

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.

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

* Insurance is contractually required

This diagram is based on the INCOTERMS® 2010 – the latest version as of May 2016.

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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