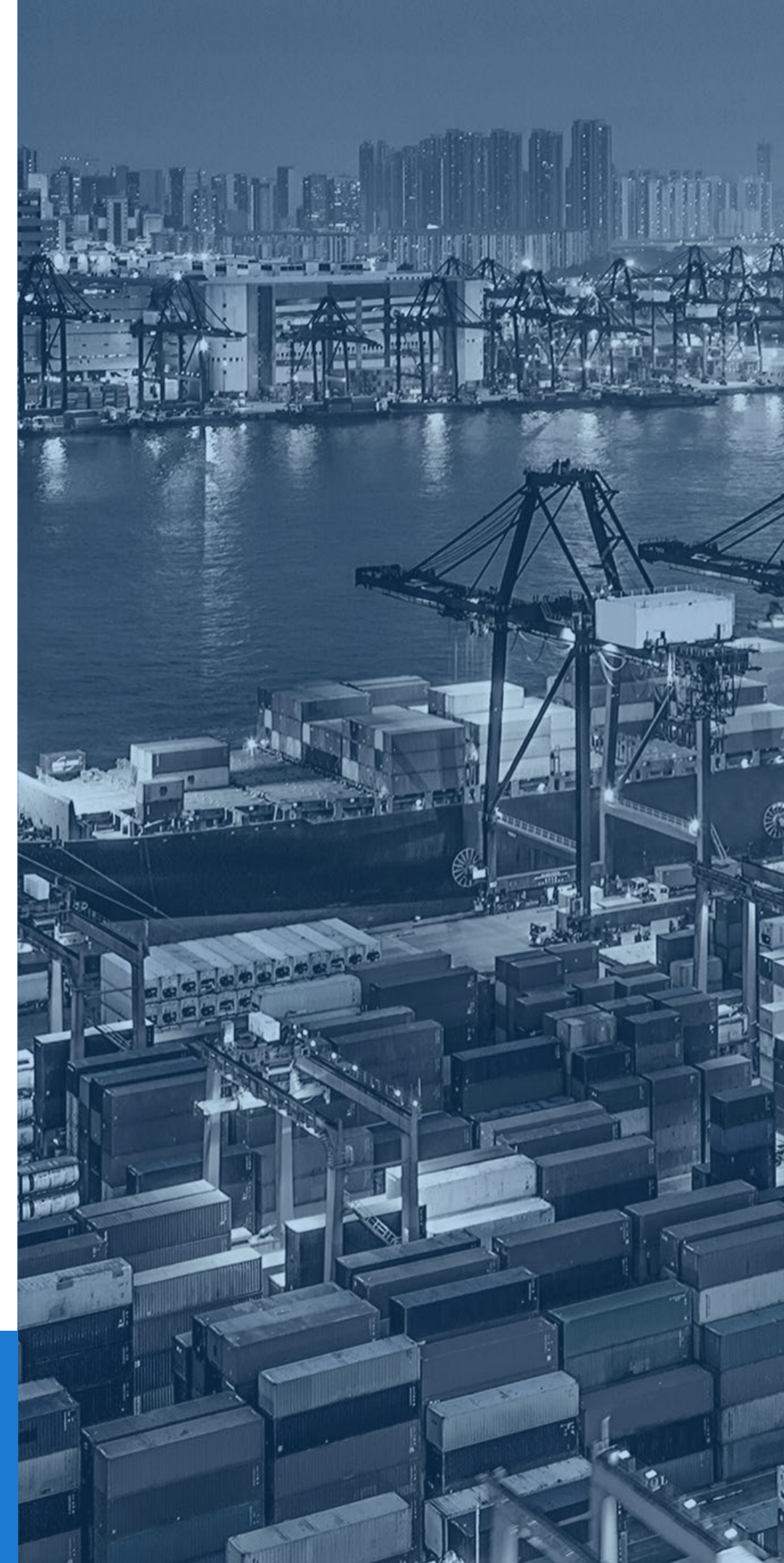


UNDERSTANDING
INCOTERMS[®]
With 2020 Update

Kristen K. Morneau, LCB



THE BASICS

WHO

WHAT

WHERE

to be
point
Risk
dan
pos

**WHERE THE RISK
TRANSFERS FROM
SELLER TO BUYER**



**WHERE THE
OBLIGATION
TRANSFERS FROM
SELLER TO BUYER**

WHAT'S NEW

IN INCOTERMS® 2020

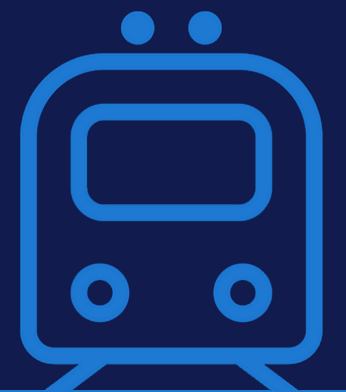
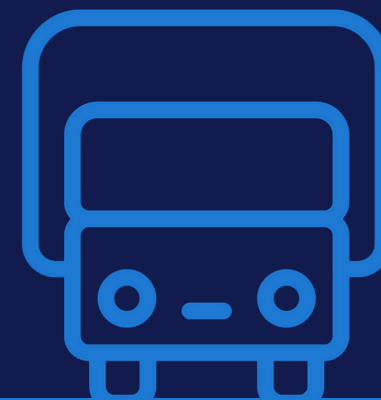
THE SCOOP

- Explanatory notes for users
- Costs and where they are listed
- Inclusion of security -related requirements
- **FCA**-allows "on-board bill of lading" by agreement between buyer and seller
 - can be used for letters of credit

THE SCOOP

- Different levels of insurance coverage in **CIF & CIP**
- Replacement of **DAT** with **DPU**
- Arranging for carriage with seller's or buyer's own means of transport

RULES FOR
ANY MODE OF TRANSPORT



EXW

EX
WORKS

FCA

FREE
CARRIER

CPT

CARRIAGE
PAID TO

CIP

CARRIAGE &
INSURANCE
PAID TO

DAP

DELIVERED
AT PLACE

DPU

DELIVERED
AT PLACE
UNLOADED

DDP

DELIVERED
DUTY PAID

RISK & COST

DPU

DELIVERED AT PLACE
UNLOADED

Once **unloaded** at named destination.

Transport to named place on **destination side** and unloaded.

DELIVERED AT PLACE UNLOADED

- Replaces DAT (Delivered at Terminal)
- More flexible than DAT
- Only rule that includes unloading
- Buyer still pays for import clearance



RULES FOR
SEA & INLAND WATERWAY





FREE
ALONGSIDE
SHIP



FREIGHT ON
BOARD



COST &
FREIGHT



COST
INSURANCE &
FREIGHT

INSURANCE UNDER INCOTERMS®

- Different minimum requirements
 - **CIF**-limited coverage
 - FPA (Free of Particular Average)
 - **CIP**-all risks coverage
 - Does not cover everything
- Recommend use of **all risk coverage** for all policies

INSURANCE UNDER INCOTERMS®

- Insurance certificate **MUST** be in buyer's name
- Buyers and sellers should **always** consider insurance regardless of Incoterms® rule

USING INCOTERMS FOR DOMESTIC

- **2002**
 - Shipping terms FOB, FAS, and CIF were removed from UCC and Incoterms 2010 and 2020 started.
- Simplifies logistics
- Incoterms rules written with **domestic use** in mind

Questions?



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Thank you

For contact information, be sure to grab a business card.



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