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# Incoterms® 2020

## The significance for your marine insurance

### The risks to global goods in transit

Globalisation provides businesses with access to international markets and global trade. When transporting goods, there is always a risk that they will be lost or damaged.

#### Our services – your benefits

##### → Global insurance cover from one source

Thanks to our years of experience with multinational insurance solutions and our global network, we can offer insurance cover for goods in transit across the world. We can also expertly, reliably and comprehensively insure your businesses in Switzerland and in over 100 other countries.

##### → Own marine insurance

Regardless of the Incoterm® rules outlined in the contract of sale or letter of credit, having your own marine insurance can be useful in many cases. You can thus arrange for comprehensive protection and/or a more extensive scope of cover, settle claims in Switzerland, and in the event of a claim, you won't have to face transfer difficulties (e.g. due to currency restrictions) or an exchange risk.

### Incoterms® 2020

The Incoterms® 2020 rules of the International Chamber of Commerce (ICC) regulate the interpretation of domestic and international trade terms. This facilitates the processing of international trade.

#### In particular, the Incoterms® rules describe

- the responsibility for the transport or the insurance of goods as well as obtaining of shipping documents and export/import licences;
- the point at which risks transfer from seller to buyer;
- the responsibility for costs, e.g. for transport or insurance of the goods.

#### The Incoterms® rules do not deal with

- the transfer of ownership;
- the payment processing;
- the applicable legal remedies;
- the place of jurisdiction.

#### Version of the Incoterms®

The Incoterms® 2020 rules came into effect on 01.01.2020, but the Incoterms® 2010 rules can continue being used. It is important to clearly state whether Incoterms® 2010 or Incoterms® 2020 rules apply in the contract of sale.

You can find detailed information on the Incoterms® 2020 rules here:

<https://icc-switzerland.ch/incoterms/incoterms2020>

## Risk and cost transfer in Incoterms® 2020 rules for any mode or modes of transport (multi-modal)

These seven clauses are intended for use where the point at which the seller hands the goods over to the buyer are not on board or alongside a vessel at a sea or river port.

Clauses	Risk and cost transfer
<b>EXW</b>	<p><b>ex works (... named place of delivery)</b></p> <ul style="list-style-type: none"> <li>→ Goods are delivered when the seller places the goods at the disposal of the buyer at a named place (e.g. factory or warehouse) without loading onto any collecting vehicle and without clearing the goods for export.</li> <li>→ At this point, the risk transfers from seller to buyer. The loading risks are borne by the buyer, even if the loading operation is carried out by the seller at its own premises.</li> <li>→ The seller is not obligated to make a contract of transport or a contract of insurance.</li> </ul>
<b>FCA</b>	<p><b>free carrier (... named place of delivery)</b></p> <p>The seller delivers to the buyer in one or other of two ways:</p> <ul style="list-style-type: none"> <li>→ A) If the named place is the seller's premises: The goods are delivered when the seller has loaded the goods on the means of transport arranged by the buyer. <b>If the buyer and seller have agreed in the contract, the buyer must instruct its carrier to issue a bill of lading with an on-board notation to the seller, even before the goods have been placed on board.</b></li> <li>→ B) If the named place is another place: The goods are delivered when, having been loaded on the seller's means of transport, they have reached the named other place and are ready for unloading.</li> </ul> <p>The seller is not obligated to make a contract of transport or an contract of insurance.</p>
<b>CPT</b>	<p><b>carriage paid to (... named place of destination)</b></p> <ul style="list-style-type: none"> <li>→ The goods are delivered when they are handed over by the seller to the carrier contracted by the seller.</li> <li>→ At this point, the risk transfers to the buyer.</li> <li>→ The seller is obligated to make a contract for the carriage of the goods from the place of delivery to the place of destination. However, they are not obligated to make a contract of insurance.</li> </ul>
<b>CIP</b>	<p><b>carriage and insurance paid to (... named place of destination)</b></p> <ul style="list-style-type: none"> <li>→ The goods are delivered when they are handed over by the seller to the carrier contracted by the seller.</li> <li>→ At this point, the risk transfers to the buyer.</li> <li>→ The seller is obligated to make a contract for the carriage of the goods from the place of delivery to the place of destination.</li> <li>→ <b>The seller is obligated to obtain an extensive insurance cover complying with Institute Cargo Clause A for carriage from the place of delivery to at least the place of destination. This provides increased coverage compared to Incoterms® 2010.</b></li> </ul>
<b>DAP</b>	<p><b>delivered at place (... named place of destination)</b></p> <ul style="list-style-type: none"> <li>→ The goods are delivered when the goods are placed at the disposal of the buyer, on the arriving means of transport ready for unloading at the place of destination.</li> <li>→ The seller bears all risks involved in bringing the goods to the place of destination.</li> <li>→ The seller is obligated to make a contract for the carriage of the goods from the place of delivery to the place of destination. However, they are not obligated to make a contract of insurance.</li> </ul>
<b>DPU</b>	<p><b>delivered at place unloaded (... named place of destination)</b></p> <p>This Incoterms® rule replaces the DAT rule of the Incoterms® 2010 rules and allows any location where the goods can be unloaded to be the point of risk transfer to the buyer rather than just a terminal.</p> <ul style="list-style-type: none"> <li>→ The goods are delivered once they are unloaded from the arriving means of transport and placed at the disposal of the buyer at the place of destination.</li> <li>→ The seller bears all risks involved in bringing the goods to the place of destination and unloading them at the place of destination. The seller should therefore ensure that it is in a position to organise unloading at the place of destination.</li> <li>→ The seller is obligated to make a contract for the carriage of the goods from the place of delivery to the place of destination. However, they are not obligated to make a contract of insurance.</li> </ul>
<b>DDP</b>	<p><b>delivered duty paid (... named place of destination)</b></p> <ul style="list-style-type: none"> <li>→ The goods are delivered when the seller places the goods cleared for import at the disposal of the buyer on the arriving means of transport ready for unloading at the place of destination.</li> <li>→ The seller bears all risks involved in bringing the goods to the place of destination.</li> <li>→ The seller is obligated to contract the carriage of the goods from the place of delivery to the place of destination and is responsible for the payment of the import duties and other taxes at the destination. However, they are not obligated to complete an insurance contract.</li> </ul>

## Risk and cost transfer in Incoterms® 2020 rules for sea and inland waterway transport

The four so-called “maritime” Incoterms® are intended for use where the seller places the goods on board or alongside a vessel at a sea or river port. When these rules are used, the risk of loss or damage to those goods is on the buyer’s shoulder from that port.

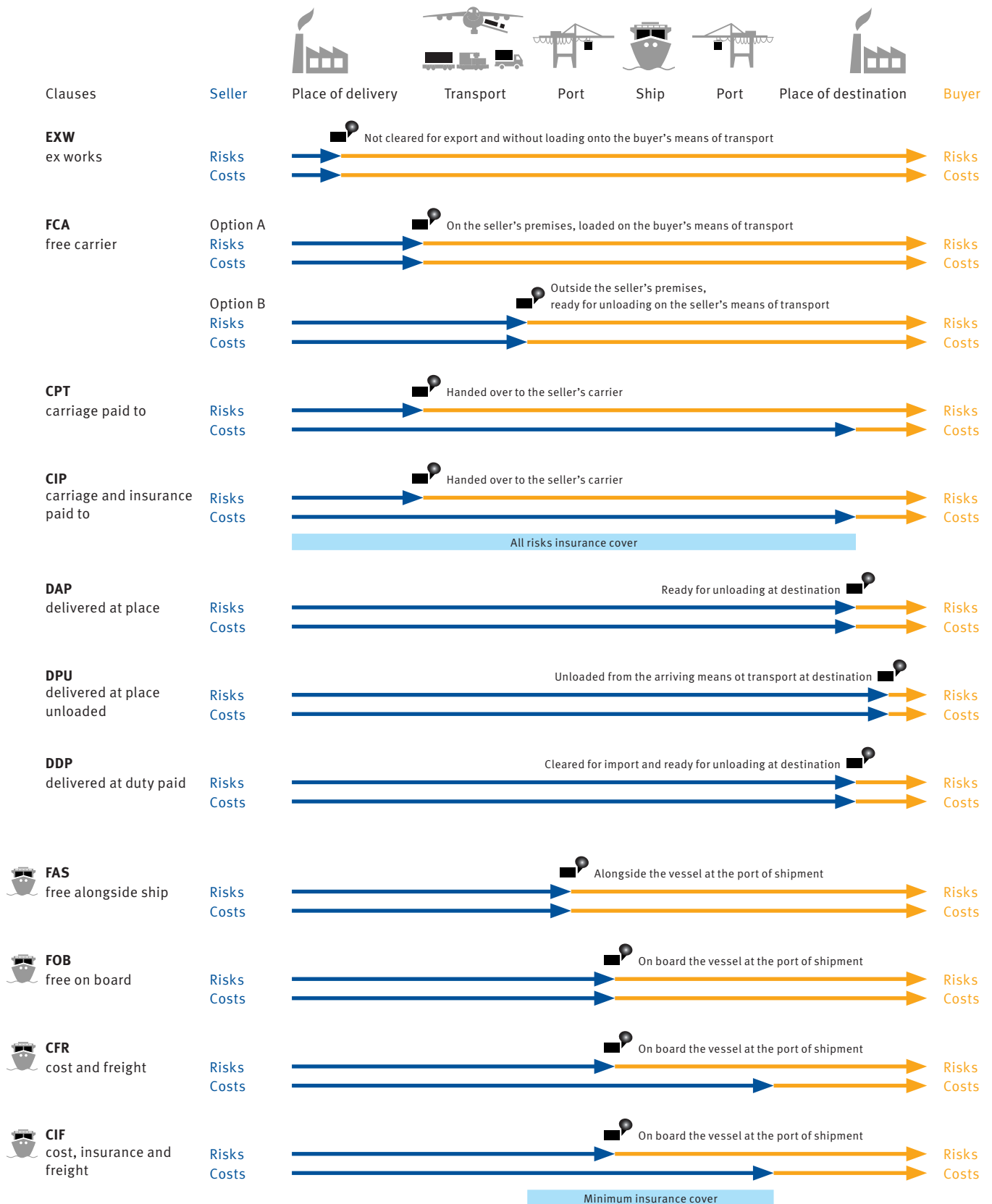
Clauses	Risk and cost transfer
<b>FAS</b>	<b>free alongside ship (... named port of shipment)</b> → The goods are delivered when the seller has placed the goods alongside a ship at the port of shipment. → The risks are transferred from the seller to the buyer if the goods are placed alongside the ship. → The seller is not obligated to issue a contract of transport or a contract of insurance.
<b>FOB</b>	<b>free on board (... named port of shipment)</b> → The goods are delivered when the seller has placed the goods on board a vessel at the port of shipment. → The risks are transferred from the seller to the buyer when the goods are on board the vessel. → The seller is not obligated to make a contract of transport or a contract of insurance.
<b>CFR</b>	<b>cost and freight (... named port of destination)</b> → The goods are delivered when the seller placed the goods on board a vessel at the port of shipment. → The risks are transferred from the seller to the buyer if the goods are on board the vessel. → The seller is obligated to make a contract for the carriage of the goods from the place of delivery to the place of destination. However, they are not obligated to make a contract of insurance.
<b>CIF</b>	<b>cost, insurance and freight (... named port of destination)</b> → The goods are delivered when the seller has placed the goods on board the vessel at the port of shipment. → The risks are transferred from the seller to the buyer when the goods are located on board the vessel. → The seller is obligated to make a contract for the carriage of the goods from the place of delivery to the port of destination. → <b>The seller is obligated to make a contract for minimum insurance cover complying with Institute Cargo Clause C for carriage from the port of shipment to at least the port of destination.</b>

### Our recommendations to the seller and buyer

- The selection of the corresponding Incoterms® rule depends, among other things, on whether you wish to insure the goods as a seller or as a buyer and which mode of transport will be used for carriage the goods.
- Furthermore, the selected Incoterm® rule should be precisely formulated as shown in the following example:  
“(selected Incoterms® rule) (named port, place or site) Incoterms® 2020”  
e.g. “CIF Hong Kong Incoterms® 2020”.
- It is advisable to not only name the place of delivery or place of destination, but also the specific site where the risks and costs will be explicitly transferred from the seller to the buyer.
- The CIP and CIF rules stipulate that the seller must arrange insurance cover. However, some destination countries require insurance cover to be acquired in the destination country. In this case, we recommend that the seller in Switzerland or the Principality of Liechtenstein agrees upon the CPT or CFR rules in the contract of sale.
- If you, as a buyer in Switzerland or the Principality of Liechtenstein, must purchase CIP or CIF and wish to minimise the risks of the marine insurance acquired by the supplier (e.g. creditworthiness of the insurer, claims settlement abroad or law applicable abroad), we recommend taking out our insurance.

In order to avoid misunderstandings when settling claims, we generally recommend insurance cover “from door to door”.

## Delivery of the goods and transfer of risks and costs in Incoterms® 2020



Not all regulations can be precisely presented. You can find the detailed interpretation of the Incoterms® 2020 in the publication of the International Chamber of Commerce (ICC): <https://www.icc-switzerland.ch>