

INDIAN MARITIME UNIVERSITY
(A Central University, Government of India)

May/June 2017 End Semester Examinations
M.B.A. (Port and Shipping Management) Fourth Semester

Shipping Finance and Insurance (PG21T2402)

Date : 09.06.2017

Time: 3 Hrs

Maximum Marks: 60

Pass Marks : 30

SECTION - A (12 x 1 Mark= 12 Marks)

Answer ALL the questions. All questions carry equal mark

1. One Ship Company means
 - a. Establish a separate company to own each ship
 - b. Establish a separate company by one owner
 - c. Establish a separate company to own more than one ship
 - d. Establish a separate company by more owners

2. Which one of the following is not a source of Shipping Finance ?
 - a. Owner's Equity
 - b. Private Equity
 - c. Owner's personal Loan
 - d. Revolving credit facilities

3. Syndicated loan
 - a. A group of banks provide loan
 - b. A group of ship-owners borrow loan
 - c. A group of importers borrow loan
 - d. A group of exporters borrow loan

4. Balloon repayment loan means
 - a. Equal repayments for every year
 - b. High repayments at initial period
 - c. Low repayments at initial period
 - d. Low repayments at end period

5. LIBOR

- a. Lenders Inter Bank Offered Rate
- b. London International Bank Offered Rate
- c. Low Interest Bank Offered Rate
- d. London Interbank Offered Rate

6. Ship Mortgage

- a. It allows the lender to sell the ship to realize funds to satisfy the lender's debt.
- b. It will not give the lender priority over unsecured creditors
- c. It will not enable the lender to take possession of the ship
- d. It gives the lender to claim from owner's personal assets

7. An Assignment will not generally encompass

- a. Earnings of the vessel
- b. All policies and contracts of insurance
- c. Requisition compensation of the vessel
- d. All properties and income of the vessel owner

8. Bareboat Charter registration

- a. Cancels primary registration
- b. Terminates primary registration
- c. Suspends primary registration
- d. Lapses primary registration

9. Seller's Credit means

- a. Credit provided by the builder
- b. Credit provided by the buyer
- c. Credit provided by the banker
- d. Credit provided by charterer

10. Protection and Indemnity (P&I) will not cover

- a. Criminal liabilities used not to be covered as a matter of course.
- b. Collisions and non-contact damage
- c. Cargo claims
- d. Loss of life, personal injury and illness

11. Multi-currency options mean
- a. Borrower will be permitted only to get loan in an alternative currency
 - b. Borrower's revenue will be in an alternative currency
 - c. Borrower will be permitted only to repay in an alternative currency
 - d. Borrower will be permitted to get and repay loan in an alternative currency
12. Mezzanine financing is a
- a. Equity financing
 - b. Debt financing
 - c. Owner's financing
 - d. hybrid of debt and equity financing

SECTION- B (5 x 4 Marks= 20 Marks)

**Answer any FIVE questions not exceeding 200 words.
All questions carry equal mark**

13. Explain the term "Bareboat charter registration".
14. What is revolving facility?
15. Briefly explain the lender's objectives.
16. What is Islamic financing?
17. Describe the term "Statutory Mortgage".
18. What is role of insurance in shipping finance?
19. What is the importance of P&I club in shipping ?

SECTION- C (4 x 7 Marks = 28 Marks)

Question No. 20 is compulsory. Answer any THREE questions of the remaining five questions. Answer should not exceeding 500 words. All questions carry equal mark.

20. A German ship owning company is looking to expand through the purchase of second hand vessels. It will raise finance through a syndicate loan. Explain:
- a. The structure of a typical syndicated loan.
 - b. The functions of the parties in a syndicated loan.
 - c. The methods of mortgage in a syndicated loan.

21. Discuss the implications of the different stages of the shipping cycle for New builds.
22. Discuss the extent to which this theory is applicable in the context of the shipping sector, and how the relevance of the debt-equity mix alters across the shipping cycle.
23. What are the functions of a special purpose company (SPC) in a securitisation structure, and what assets might it hold in the context of a shipping company collateralised bond issuer?
24. Describe the risks to investors in a syndicated bond issue made by an international shipping company operating through a large number of 'one ship companies' established across multiple jurisdictions.
25. Explain the purpose and function of a Shipowners' Protection & Indemnity Club.
