

# INCOTERMS

## CIF

### **COST, INSURANCE AND FREIGHT (...named port of destination)**

“Cost, Insurance and Freight” means that the seller delivers when the goods pass the ship’s rail at the port of shipment.

The seller must pay the costs and freight necessary to bring the goods to the named port of destination BUT the risk of loss of or damage to the goods, as well as any additional costs due to events occurring after the time of deliver, are transferred from the seller to the buyer. However, in CIF the seller also has to procure marine insurance against the buyer’s risk of loss of or damage to the goods during carriage.

Consequently, the seller contracts for insurance and pays the insurance premium. The buyer should note that under the CIF term the seller is required to obtain insurance only on minimum cover. Should the buyer wish to have the protection of greater cover, he would either need to agree as much expressly with the seller or to make his own extra insurance arrangements.

The CIF term requires the seller to clear the goods for export.

This term can be used only for sea and inland waterway transport. If the parties do not intent to deliver the goods across the ship’s rail, the CIP term should be used.