

Assignment

11

Coverages for Shipyards



APPROACHING ASSIGNMENT 11 AS A COURSE LEADER

Here are some ideas you might consider:

1. Encourage and support your students to build their confidence.
2. Remind your students to focus on the Educational Objectives of this and all other assignments. These form the basis of the exam questions and, by extension, exam success.
3. Make sure everyone has registered for the exam and has an exam study schedule in place.
4. Oh no! Another quiz? Yes! Your students must be sharp for the exam. Athletic coaches say, “As you practice—so shall you play.” What is true in basketball or track is equally valid when it comes to AMIM study. There is no better way to prepare for the exam than by answering practice questions under simulated exam conditions.
5. Use the masters that follow to make overhead transparencies or handouts.
6. Hand out the review session sheet included with this assignment. Make this a homework assignment due next week. Tell your students to be sure they focus on the Educational Objectives when completing this sheet.
7. Take a look at the review session ideas that follow Assignment 12. You might want to cover some of them now or next week.
8. If you have not already scheduled your review session, discuss dates and times for it now.

follow the review session suggestions. You might be able to answer some of those questions now. If you see any problem areas, you still have a couple of sessions to make improvements.

10. Consider assigning the 50-point exam that appears in the back of the course guide as a final review assignment, to be handed in at your last class meeting. Tell students to take the exam under the same conditions that apply during the actual exam: no open books, no consultation with others. Suggest that they use a photocopy of the exam form so that they won't be tempted to flip ahead a few pages in the course guide and find the sample answers. Even if they have reviewed some of the questions (and answers) before taking the exam, they will still benefit from testing their recall.

Let students grade their own exams using the answers in the course guide. (In some cases, other correct answers might be found in the indicated portions of the AMIM 121 text.) At your last class or your review session, you can go over any questions that students had problems with.



QUIZ—ASSIGNMENT 11

1. (3 points)

Under the American Institute Builders Risk Clauses, modified only to cover on an “open” basis, would the following losses be covered?

- (a) A fire destroys a vessel under construction, as well as materials to be used in the construction and the scaffolding around the vessel.

- (b) The newly constructed vessel sinks while on a delivery trip to its owner.

- (c) The cost of correcting faulty side plating in the vessel’s hull, which allowed water to enter the vessel during sea trials.

2. (3 points)

What is the purpose of each of the following in a marine builders risk policy?

- (a) Escalation clause

- (b) Pre-keel coverage

- (c) Failure to Launch clause

3. (2 points)

The American Institute Ship Repairers Liability Clauses cover the assured’s liability for damage to vessels in the assured’s care, custody, or control. What other type(s) of loss does this policy cover?

4. (2 points)

What modifications should be made to the Commercial General Liability Coverage Form if it is to be used to cover a ship repairer’s liability exposures?



ANSWERS TO ASSIGNMENT 11 QUIZ

1. (a) All the described property would be covered.
(b) Delivery trips are not covered (unless the policy is endorsed to cover them).
(c) The cost of correcting faulty work is not covered. (pp. 130-133)
(Allow 1 point for each part correctly answered, up to 3 points.)
2. a. The escalation clause provides for an increase in the amount of insurance if the value of the vessel increases during the course of construction.
b. Pre-keel coverage provides insurance on construction materials before construction of the vessel actually begins.
(Allow 2 points for first correct answer, 1 point for second correct answer, up to 3 points.)
3. Damage to property (such as another vessel or a pier) resulting from the assured's operation of the customer's vessel.
Defense costs coverage.
(Allow 2 points for either of the above answers, up to 2 points total.)
4. Delete care, custody, control exclusion.
Delete watercraft exclusion.
Modify coverage territory as needed.
(Allow 1 point for each correct answer, up to 2 points total.)

NOTES FOR THE REVIEW 121

REVIEW SESSION

Assignment	Educational Objective	Concepts I Want To Review
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		

I. Property

- Shipyard's buildings, contents, and other structures including marine railways and piers
- Vessels under construction
- Floating dry docks

II. Liability

- Premises and operations
- Contractual liability
- Products and completed operations
- Workers compensation and employers liability
- Auto liability
- Customers' vessels in yard's custody (ship repairers legal liability)

AMERICAN INSTITUTE BUILDERS RISKS CLAUSES

- I. Interest Covered
- II. Property Covered
- III. Perils Covered
- IV. Amounts Recoverable
- V. Termination Provisions
- VI. Subrogation
- VII. General Average and Salvage, Sue
and Labor
- VIII. Liability Coverages

AMERICAN INSTITUTE OF III REPAIRERS LIABILITY INSURANCE

- I. Insuring agreement
 - Clause A—Bailee liability exposure
 - Clause B—Property damage liability
 - Clause C—Costs of defense
- II. Exclusions
 - Death or personal injury
 - Contractual liability
 - NFPA regulations
 - Loss of use
 - Other insurance
 - Liability for owned or bareboat chartered vessels
 - Owned or leased property
 - Property in storage
 - Faulty work or design
 - Damage discovered later than 60 days after delivery
 - (1) Products and completed operations liability
 - War and strike risks
 - Pollution