

Transfer of Risk and Insurable Interest per Incoterms 2010

Rules for Any Mode of Transit		
Terms of Sale	Seller	Buyer
EXW Ex Works (named place of delivery)	Bears risk until goods are made available to the buyer at the seller's premise or another named place. Has no obligation to purchase insurance.	Assumes risk once goods are made available at seller's premises or another named place, including the risks of loading onto vehicles. Has no obligation to purchase insurance; should consider broad Shipper's Interest coverage to attach at pick up and loading.
FCA Free Carrier (named place of delivery)	Bears risk until goods have been delivered to named carrier at named place prior to the main carriage. Has no obligation to purchase insurance; however, should consider FOB/FAS coverage to insure risk during pre-carriage if any.	Assumes risk upon delivery at named place and throughout the main carriage. Has no obligation to purchase insurance; should consider broad Shipper's Interest coverage to attach at delivery to carrier.
CPT Carriage Paid to (named place of destination)	Bears risk until goods are delivered to first carrier/person at agreed place. Has no obligation to purchase insurance.	Assumes risk upon delivery to first carrier/person at agreed place. Has no obligation to purchase insurance; should consider broad Shipper's Interest coverage to attach once goods are handed over to first carrier.
CIP Carriage and Insurance Paid to (named place of destination)	Bears risk until goods are delivered to first carrier/person at agreed place. Must purchase at own expense cargo coverage as specified in ICC C clauses or similar (FPA) to cover contract price + 10% to cover buyer's risks.	Assumes risk upon delivery to first carrier/person at agreed place. Seller is obligated to purchase insurance coverage, but only a minimum level is specified. Should seek from seller broader coverage such as ICC A Clauses or similar (All Risks).
DAT Delivered at Terminal (named terminal at port or place of destination)	Bears risk until goods are unloaded at terminal at named port or place of destination and made available to the buyer. Has no obligation to purchase insurance; should consider insuring risk during transit and unloading at terminal.	Assumes risk upon delivery to terminal and made available by seller. Has no obligation to purchase insurance; should consider broad Shipper's Interest coverage to attach upon delivery at terminal.
DAP Delivered at Place (named place of destination)	Bears risk until goods are made available to buyer on the arriving conveyance at named place of destination. Does not assume risks for unloading. Has no obligation to purchase insurance should consider insuring risk during transit.	Assumes risk once goods are ready for unloading from arriving conveyance at named place of destination. Assumes risk of unloading from conveyance. Has no obligation to purchase insurance; should consider broad Shipper's Interest coverage to attach upon unloading.
DDP Delivered Duty Paid (named place of destination)	Bears risk until goods are made available to buyer, cleared for import on the arriving conveyance ready for unloading at the named place of destination. Does not assume risks for unloading at named place of destination from means of conveyance. Has no obligation to purchase insurance; however, should insure risk until delivery.	Assumes risk once goods are ready for unloading from arriving conveyance at named place of destination. Assumes risk of unloading from means of conveyance. Has no obligation to purchase insurance; should consider broad Shipper's Interest coverage to attach upon delivery and unloading.

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Rules for Sea and Inland Waterway Transport		
Terms of Sale	Seller	Buyer
FAS Free Alongside Ship (named port of shipment)	Bears risk until goods have been delivered alongside vessel at named port of shipment. Does not assume risk of loading. Has no obligation to purchase insurance; should consider FOB/FAS coverage to insure pre-carriage risks.	Assumes risk upon delivery alongside vessel at named port of shipment, including risk of loading on vessel. Has no obligation to purchase insurance; should consider broad Shipper's Interest coverage to attach alongside ship.
FOB Free On Board (named port of shipment)	Bears risk until goods are delivered on board vessel at named port of shipment. Assumes risk of loading. Has no obligation to purchase insurance; should consider FOB/FAS coverage to insure during pre-carriage and loading on to vessel.	Assumes risk upon delivery on board vessel at named port of shipment. Does not assume risk of loading. Has no obligation to purchase insurance; should consider broad Shipper's Interest coverage to attach once goods are on board the vessel.
CFR Cost and Freight (named port of destination)	Bears risk until goods are delivered on board vessel at named port of loading. Has no obligation to purchase insurance; should consider FOB/FAS coverage to insure during pre-carriage and loading on to vessel.	Assumes risk for main voyage upon delivery on board vessel. Has no obligation to purchase insurance; should consider broad Shipper's Interest coverage to attach once goods are on board the vessel.
CIF Cost Insurance and Freight (named port of destination)	Bears risk until goods are delivered on board the vessel at named port of loading. Obligated to purchase only minimum cargo coverage as specified in ICC C clauses or similar (FPA) to cover contract price + 10% to cover buyer's risks.	Assumes risk upon delivery on board the vessel. Insurance provided by seller. Should seek from seller broader coverage such as ICC A Clauses or similar (All Risks).

Incoterms address transfer of risk but should not be used as the sole basis of considering insurance. Only CIP and CIF terms specify an insurance obligation; however, the scope of insurance is not specified. All Risk insurance should be secured when available. In addition, buyers and sellers should consider Contingency coverage when they have a financial interest to protect during transit where they are not obligated to purchase cargo insurance.

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