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Incoterms[®] 2010.

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Incoterms® 2010.

Payment and delivery terms in international trade.

Introduction

The International Commercial Terms (Incoterms®) are the official rules of the International Chamber of Commerce (ICC) for the interpretation of national and international trade terms. They contain pre-formulated delivery terms and regulate the rights and obligations, costs and risks of the seller and buyer. They represent an important basis for regulating international trade and were published by the ICC for the first time in 1936 in Paris.

Most companies prefer regulating their delivery terms in international trade with the help of the Incoterms®. The seventh revision came into force as of 1 January 2011: Incoterms® 2010.

The Incoterms® especially regulate between seller and buyer

- Delivery and acceptance of the goods
- Cost allocation
- Risk transfer
- Conclusion of a contract of carriage
- Delivery of the documents or the respective electronic notifications

The Incoterms® do not regulate

- Ownership transfer
- Payment processing
- Applicable law
- Court of jurisdiction

The various Incoterms®

Rules for any mode or modes of transport

Seven terms are available in this category (EXW, FCA, CPT, CIP, DAT, DAP, DDP), regardless of whether one or several modes of transport are used – even if a vessel is used for a transport section. These terms are suitable for containerised transport.

Rules for sea and inland waterway transport

Four terms are designed exclusively for sea and inland waterway transport (FAS, FOB, CFR, CIF). In this context, the place of risk transfer may be different from the named place (= place of destination up to which the freight is paid). The risk transfer takes place as soon as the goods are placed alongside the vessel nominated by the buyer (FAS) or as soon as the goods are on board the vessel at the named port of shipment. These terms are suitable for conventional freight.

Notes concerning the risk transfer

The new Incoterms® recommend that, as a matter of principle, multimodal terms be used for containerised transport as well, as the conditions in modern container harbours make the precise determination of the risk transfer (CFR and CIF) virtually impossible.

Overview of the most important rights and obligations

Terms	Export clearance	Import clearance	Transport contract	Place of delivery	Risk transfer	Cost transfer	Marine insurance	Conveyance
EXW	B	B	B / S	Works of the seller or another named place	Place of delivery	Place of delivery		All
FCA	S	B	B	Place of handover to carrier	Place of delivery	Place of delivery		All
CPT	S	B	S	Place of handover to first carrier	Place of delivery	Place of destination		All
CIP	S	B	S	Place of handover to first carrier	Place of delivery	Place of destination	S (minimum coverage)	All
DAT	S	B	S	Terminal in the port of destination or at the place of destination	Terminal in the port of destination or at the place of destination			All
DAP	S	B	S	Place of destination	Place of destination	Place of destination		All
DDP	S	S	S	Place of destination	Place of destination	Place of destination		All
FAS	S	B	B	Alongside ship in port of shipment	Place of delivery	Place of delivery		Vessel
FOB	S	B	B	Vessel in port of shipment	On board the vessel	On board the vessel		Vessel
CFR	S	B	S	Vessel in port of shipment	On board the vessel	Port of destination		Vessel
CIF	S	B	S	Vessel in port of shipment	On board the vessel	Port of destination	S (minimum coverage)	Vessel

S Seller B Buyer The presentation merely serves as a general overview. The contents of the individual Incoterms® 2010 should be reviewed thoroughly before the contract is drafted.

Compulsory coverage, risk and cost assumption.

Overview according to Incoterms® 2010.



Seller



Carrier



Port



Vessel



Port



Terminal



Named place



Buyer

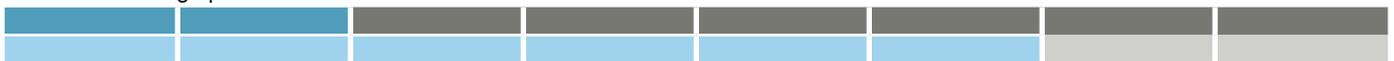
EXW Ex works



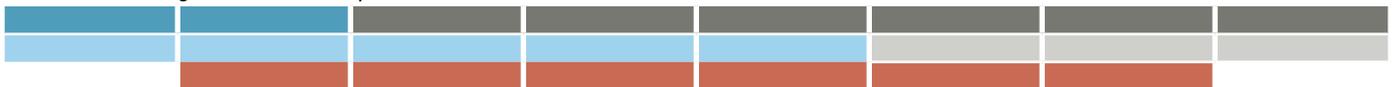
FCA Free carrier



CPT Carriage paid to



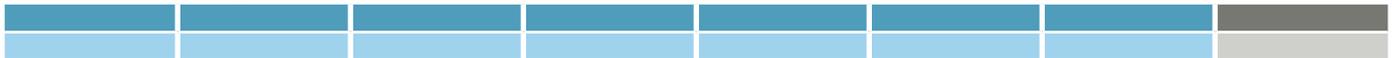
CIP Carriage and insurance paid to



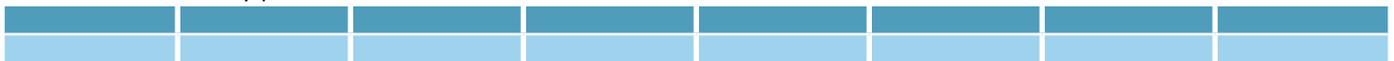
DAT Delivered at terminal



DAP Delivered at place



DDP Delivered duty paid



FAS Free alongside ship



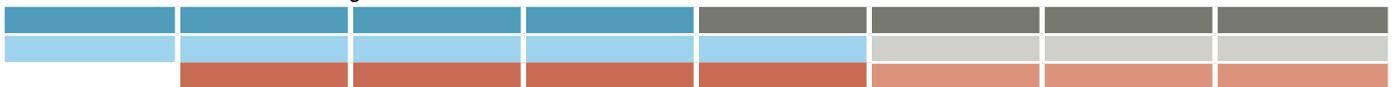
FOB Free on board



CFR Cost and freight



CIF Cost, insurance and freight

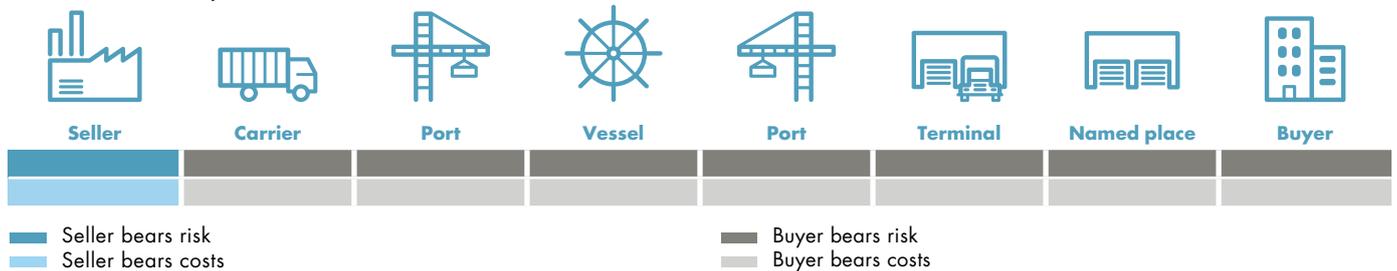


- Seller bears risk
- Seller bears costs
- Seller is under the obligation to take out marine insurance – at least a minimum cover
- Marine insurance recommended
- Buyer bears risk
- Buyer bears costs

Detailed information on Incoterms® 2010.

EXW

Ex works | Conveyance: all



What sellers must pay attention to

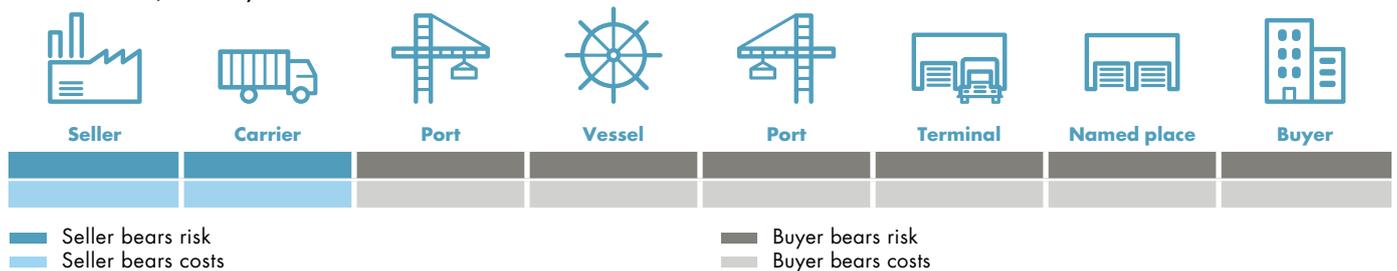
- The seller continues to bear the financial risk even after handing over of the goods, as long as the goods are not fully paid.
- These terms are unfavourable for the buyer, as he has to arrange all dispositions regarding export, transport, insurance, etc.

What buyers must pay attention to

- The risk of the goods is transferred to the buyer as soon as the goods are made available to him at the premises of the seller.
- The supplier/seller does not need to take out marine insurance.

FCA

Free Carrier | Conveyance: all



What sellers must pay attention to

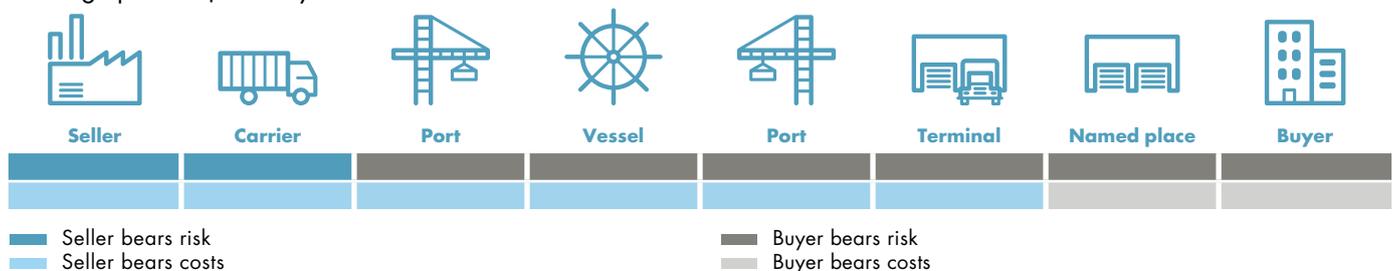
- The seller should designate the location within the named place of delivery as precisely as possible, as this is where the risk is transferred to the buyer.

What buyers must pay attention to

- The buyer should designate the location within the named place of delivery as precisely as possible, as this is where the risk is transferred to him.

CPT

Carriage paid to | Conveyance: all



What sellers must pay attention to

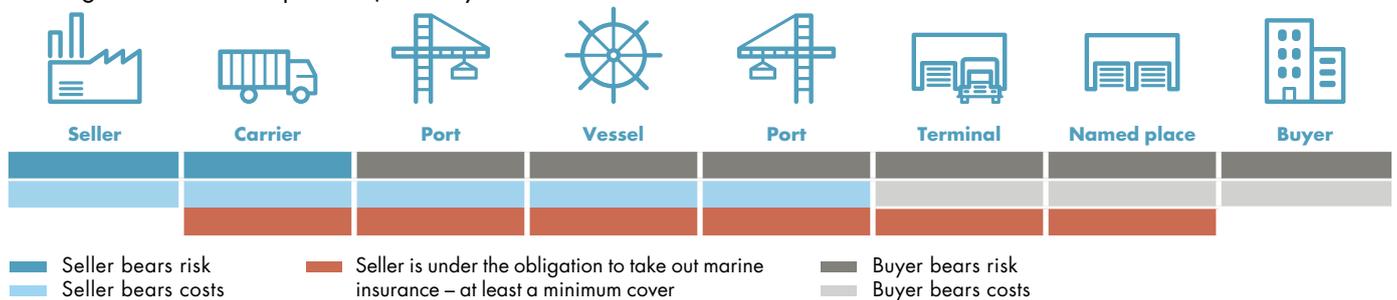
- The seller continues to bear the financial risk even after handing over of the goods, until the goods are fully paid.

What buyers must pay attention to

- The supplier or seller does not need to take out marine insurance.
- Any damage not identified by the carrier prior to taking over the goods cannot be claimed retroactively against the seller.

CIP

Carriage and insurance paid to | Conveyance: all



What sellers must pay attention to

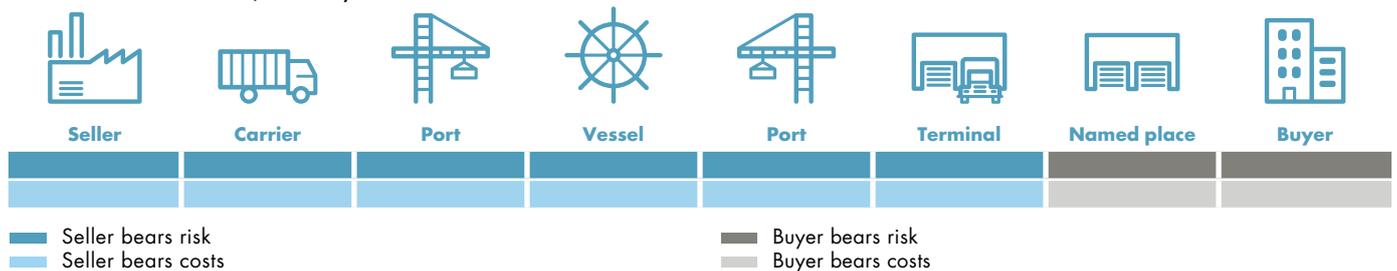
- The seller should designate the location within the named place of delivery as precisely as possible, as this is where the risk is transferred to the buyer.
- The seller is under the obligation to take out uninterrupted insurance for the entire route.

What buyers must pay attention to

- The goods travel at the buyer's risk.
- The buyer should arrange the insurance scope with the seller. Otherwise, the seller is only under the obligation to take out minimum coverage without specifying the insurer or the scope of coverage.

DAT

Delivered at terminal | Conveyance: all



What sellers must pay attention to

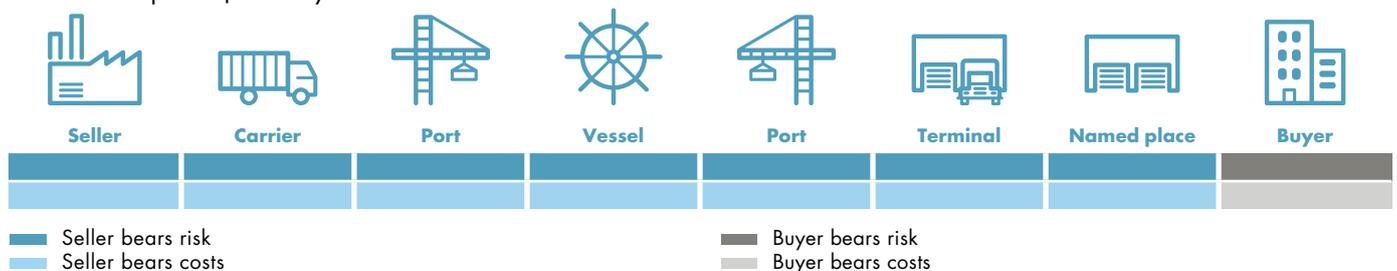
- The seller bears all risks arising from the transport of the goods to the terminal and during unloading in the terminal in the named port or place of destination.

What buyers must pay attention to

- "Terminal" may be any indoor or outdoor place (e.g. quay, warehouse, container storage facility, road/railway/air freight terminal).

DAP

Delivered at place | Conveyance: all



What sellers must pay attention to

- The seller bears all risks in connection with the transport to the named place.

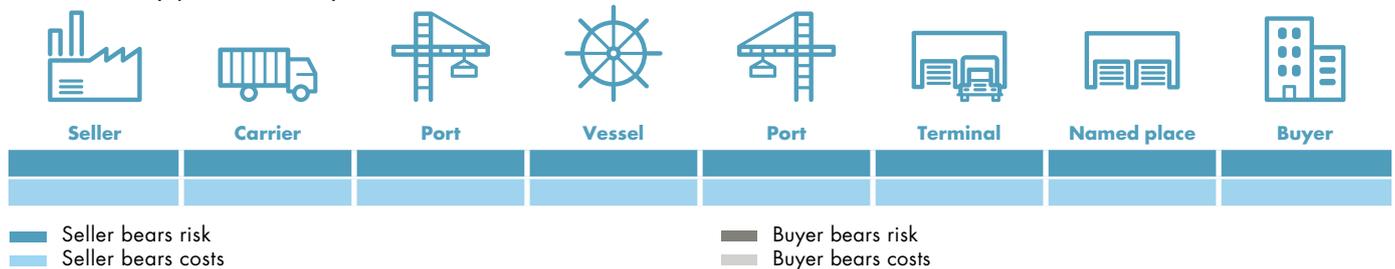
What buyers must pay attention to

- The seller is under no obligation to take out marine insurance

Detailed information on Incoterms® 2010.

DDP

Delivered duty paid | Conveyance: all



What sellers must pay attention to

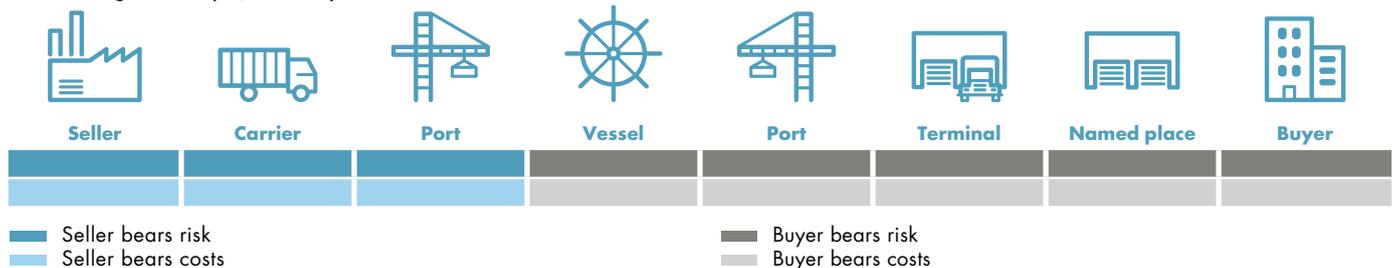
- The seller continues to bear the financial risk even after handing over of the goods, until the goods are fully paid.
- The seller has to carry out the customs clearance in the country of destination, which may cause problems if documents of the buyer are missing.

What buyers must pay attention to

- The supplier or seller does not need to take out marine insurance.

FAS

Free alongside ship | Conveyance: vessel



What sellers must pay attention to

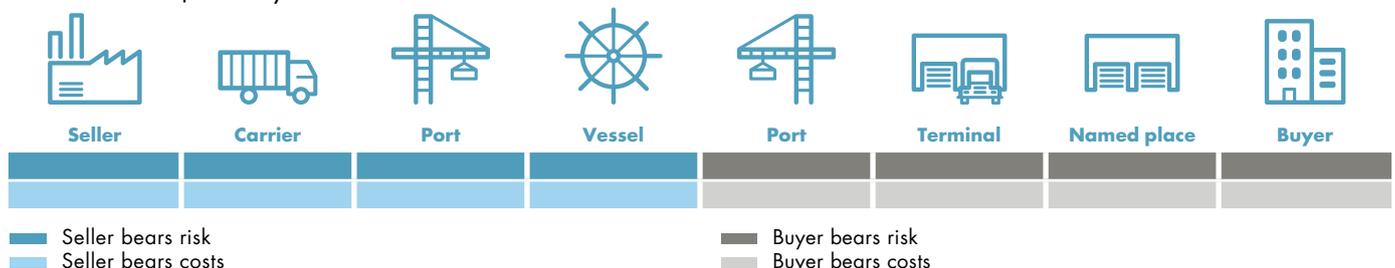
- The seller continues to bear the financial risk even after handing over of the goods, until the goods are fully paid.

What buyers must pay attention to

- The buyer bears all costs and risks after taking over the goods alongside the vessel.

FOB

Free on board | Conveyance: vessel



What sellers must pay attention to

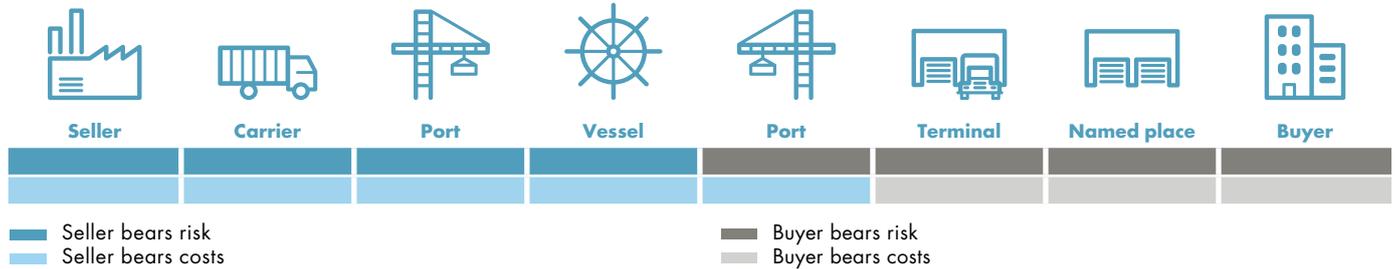
- The seller bears all risks until the goods are on board the vessel.
- The seller has to take care of export relicense and other associated official permits and handle all export and customs formalities.

What buyers must pay attention to

- The risk of loss or damage of the goods is transferred to the buyer as soon as the goods are on board the vessel.
- From this point in time, the buyer bears all costs.
- The buyer is bound to carry out the import formalities and pay the import duty.

CFR

Cost and freight | Conveyance: vessel



What sellers must pay attention to

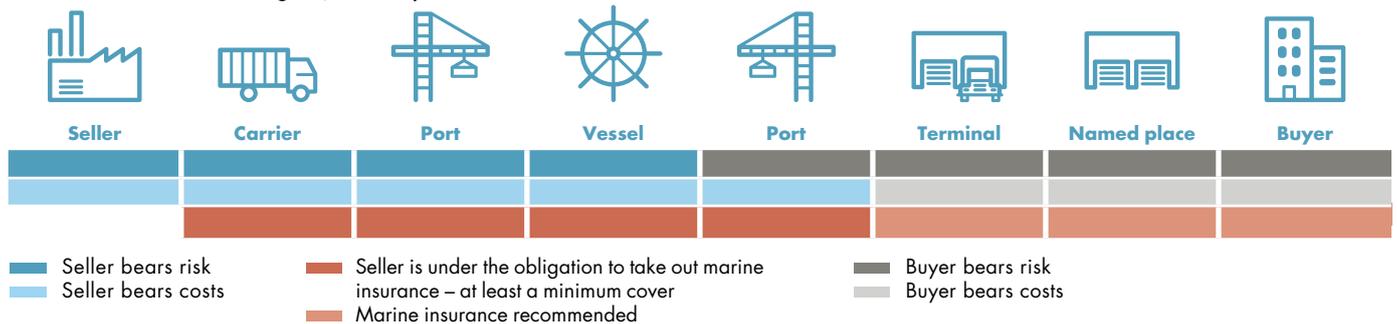
- The seller continues to bear the financial risk even after handing over of the goods, until the goods are fully paid.
- According to the circumstances, the buyer may only take out restricted insurance for the sea passage.

What buyers must pay attention to

- The supplier/seller only bears the risk until loading onto the ship. He does not take out any insurance for the sea passage.

CIF

Cost, insurance and freight | Conveyance: vessel



What sellers must pay attention to

- The seller continues to bear the financial risk even after handing over of the goods, until the goods are fully paid.
- Taking out of transferable marine insurance.

What buyers must pay attention to

- During the sea passage, the seller merely needs to insure the goods during the sea passage with minimum coverage (purchase price plus 10 percent).

Helvetia offers you competence and service.

Custom-tailored protection of your transports.

Be on the safe side

For good reason, Helvetia has been one of the most significant marine insurers in Switzerland for many years now: we offer you premium insurance coverage, an excellent price-performance ratio and attractive services for all your transports. Please feel free to contact us.

Your benefits

- Helvetia: your reliable partner on which you can always count.
- You can determine your individual insurance coverage from the place of origin to the place of destination.
- You can reduce your financial risk to a minimum. In the event of a claim, you can settle everything in Switzerland.

The information given does not replace the general terms and conditions.
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More information: www.iccwbo.org

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