



INSTITUTE OF  
CHARTERED  
SHIPBROKERS

MAY 2021 EXAMINATION SESSION

THURSDAY 20<sup>th</sup> MAY 2021 – MORNING

## LEGAL PRINCIPLES IN SHIPPING BUSINESS

Time allowed – three hours

Answer any FIVE questions – all questions carry equal marks

Please read the questions carefully before answering

1. A director of a ship owning company visits a shipbroking firm and meets with a shipbroker working for the shipbroking firm. Upon negotiation, the director and the shipbroker agree for the fixture of 50,000 tonnes of crude oil for one ship at “any price up to £110 per tonne”. Following the meeting the shipbroking firm suggest to the ship owning company that the shipbroker they had dealt with at their offices was not in a position to negotiate oil fixtures, since the shipbroker’s employment and agency contract is being terminated and the shipbroking firm had already withdrawn all authority. The shipbroking firm further suggests that they could get a fixture for 50,000 tonnes of oil at the price of £100 per tonne.

On the assumption that any relevant contracts involved in the above scenario are subject to English law, explain and analyse the decisive events which would contribute towards resolution of the matter.

2. Answer **ALL** parts of the following question:
  - (a) Explain, giving an example, the meaning of “lump sum freight”, and “dead freight”.
  - (b) Explain the term “once on demurrage always on demurrage” as compared to laytime.
  - (c) Explain what are “Sea Waybills” and consider how they differ from bills of lading.

**PLEASE TURN OVER**

3. Explain how letters of indemnity may or may not be used in carriage of goods by sea.
4. A vessel is chartered for twelve months. It arrives in Southampton, the loading port, and moors at a berth, where loading commences. On completion of loading the Master signs the bills of lading.

The vessel leaves port and is directed by charterers to proceed to Italy. Due to negligence of ship's crew, the ship breaks down and is towed to Gibraltar, where engine repairs take one month to complete.

The ship arrives in Italy and completes discharging. The charter has six weeks left to run and charterers instruct the Master to proceed to a port which the Master calculates cannot be reached within this time span.

Identify the legal issues arising from this scenario.

5. It is often said that a bill of lading is a document of title to the goods.

Explain what you understand by this, and why is it important?

6. Explain what General Average is, and what is the role of the York-Antwerp Rules?

7. Describe and discuss the international conventions and U.S.A. legislation dealing with oil pollution.

8. A ship laden with cargoes is grounded due to the negligent navigation of its crew. The Hague-Visby Rules apply to the carriage of the goods onboard the ship. The Master, in order to get the ship off the rocks, jettisons some of the cargo. At the same time the ship's engines are used excessively resulting to some damage to ship's engines. Eventually, the ship is freed and using her own power enters a nearby port. The ship's Master declares a general average.

On the above facts, discuss how the ship's damage caused by the grounding, the excessive use of ship's engines, and the loss of jettisoned cargo, may be recoverable.