Incoterms 2020

CIF – Cost Insurance & Freight (named port of destination)

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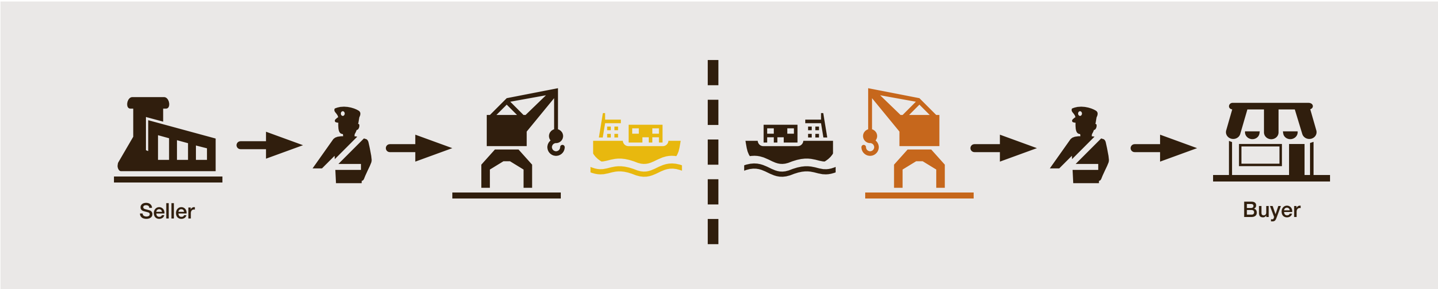


Under CIF, the seller contracts and pays for the freight to a named port of destination, as well as obtaining minimum coverage insurance.

This term has two critical points because risk passes and costs are transferred at different places.

The seller delivers the goods when they have been loaded on board the vessel. The risk of loss or damage to the goods passes from the seller to the buyer once the goods are on board the vessel. The seller is responsible to contract and pay for the costs and freight necessary to bring the goods to the named destination port.

Under the CIF term, the seller is also responsible to procure minimum coverage marine insurance against the buyer's risk of loss/damage to the goods during carriage. Should the buyer require greater insurance protection, they would either need to agree expressly with the seller or make its own extra insurance arrangements.

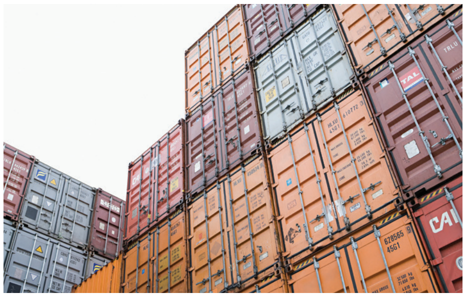
This term may only be used for goods that are being transported by sea or inland waterway.

- Carriage and minimum insurance to be arranged by the seller.
- Risk transfers from the seller to the buyer when the goods have been loaded on board the vessel.
- Cost transfers from the seller to the buyer at the named port of destination.

The buyer has the obligation to clear the goods for import, pay any duty and carry out any import customs formalities.

Note: CIF may be inappropriate when goods are handed over to the carrier before they are on board the vessel, such as containerized goods that are typically delivered to a terminal. In these situations, the CIP term should be used.

- Transfer of risk
- Transfer of cost
- Transfer of risk and Transfer of cost



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