

**ACADEMIC YEAR 2023 – 2024**

| Program  | Year | Semester | Paper   |
|--|------|----------|---------|
| Bachelor in Logistics and Transport Management | 4    | 1        | MIDTERM |

|              |                                  |
|--------------|----------------------------------|
| MODULE NAME: | Commercial Practices in Shipping |
|--------------|----------------------------------|

|              |           |            |            |
|--------------|-----------|------------|------------|
| MODULE CODE: | PSHI IV-I | EXAM DATE: | 08/11/2023 |
|--------------|-----------|------------|------------|

|                 |                      |           |             |
|-----------------|----------------------|-----------|-------------|
| TEACHER'S NAME: | Mr. Khalid AlKalbani | DURATION: | 100 minutes |
|-----------------|----------------------|-----------|-------------|

| Questions to be answered on:         | Allowed requirements     | Number of pages       |
|--------------------------------------|--------------------------|-----------------------|
| Space provided on the question paper | Pen, Pencil & Calculator | (Incl. Cover Page): 8 |

**Points of Attention:**

- For each question, the maximum earned points are mentioned between brackets at the end of each question.
- Write very clearly! Answers that are not readable are not marked and don't get points!
- Make sure your answers are written to the point.
- All answers should be written **in English**.
- Write all the answers **in blue or black pen only (No pencil)**.
- Answer written in **Pencil** will not be marked.
- Use the **pencil** only for **diagrams & graphs & drawing**.
- Show all the calculation steps in the given space.
- When finished submitting the question paper, together with the answer scripts and the signed cover page to the invigilator.
- Any cheating/copying may result in an instant failing of the examination.

**FINAL MARKS**

|                      |  |
|----------------------|--|
| <b>STUDENT NAME:</b> |  |
|----------------------|--|

|                    |  |
|--------------------|--|
| <b>STUDENT ID:</b> |  |
|--------------------|--|

|  |                     |
|--|---------------------|
|  | <b>42<br/>MARKS</b> |
|  |                     |

Number of answer scripts: .....

Invigilator: .....

Student's signature: .....

Time of receipt: .....

1. Contracts bring together various stakeholders, all with their own views, perspectives and needs and wants. In your opinion, how do the various stakeholders agree on the contents of a contract? Please support your answer by example of one contract in the shipping sector. (5)

2. There are numerous ways buyers can pay sellers. Evaluate the 4 primary methods available in international trade. (2)

3. International trade emphasizes the use of the Letter of Credit (L/C). In your opinion, why this is the case.  
(3)

4. In order for a bank to release the funds under a L/C, a number of supporting documents may be requested.  
Why do you consider that the bank does this? (3)

5. Formulate the reasons as to why risk assessment is different in the shipping sector compared to that in the motor industry.  
(3)

6. In some contracts you will find an "Extension Clause or “roll-over” clause. What is this clause? (3)

7. The MV CEJ was 2 days into a three-week voyage when it was taken by pirates. After 3 months of negotiation the vessel was eventually released at a cost of US\$3,800,000. Calculate the General Average liability for the ship owner and Cargo Owner 1 that were on board the vessel based on the information below. All values are in US\$. (5)

**Value of the Vessel                      19,500,000**

**Cargo Owner 1 Cargo Value    7,500,000**

**Cargo Owner 2 Cargo Value    6,000,000**

**Cargo Owner 3 Cargo Value    3,000,000**

**Cargo Owner 4 Cargo Value    1,300,000**

8. Difference between particular average and general average of insurance (2)

9. What is the role of P & I Clubs? And give at least 3 examples of the risks that are itemized in the list of P&I Clubs. (5)

10. Why P&I Clubs sometimes call cargo owners to contribute to cover some losses during the sea transport? (2)

11. There are four items must be existed in order to look for general average, what are these 4 items? (4)

12. Let's assume the Commercial invoice of a shipment is 40,000 USD  
And the INSURANCE SALE RATE WAS USD 1.40/200 of commercial value  
Sea freight: 2,000 USD  
**WHAT WOULD BE THE COST OF CIF PREMIUM INSURANCE COVER FOR CARGO OWNER?** (5)

**-End of Questions & Good Luck-**