

Incoterms[®] 2020

Risk analysis



KNSure
Cargo Insurance

ClearCargo

NACORA
International Insurance Brokers

Managing **your** risk
is **our** business.

Incoterms® history

- First edition published 1936
- Newest version Incoterms® 2020

Incoterms® are reflecting business to business practice in contract for the sale and purchase of goods.

Purpose

Govern certain aspects of the contract of sale.

- Obligation
- Risk
- Costs

Clarifies where the seller's and buyer's responsibility change during the transport.

INCOTERMS

* abbreviation for **I**nternational **C**ommercial **T**erms

A series of pre-defined commercial terms

Published by the International Chamber of Commerce (ICC)



When do you need insurance?

It is not always totally clear whom is responsible to insure the shipment during the transport,

In this presentation we will guide you through the different delivery terms and clarify when you are at risk and need to have insurance to mitigate the risk.

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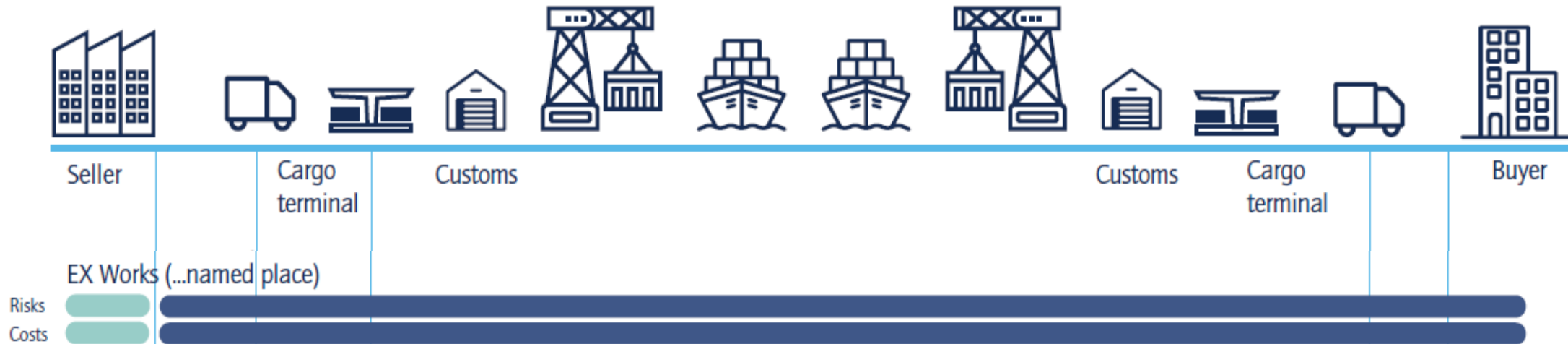


Multimodal transport



EXW
FCA
CPT
CIP
DPU
DAP
DDP

EXW



EXW indicates that the seller is responsible for the transport until shipment is made available for the buyer, usually at the sellers premises. Seller is responsible to ensure the goods are sufficiently and appropriately packed (unless otherwise as agreed between seller and buyer.)

Loading is buyers responsibility, all risk is on the buyer.

The Buyer should insure the cargo from loading at shippers premises.

	Risks	Costs
<ul style="list-style-type: none"> █ Seller █ Buyer 	<p>The possibility that an event may occur which could cause loss of or damage to the goods is a "risk". Buyers and/or sellers can protect themselves against risks by transport insurance.</p>	<p>Covers all costs except costs of documents. Sales and purchase contracts should clearly state which costs on transfer of the goods are for account of buyer and/or seller.</p>

FCA (a)



FCA indicates where the risk transfers from the seller to the buyer. If the location for delivery is at the seller's facility, then the risk transfers when the goods are loaded onto the first carrier. If the location for delivery is at another location, then risk transfers from the seller to the buyer at time of arrival, but before the goods have been off-loaded.

“FCA Seller’s facility, Mölnlycke, Sweden” means that seller will load shipment on buyers designated truck. Freight charge is collect and the risk transfers when the shipment is loaded into the truck.



	Risks	Costs
<ul style="list-style-type: none"> █ Seller █ Buyer 	<p>The possibility that an event may occur which could cause loss of or damage to the goods is a "risk". Buyers and/or sellers can protect themselves against risks by transport insurance.</p>	<p>Covers all costs except costs of documents. Sales and purchase contracts should clearly state which costs on transfer of the goods are for account of buyer and/or seller.</p>

FCA (b)

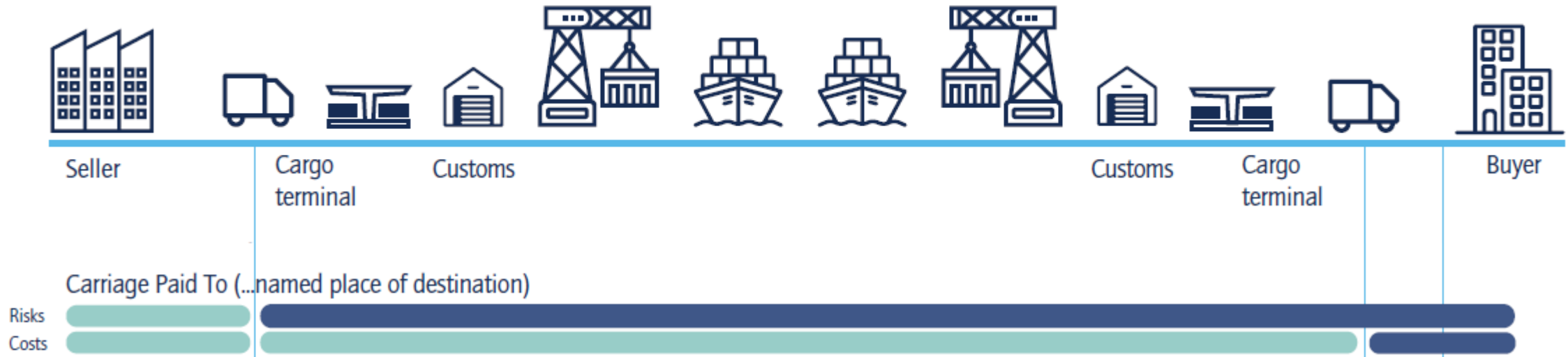


FCA indicates where risk transfers from the seller to the buyer. If the location for delivery is at the seller's facility, then the risk transfers when the goods are loaded onto the first carrier. If the location for delivery is at another location, then risk transfers from the seller to the buyer at time of arrival, but before the goods have been off-loaded

“FCA Airport, LAX” means that the seller will deliver the goods to the Airport on their expense and the risk transfers when shipment is delivered to the first carrier.

	Risks	Costs
 Seller	The possibility that an event may occur which could cause loss of or damage to the goods is a "risk". Buyers and/or sellers can protect themselves against risks by transport insurance.	Covers all costs except costs of documents. Sales and purchase contracts should clearly state which costs on transfer of the goods are for account of buyer and/or seller.
 Buyer		

CPT

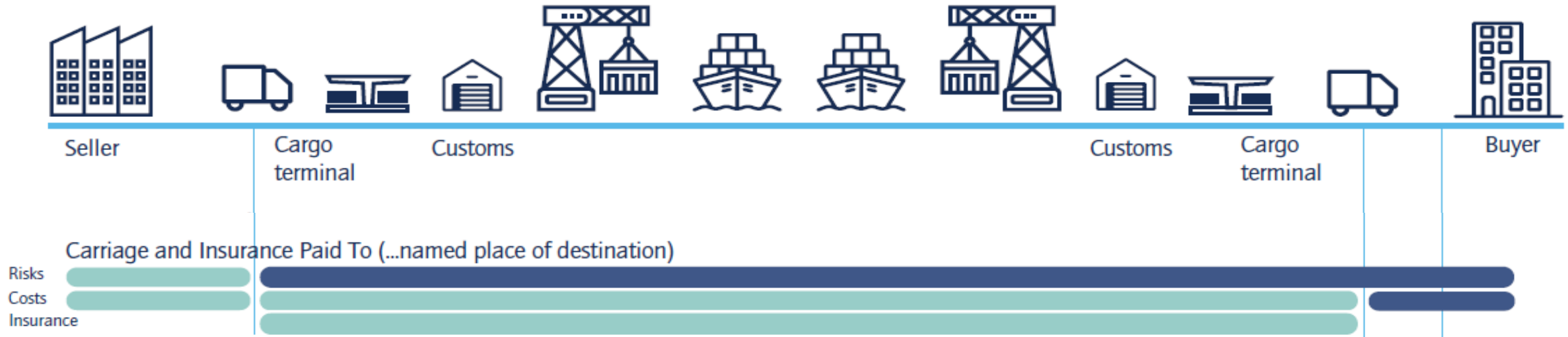


CPT stands for Carriage Paid To - The seller assumes all risks, including loss, until the goods are in the care of the nominated party.

The carrier could be the person or entity responsible for the carriage (by sea transport, rail, road, etc.) of the goods or the person or entity enlisted to procure the performance of the carriage

	Risks	Costs
<ul style="list-style-type: none"> ■ Seller ■ Buyer 	<p>The possibility that an event may occur which could cause loss of or damage to the goods is a "risk". Buyers and/or sellers can protect themselves against risks by transport insurance.</p>	<p>Covers all costs except costs of documents. Sales and purchase contracts should clearly state which costs on transfer of the goods are for account of buyer and/or seller.</p>

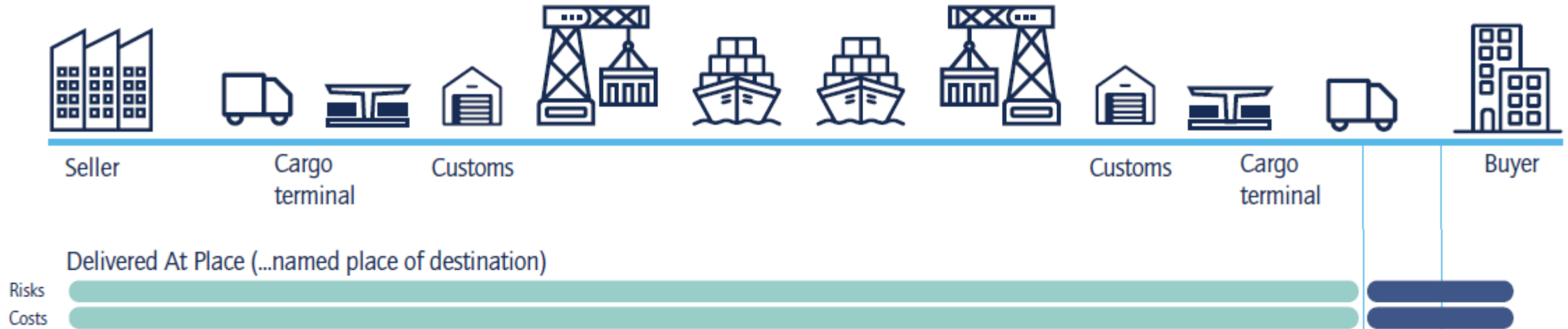
CIP



In Carriage and Insurance Paid To (CIP), the seller assumes all risk until the goods are delivered to the first carrier at the place of shipment, not the place of destination. Once the goods are delivered to the first carrier, the buyer is responsible for all risks. Although seller is obligated to insure shipment from loading at seller premises until it's delivered to buyer at named place. Change from Incoterm® 2010 is that CIP now needs higher coverage level and now ICC A is applicable. As risk transfers to buyer when shipment is delivered to the first carrier it's also the buyer's responsibility to handle the claims handling from that point, if nothing else is agreed between seller and buyer.



	Risks	Costs	Insurance
<ul style="list-style-type: none"> █ Seller █ Buyer 	<p>The possibility that an event may occur which could cause loss of or damage to the goods is a "risk". Buyers and/or sellers can protect themselves against risks by transport insurance.</p>	<p>Covers all costs except costs of documents. Sales and purchase contracts should clearly state which costs on transfer of the goods are for account of buyer and/or seller.</p>	<p>Transport insurance is the responsibility of the seller.</p>

DAP



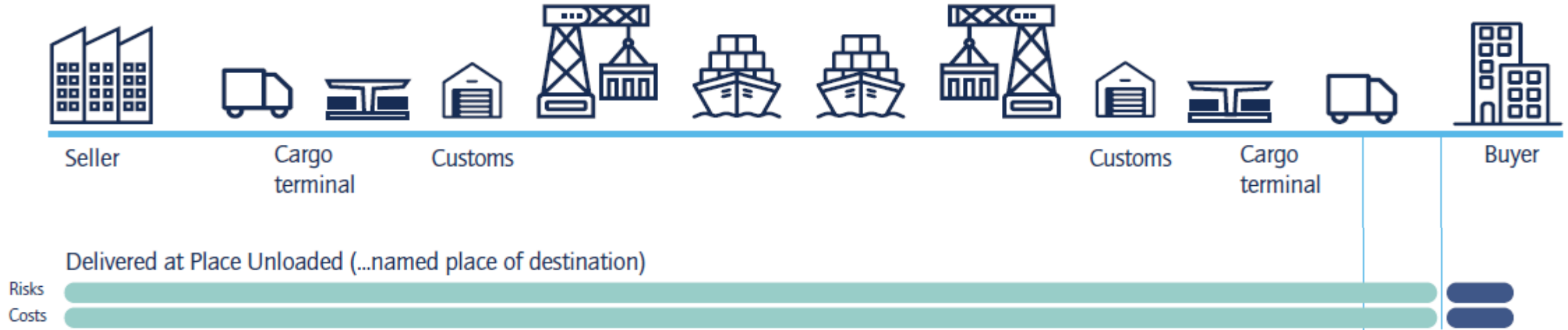
DAP indicates that seller is the responsible party for the transportation, included charges and risk, in transit until the named place, usually delivery place.

Risk and costs is transferred when the shipment is available for unloading, buyer is responsible for unloading.

	Risks	Costs
 Seller	The possibility that an event may occur which could cause loss of or damage to the goods is a "risk". Buyers and/or sellers can protect themselves against risks by transport insurance.	Covers all costs except costs of documents. Sales and purchase contracts should clearly state which costs on transfer of the goods are for account of buyer and/or seller.
 Buyer		



DPU

Previously named Delivered at Terminal (DAT)



DPU means that the seller is responsible for the transportation, including the risk and costs until unloaded at the named port/destination.

After shipment is unloaded at the named port/destination, all risks is being transferred from seller to buyer.

	Risks	Costs
 Seller	The possibility that an event may occur which could cause loss of or damage to the goods is a "risk". Buyers and/or sellers can protect themselves against risks by transport insurance.	Covers all costs except costs of documents. Sales and purchase contracts should clearly state which costs on transfer of the goods are for account of buyer and/or seller.
 Buyer		

DDP



DDP is the INCO term where seller takes maximum risk and responsibility.

Seller is responsible from loading to unloading at named place which should be clearly stated to avoid confusion.

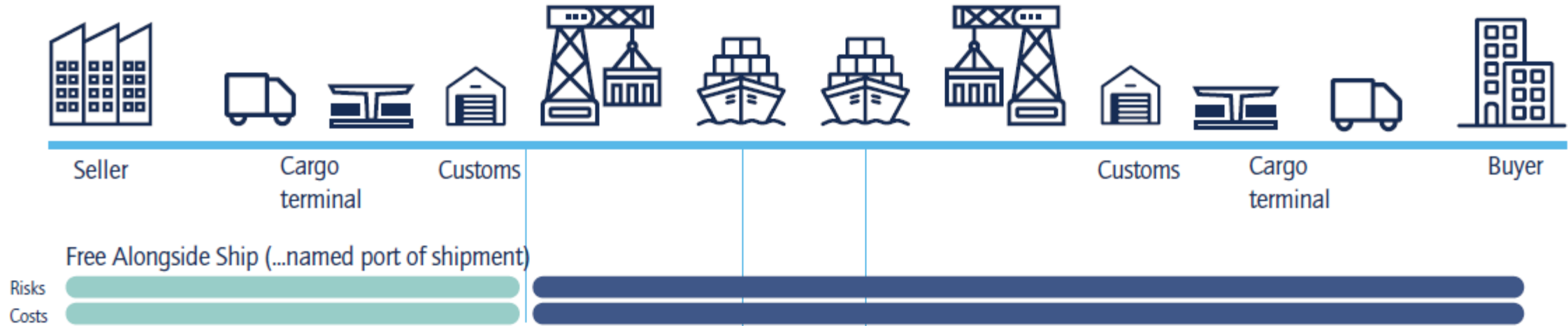
	Risks	Costs
<ul style="list-style-type: none"> ■ Seller ■ Buyer 	<p>The possibility that an event may occur which could cause loss of or damage to the goods is a "risk". Buyers and/or sellers can protect themselves against risks by transport insurance.</p>	<p>Covers all costs except costs of documents. Sales and purchase contracts should clearly state which costs on transfer of the goods are for account of buyer and/or seller.</p>

Sea and waterways transport





FAS
FOB
CFR
CIF

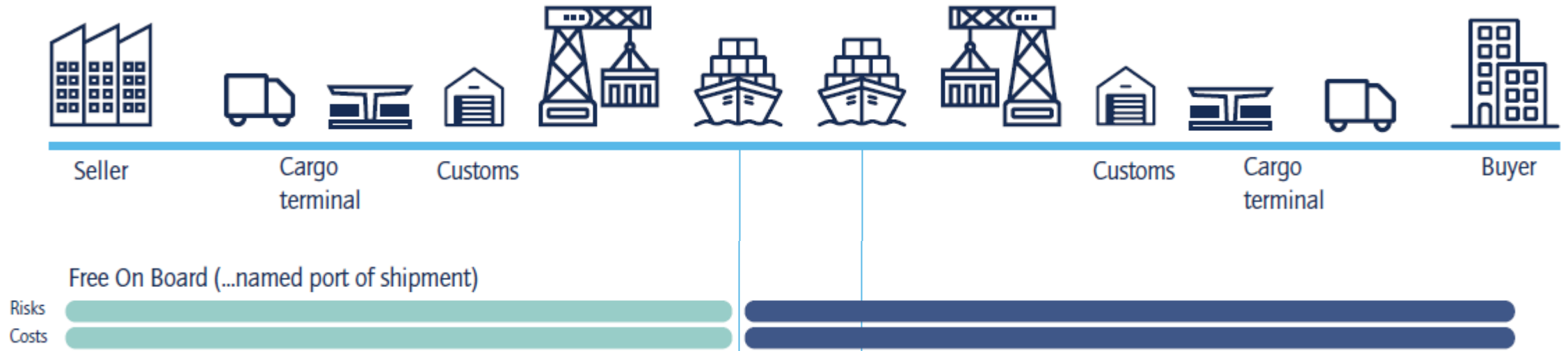
FAS





FAS means that shipper has fulfilled their obligation when the shipment is available alongside the vessel nominated by the buyer at named port of shipment, at the same time the risk transfers from seller to buyer.

	Risks	Costs
 Seller	The possibility that an event may occur which could cause loss of or damage to the goods is a "risk". Buyers and/or sellers can protect themselves against risks by transport insurance.	Covers all costs except costs of documents. Sales and purchase contracts should clearly state which costs on transfer of the goods are for account of buyer and/or seller.
 Buyer		

FOB



FOB means that when shipment is loaded on board the vessel at the named port of shipment all risk is and cost transfers from seller to buyer.

	Risks	Costs
 Seller	The possibility that an event may occur which could cause loss of or damage to the goods is a "risk". Buyers and/or sellers can protect themselves against risks by transport insurance.	Covers all costs except costs of documents. Sales and purchase contracts should clearly state which costs on transfer of the goods are for account of buyer and/or seller.
 Buyer		

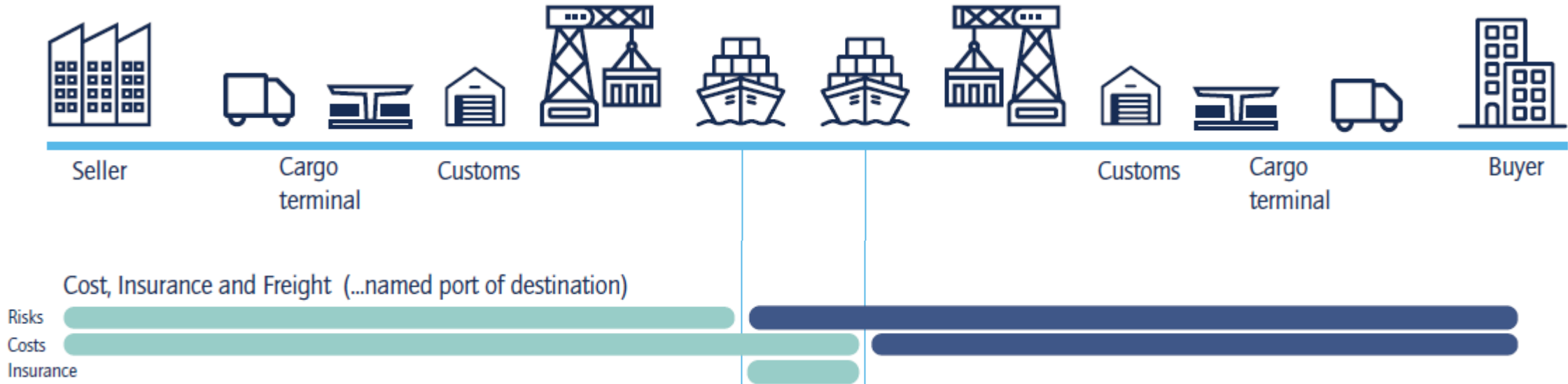
CFR



Risk transfer from the seller to the buyer when the goods pass the ship's rail.
 Seller is not responsible for insuring the goods for the main carriage.

	Risks	Costs	Insurance
<ul style="list-style-type: none"> █ Seller █ Buyer 	<p>The possibility that an event may occur which could cause loss of or damage to the goods is a "risk". Buyers and/or sellers can protect themselves against risks by transport insurance.</p>	<p>Covers all costs except costs of documents. Sales and purchase contracts should clearly state which costs on transfer of the goods are for account of buyer and/or seller.</p>	<p>Transport insurance is the responsibility of the seller.</p>

CIF



Risk transfers when the shipment is fully loaded onboard the transport vessel.

Seller is responsible and obligated to arrange insurance of the goods for the main transport.

Insurance coverage level for delivery term CIF, which seller is obligated to, is the lower coverage ICC C.

	Risks	Costs	Insurance
<ul style="list-style-type: none"> █ Seller █ Buyer 	<p>The possibility that an event may occur which could cause loss of or damage to the goods is a "risk". Buyers and/or sellers can protect themselves against risks by transport insurance.</p>	<p>Covers all costs except costs of documents. Sales and purchase contracts should clearly state which costs on transfer of the goods are for account of buyer and/or seller.</p>	<p>Transport insurance is the responsibility of the seller.</p>



Our KN Sure products

KN Sure is an insurance solution specifically developed for Kuehne + Nagel customers and provide a flexible insurance solution for your shipments with KN.

At Nacora, we understand logistics and have used this knowledge to develop a range of straightforward product options at competitive pricing.

KNSure Spot - Solution for those who want to insure individual shipments against Unforeseen circumstances during transit

KNSure Flex - Packaged insurance solutions for planned shipments offering you flexibility, minimising administration and time

KNSure Fix - Continuous annual cover for all shipments

It is still a common believe that transport companies, handling agents, terminals, freight forwarder or carriers will fully compensate the cargo interest in the event of a loss or damage.

In practice the liability of those parties arranging or actually transporting and handling the goods is often governed by standard trading conditions and in respect of international carriage of goods contracts by international conventions. Those terms limit or even exclude the liability of freight forwarders, carriers and handling agents. Some of those international conventions are mandatory applicable by law and in general the liability for cargo loss or damage is based on the weight of the goods and not the commercial invoice value.

For any cargo interest to be adequately protected from financial losses caused by Good in Transit Risks, an adequate cargo insurance must be purchased in accordance with the respective shipment terms (INCOTERMS) agreed between buyer and seller under any sale of goods contract.

This will ensure that for risk insured under a cargo insurance you will recover the full value of your goods within the insured limits, i.e. commercial invoice value.

Clear Cargo

Our Clear Cargo products

Clear Cargo is an insurance solution where we provide an insurance solution for all your shipments, independent of which freight forwarded that's handling the transport.

Our products vary depending on the frequency of your shipments and service requirements. We can also tailor these insurance solutions by the industry in which you operate

Individual cargo insurance solutions

We at Nacora wish to understand your business needs, details on how you plan the carriage of your goods and who you work with for arranging the transport or storage in order to design and provide the most adequate risk coverage to your goods carried by air, sea, road or rail.

Our Clear Cargo insurance proposition provides not only a convenient and easy to understand solution to companies and individuals seeking full value insurance for goods in transit during import or export, both nationally and internationally. It also takes into account the conditions you may agree upon under the contract of carriage and the processes you put in place to control sensitive, high value or temperature controlled cargo.

Managing *your* risk is *our* business.

Nacora at a glance

Over 40 offices in key trading centres around the world



Commercial cover for all your business needs and specialized marine expertise



A straight-talking firm built on integrity and efficiency



Substantial financial, physical and human resources across the world



Competitive while maintaining the highest standards



Driven by an energetic and dedicated work ethic



Our specialist knowledge and expertise is always delivered in a friendly and helpful way



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