fell within the limitation imposed by the formula and thus was recoverable in full.