

Incoterms 2020

CIP – Carriage & Insurance Paid To (named place of destination)

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Under CIP, the seller arranges and pays for the main carriage to a named place/ point of destination, as well as obtaining minimum coverage insurance.

The seller delivers the goods to the carrier of their choice, contracts for and pays all costs of carriage necessary to bring the goods to the named place of destination.

This term has two critical points because risk passes and costs are transferred at different places.

The risk of loss or damage to the goods passes from the seller to the buyer when the goods are handed over to the carrier, not when they reach the place of destination. If several carriers are used for the carriage and the parties do not agree on a specific delivery point, then the risk for loss or damage to the goods transfers when they are delivered to the first carrier.

Under the CIP term, the seller is responsible to procure minimum coverage insurance against the buyer's risk of loss/damage to the goods during carriage. Should the buyer require greater insurance protection, they would either need to agree expressly with the seller or make its own extra insurance arrangements.

This term may be used for all modes of transportation.

- Carriage and minimum insurance to be arranged by the seller.
- Risk transfers from the seller to the buyer when the goods have been delivered to the carrier.
- Cost transfers from the seller to the buyer at the named place of destination.

The buyer has the obligation to clear the goods for import, pay any import duty and carry out any import customs formalities.

- Transfer of risk
- Transfer of cost
- Transfer of risk and Transfer of cost



For more information please call 1-800-313-4281
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