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Question: 1

Under the inside/outside robbery coverage, which of the following would qualify as a custodian? (1 mark)

A. Guard.
B. Janitor.
C. Watchman.
D. Insured's partner.

Answer: D

Explanation:
Comprehensive Explanation: A custodian includes the insured, a partner of the insured, or an authorized employee who has care and custody of the insured property. A guard, janitor or watchman is not treated as a custodian for this coverage.
CAIB 3 Training & Study Pack - Crime Insurance: Inside/Outside Robbery and the definition of custodian.

Question: 2

Your client chartered a boat to transport some goods. While parked at the terminal overnight, some thieves went aboard and stole some cargo. Upon investigation, it looks like the terminal's security was negligent, allowing the thieves to easily enter the premises.
A) Which liability insurance will cover this loss? (1 mark)
B) Your client is adamant that they should not be responsible. They want to sue - who can they hold responsible? (1 mark)
C) Which liability insurance will protect against this litigation? (1 mark)

A. See the answer in Explanation below.

Answer: A

Explanation:
A) Charterer's Legal Liability can protect the charterer for legal liability arising from the chartered vessel.
B) The terminal operator can be held responsible if its negligent security caused or contributed to the theft.
C) Terminal Operator's Legal Liability insurance can protect the terminal operator against this type of liability claim.
CAIB 3 Training & Study Pack - Marine Insurance: charterers' liability and terminal operators' legal liability.

Question: 3

Which of the following best describes the insured's involvement in reinsurance? (1 mark)

A. The insured must approve the reinsurer.
B. The insured is the one to engage a reinsurer.
C. The insured is unaware there is a reinsurer.
D. The insured and insurer will discuss the reinsurer together.

Answer: C

Explanation:
Comprehensive Explanation: Reinsurance is a contract between the primary insurer (cedent) and the reinsurer. The original insured is normally not a party to that contract and usually has no direct involvement with the reinsurer. The primary insurer remains responsible to the insured under the original policy.
CAIB 3 Training & Study Pack - Reinsurance: relationship between insured, cedent and reinsurer.

Question: 4

A bill of lading serves three (3) purposes. What are those purposes?

A. See the answer in Explanation below.

Answer: A

Explanation:
A bill of lading serves as:
1. A contract of carriage between the shipper and carrier.
2. A receipt for the goods shipped.
3. A document of title to the goods.
IBAC CAIB 3 Student Resource Guide (2013), Chapter 4 - Marine Insurance: Bill of Lading, reference p. 4-6.

Question: 5

DEFINE: OBLIGEE

A. See the answer in Explanation below.

Answer: A

Explanation:

The obligee is the party to whom the principal owes an obligation and the party that receives the protection of the surety bond.
IBAC CAIB 3 Student Resource Guide (2013), Chapter 5 - Surety Bonds, reference p. 5-2.

Question: 6

DEFINE: CEDENT

A. See the answer in Explanation below.

Answer: A

Explanation:
A cedent, or ceding company, is the insurer or reinsurer that transfers part of a risk to another reinsurer.
CAIB 3 Training & Study Pack - Reinsurance: cedent/ceding company terminology.

Question: 7

A) What is a third-party cyber event? Provide an example.
B) What is an example of a third-party cyber loss?

A. See the answer in Explanation below.

Answer: A

Explanation:
A) A third-party cyber event is a cyber incident involving the insured that causes harm or loss to another person or organization. Example: a hacker steals customers' personal information from the insured's computer system.
B) An example of a third-party cyber loss is legal defence costs or damages from a customer lawsuit after a privacy breach.
CAIB 3 Training & Study Pack - Cyber Insurance: third-party events and cyber liability losses.

Question: 8

DEFINE: FRAUD

A. See the answer in Explanation below.

Answer: A

Explanation:
Fraud is an intentional act of deception, misrepresentation or dishonesty used to obtain money, property or another benefit, or to cause another person a financial loss.
CAIB 3 Training & Study Pack - Crime Insurance: fraud and dishonest acts.

Question: 9

DEFINE: ROBBERY (1 mark)

A. See the answer in Explanation below.

Answer: A

Explanation:
Robbery is the unlawful taking of property from a person by force or violence, or by threatening force or violence.
CAIB 3 Training & Study Pack - Crime Insurance: robbery and custodian coverage.,

Question: 10

DEFINE: PARTICULAR AVERAGE

A. See the answer in Explanation below.

Answer: A

Explanation:
Particular average is a partial loss to a specific marine shipment caused by an insured peril, other than a General Average loss.
IBAC CAIB 3 Student Resource Guide (2013), Chapter 4 - Marine Insurance, Particular Average, reference p. 4-16.

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