

# Marine Cargo

Incoterms

## How to read this graphic

When cargo is moved from one place to another, numerous parties can be involved, each with their own responsibilities. The contractual agreement between buyer and seller, known as the 'Terms of Sale', determine who is responsible for what during the transaction. These internationally recognised terms are called 'Incoterms'.

Incoterms (International Chamber of Commerce Terms of Sale) have been established to help reduce disputes and uncertainty in foreign trade. The diagram below outlines the 11 Incoterms and shows where responsibility for costs, risk and insurance lies between buyer and seller. They are widely used in international commercial transactions.

It is worth noting that only two of the 11 Incoterms (CIF and CIP) place a contractual obligation on one party to purchase insurance and even then only a minimum level of cover is required. However, given the potential implications if the cargo was lost or damaged en route, it is prudent to purchase insurance wherever a party bears responsibility for the risk.

		Seller's Premises	Inland Transit	Loading Terminal	Alongside Ship	On-Board Vessel / Aircraft	Alongside Ship	Destination Terminal	Inland Transit	Buyer's Premises
All Modes of Transport										
<b>EXW</b> Ex Works	Costs	Seller								Buyer
	Risks	Seller								Buyer
	Insurance	Seller								Buyer
<b>FCA</b> Free Carrier	Costs	Seller								Buyer
	Risks	Seller								Buyer
	Insurance	Seller								Buyer
<b>CPT</b> Carriage Paid To	Costs					Seller				Buyer
	Risks					Seller				Buyer
	Insurance					Seller				Buyer
<b>CIP*</b> Carriage and Insurance Paid To	Costs					Seller				Buyer
	Risks					Seller				Buyer
	Insurance					Seller				Buyer
<b>DAT</b> Delivered at Terminal	Costs					Seller				Buyer
	Risks					Seller				Buyer
	Insurance					Seller				Buyer
<b>DAP</b> Delivered at Place	Costs					Seller				Buyer
	Risks					Seller				Buyer
	Insurance					Seller				Buyer
<b>DDP</b> Delivered Duty Paid	Costs					Seller				Buyer
	Risks					Seller				Buyer
	Insurance					Seller				Buyer
<b>Sea and Inland Waterways</b>										
<b>FAS</b> Free Alongside Ship	Costs					Seller				Buyer
	Risks					Seller				Buyer
	Insurance					Seller				Buyer
<b>FOB</b> Free On Board	Costs					Seller				Buyer
	Risks					Seller				Buyer
	Insurance					Seller				Buyer
<b>CFR</b> Cost and Freight	Costs					Seller				Buyer
	Risks					Seller				Buyer
	Insurance					Seller				Buyer
<b>CIF*</b> Cost, Insurance and Freight	Costs					Seller				Buyer
	Risks					Seller				Buyer
	Insurance					Seller				Buyer

**KEY**

- Costs
- Risks
- Insurance



**Complete Cargo**  
Complete Cargo is an easy to understand all risks wording that provides comprehensive cover without the complexity of a traditional marine cargo product. Available to trade via QuoteSME or our Small Business Team, this product is aimed at businesses with a single transit value of up to £2.5m and annual imports/exports of up to £62m.



**AGCS Cargo**  
AGCS Cargo is for businesses that have larger, more complex cargo exposures, such as overseas storage locations and international programmes that involve world-to-world transits. This product is underwritten by Allianz Global Corporate & Speciality (AGCS) and you can access it through your local Allianz branch or through AGCS directly.

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\* Insurance is contractually required. This diagram is based on the INCOTERMS® 2010 – the latest version as of May 2016.

