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# Delivery terms explained

Incoterms 2020



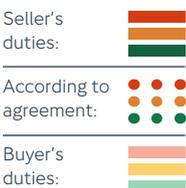
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# Delivery terms – Incoterms 2020

Delivery terms as part of a purchase or sales agreement can be interpreted differently around the world and can lead to misunderstandings between the seller and buyer of the goods. The International Chamber of Commerce has therefore drawn up a standard definition of these conditions, called Incoterms.

These terms, as illustrated below, describe when the risk is transferred from the seller to the buyer and who carries the costs. The only clauses requiring one party to insure the other party's risk are CIF and CIP.

## Rules for any mode or modes of transport:



# Rules for any mode or modes of transport:

## CIP

Carriage and Insurance Paid To  
(named place of destination + Incoterms 2020)



**The risk transfers when the goods are delivered to the carrier.**

The seller must, at his own expense, contract or procure a contract for the carriage of the goods from the agreed point of delivery to the named place of destination ready for unloading and cleared for export. The seller is required to obtain insurance cover complying with Insitute Cargo Clauses (A).

The buyer bears all risks of loss of or damage to the goods from the time they have been delivered at the agreed place of delivery, cleared for import. Buyer must pay unloading costs if it's not included in seller's contract of carriage.

## DAP

Delivered at Place  
(named place of destination + Incoterms 2020)



The seller bears all risk of loss of or damage to the goods and must pay all costs relating to the goods and their transport until they have been delivered. Seller must clear for export.

The buyer bears all risk of loss of or damage to the goods from the time the goods have been delivered and cleared for import.

**The risk transfers when the goods are placed at the disposal of the buyer, on the arriving means of transport, ready for unloading at the named place of destination.**

## DPU

Delivered at Place Unloaded  
(named place of destination + Incoterms 2020)



The seller bears all risk of loss of or damage to the goods and must pay all costs relating to the goods and their transport until they have been delivered. Seller must clear for export.

The buyer bears all risk of loss of or damage to the goods from the time the goods have been delivered and cleared for import.

**The risk transfers when the goods, once unloaded from the arriving means of transport, are placed at the disposal of the buyer at a named place of destination.**

## DDP

Delivered Duty Paid  
(named place of destination + Incoterms 2020)



The seller bears all risk of loss of or damage to the goods and must pay all costs relating to the goods and their transport until they have been delivered. Seller must clear for export, and is responsible for the payment of import duty and applicable taxes.

The buyer bears all risk of loss of or damage to the goods from the time the goods have been delivered.

**The risk transfers when the goods are placed at the disposal of the buyer at the named place of destination, cleared for import and ready for unloading.**

Seller's duties:

According to agreement:

Buyer's duties:

# Rules for sea and inland waterway transport:

## FAS

Free Alongside Ship  
(named port of shipment + Incoterms 2020)

The seller is required to deliver the goods alongside the ship or to procure goods already so delivered for shipment and cleared for export.

**The risk transfers when the goods are placed alongside the ship.**

The buyer must contract for carriage of the goods and bear all costs and risks from the moment the goods are alongside the ship and clear for import.

## FOB

Free On Board  
(named port of shipment + Incoterms 2020)

The seller is required to deliver the goods on board the vessel or to procure goods already so delivered for shipment, cleared for export. Seller must pay loading costs if it is not included in buyers contract of carriage.

**The risk transfers when the goods are delivered on board the vessel.**

The buyer must contract for carriage of the goods and bear all costs and risk from the moment the goods are on board the vessel and clear for import.

## CFR

Cost and Freight  
(named port of destination + Incoterms 2020)

The seller must, at his own expense, contract or procure a contract for the carriage of the goods from the port of delivery to the named port of destination, ready for unloading and cleared for export.

**The risk transfers when the goods are delivered on board the vessel.**

The buyer bears all risks of loss of or damage to the goods from the time they have been delivered on board the vessel at the agreed port of delivery and clear for import. Buyer must pay unloading costs if it's not included in seller's contract of carriage.

## CIF

Cost, Insurance and Freight  
(named port of destination + Incoterms 2020)

The seller must, at his own expenses, contract or procure a contract for the carriage of the goods from the port of delivery to the named port of destination ready for unloading, and cleared for export. The seller is required to obtain insurance cover minimum complying with Institute Cargo Clauses (C).

**The risk transfers when the goods are delivered on board the vessel.**

The buyer bears all risks of loss of or damage to the goods from the time they have been delivered on board the vessel at the agreed port of delivery and clear for import. Buyer must pay unloading costs if it's not included in seller's contract of carriage.

- Seller's duties:
- According to agreement:
- Buyer's duties:

This booklet provides brief information on the transfer of risk and cost between buyer and seller using the most common trade clauses (Incoterms 2020). For a complete overview of the clauses see: Incoterms 2020 by the International Chamber of Commerce (ICC).