CIF – Cost, Insurance & Freight

Cost, Insurance and Freight means that the seller delivers when the goods pass the ship's rail in 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 delivery, 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 the 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 (Refer to Introduction paragraph 9.3). 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 intend to deliver the goods across the ship's rail, the CIP term should be used

<table>
<thead>
<tr>
<th>A. The Seller's Obligations</th>
<th>B. The Buyer's Obligations</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A1 Provision of goods in conformity with the contract</strong></td>
<td><strong>B1 Payment of the price</strong></td>
</tr>
<tr>
<td>The seller must provide the goods and the commercial invoice, or its equivalent electronic message, in conformity with the contract of sale and any other evidence of conformity, which may be required by the contract.</td>
<td>The buyer must pay the price as provided in the contract of sale.</td>
</tr>
</tbody>
</table>
A2 Licences, authorisations and formalities

The seller must obtain at his own risk and expense any export licence or other official authorisation and carry out, where applicable (Refer to Introduction paragraph 14), all customs formalities necessary for the export of the goods.

A3 Contracts of carriage and insurance

a) Contract of carriage
The seller must contract on usual terms at his own expense for the carriage of the goods to the named port of destination by the usual route in a seagoing vessel (or inland waterway vessel as the case may be) of the type normally used for the transport of goods of the contract description.

b) Contract of insurance
No obligation
(Refer to Introduction paragraph 10).

A4 Delivery

The seller must deliver the goods on board the vessel at the port of shipment on the date or within the agreed period.

B2 Licences, authorisations and formalities

The buyer must obtain at his own risk and expense any import licence or other official authorisation and carry out, where applicable (Refer to Introduction paragraph 14), all customs formalities for the import of the goods and for their transit through any country.

B3 Contracts of carriage and insurance

a) Contract of carriage
No obligation
(Refer to Introduction paragraph 10).

b) Contract of insurance
No obligation
(Refer to Introduction paragraph 10).

B4 Taking delivery

The buyer must accept delivery of the goods when they have been delivered in accordance with A4 and receive them from the carrier at the named port of destination.
A5 Transfer of risks

The seller must, subject to the provisions of B5, bear all risks of loss of or damage to the goods until such time as they have passed the ship's rail at the port of shipment.

B5 Transfer of risks

The buyer must bear all risks of loss of or damage to the goods from the time they have passed the ship's rail at the port of shipment.

The buyer must, should he fail to give notice in accordance with B7, bear all risks of loss of or damage to the goods from the agreed date or the expiry date of the period fixed for shipment provided, however, that the goods have been duly appropriated to the contract, that is to say, clearly set aside or otherwise identified as the contract goods.

A6 Division of costs

The seller must, subject to the provisions of B6, pay

- all costs relating to the goods until such time as they have been delivered in accordance with A4; and
- the freight and all other costs resulting from A3 a), including the costs of loading the goods on board; and the costs of insurance resulting from A3 b); and
- any charges for unloading at the agreed port of discharge which were for the seller's account under the contract of carriage; and
- where applicable (Refer to Introduction paragraph 14), the costs of customs formalities necessary for export as well as all duties, taxes and other charges payable upon export, and for their transit through any country if they were for the seller's account under the contract of carriage.

B6 Division of costs

The buyer must, subject to the provisions of A3, pay

- all costs relating to the goods from the time they have been delivered in accordance with A4; and
- all costs and charges relating to the goods whilst in transit until their arrival at the port of destination, unless such costs and charges were for the seller's account under the contract of carriage; and
- unloading costs including lighterage and wharfage charges, unless such costs and charges were for the seller's account under the contract of carriage; and
- all additional costs incurred if he fails to give notice in accordance with B7, for the goods from the agreed date or the expiry date of the period fixed for shipment, provided, however, that the goods have been duly appropriated to the contract, that is to say, clearly set aside or otherwise identified as the contract goods; and
where applicable (Refer to Introduction paragraph 14), all duties, taxes and other charges as well as the costs of carrying out customs formalities payable upon import of the goods and, where necessary, for their transit through any country unless included within the cost of the contract of carriage.

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**A7 Notice to the buyer**

The seller must give the buyer sufficient notice that the goods have been delivered in accordance with A4 as well as any other notice required in order to allow the buyer to take measures which are normally necessary to enable him to take the goods.

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**B7 Notice to the seller**

The buyer must, whenever he is entitled to determine the time for shipping the goods and/or the port of destination, give the seller sufficient notice thereof.

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**A8 Proof of delivery, transport document or equivalent electronic message**

The seller must, at his own expense, provide the buyer without delay with the usual transport document for the agreed port of destination. This document (for example a negotiable bill of lading, a non-negotiable sea waybill or an inland waterway document) must cover the contract goods, be dated within the period agreed for shipment, enable the buyer to claim the goods from the carrier at the port of destination and, unless otherwise agreed, enable the buyer to sell the goods in transit by the transfer of the document to a subsequent buyer (the negotiable bill of lading) or by notification to the carrier. When such a transport document is issued in several originals, a full set of originals must be presented to the buyer. Where the seller and the buyer have

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**B8 Proof of delivery, transport document or equivalent electronic message**

The buyer must accept the transport document in accordance with A8 if it is in conformity with the contract.
agreed to communicate electronically, the
document referred to in the preceding
paragraphs may be replaced by an
equivalent electronic data interchange
(EDI) message.

<table>
<thead>
<tr>
<th>A9 Checking - packaging - marking</th>
<th>B9 Inspection of goods</th>
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</thead>
<tbody>
<tr>
<td>The seller must pay the costs of those checking operations (such as checking quality, measuring, weighing, counting) which are necessary for the purpose of delivering the goods in accordance with A4. The seller must provide at his own expense packaging (unless it is usual for the particular trade to ship the goods of the contract description unpacked) which is required for the transport of the goods arranged by him. Packaging is to be marked appropriately.</td>
<td></td>
</tr>
<tr>
<td>The buyer must pay the costs of any pre-shipment inspection except when such inspection is mandated by the authorities of the country of export.</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>A10 Other obligations</th>
<th>B10 Other obligations</th>
</tr>
</thead>
<tbody>
<tr>
<td>The seller must render the buyer at the latter's request, risk and expense, every assistance in obtaining any documents or equivalent electronic messages (other than those mentioned in A8) issued or transmitted in the country of shipment and/or of origin which the buyer may require for the import of the goods and, where necessary, for their transit through any country. The seller must provide the buyer, upon request, with the necessary information for procuring any additional insurance.</td>
<td></td>
</tr>
<tr>
<td>The buyer must pay all costs and charges incurred in obtaining the documents or equivalent electronic messages mentioned in A10 and reimburse those incurred by the seller in rendering his assistance in accordance therewith. The buyer must provide the seller, upon request, with the necessary information for procuring insurance.</td>
<td></td>
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</tbody>
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