CIF - COST INSURANCE AND FREIGHT

Cost, Insurance and Freight Procedures must be followed. View CIF information and procedures below, or you may view our Shipping Procedures in Acrobat Reader.

"Cost, Insurance and Freight" means that the seller has the same obligations as under CFR but with the addition that he has to procure marine insurance against the buyer's risk of loss of or damage to the goods during the carriage. The seller contracts for insurance and pays the insurance premium. The buyer should note that under the CIF term the seller is only required to obtain insurance on minimum coverage. The CIF term requires the seller to clear the goods for export. This term can only be used for sea and inland waterway transport. When the ship's rail serves no practical purposes such as in the case of roll-on/roll-off or container traffic, the CIP term is more appropriate to use.

SECTION A:
THE SELLER MUST

A1. Provision of goods in conformity with the contract 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.

A2. Licenses, authorizations and formalities necessary for the exportation of the goods.

A3. Contract of carriage and insurance
   a) Contract of carriage
      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 appropriate) of the type normally used for the transport of goods of the contract description.

   b) Contract of insurance
      Obtain at his own expense cargo insurance as agreed in the contract, that the buyer, or any other person having an insurable interest in the goods, shall be entitled to claim directly from the insurer and provide the buyer with the insurance policy or other evidence of insurance cover.

      The insurance shall be contracted with underwriters or an insurance company of good repute and, failing express agreement to the contrary, be in accordance with minimum cover of the Institute Cargo Clauses (Institute of London Underwriters) or any similar set of clauses. The duration of insurance cover shall be in accordance with B.5. and B.4. When required by the buyer, the seller shall provide at the buyer's expense war, strikes, riots and civil commotion risk insurance if procurable. The minimum insurance shall cover the price provided in the contract plus ten percent (i.e. 110%) and shall be provided in the currency of the contract.

A4. Delivery
   Deliver the goods on board the vessel at the port of shipment on the date ore within the period stipulated.

A5. Transfer of risks
Subject to the provisions of B.5., 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.

A6. Division of costs
Subject to the provisions of B.6. · Pay all costs relating to the good until they have been delivered in accordance with A.4. as well as the freight and all other costs resulting from A.3., including costs of loading the goods on board and any charges for unloading at the port of discharge which may be levied by regular shipping lines when contracting for carriage; · Pay the costs of customs formalities necessary for exportation as well as all duties, taxes and other official charges payable upon exportation.

A7. Notice to the buyer
Give the buyer sufficient notice that the goods have been delivered on board the vessel 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.

A8. Proof of delivery, transport document or equivalent electronic message
Unless otherwise agreed, at his own expense provide the buyer without delay with the usual transport document for the agreed port of destination.

This document (for example, negotiable bill of lading, a nonnegotiable 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 destination and, unless otherwise agreed, enable the buyer to sell the goods in transit by the transfer of 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. If the transport document contains a reference to a charter party, the seller must also provide a copy of this latter document.

Where the seller and the buyer have agreed to communicate electronically, the document referred to in the preceding paragraphs may be replaced by an equivalent electronic data interchange (EDI) message.

A9. Checking - packaging - marking
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 A.4. 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.

A10. Other obligations
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 A.8.) issued or transmitted in the country of shipment and/or of origin which the buyer may require for the importation of the goods and, where necessary, for their transit through another country.

SECTION B:
THE BUYER MUST
B1. Payment of the Price
Pay the price as provided in the contract of sale.

B2. Licenses, authorizations and formalities.
Obtain at his own risk and expense any import license or other official authorization and carry out all customs formalities for the importation of the goods and, where necessary, for their transit through another country.

B3. Contract of carriage
No obligation

B4. Taking delivery
Accept delivery of the goods when they have been delivered in accordance with A.4. and receive them from the carrier at the named port of destination.

B5. Transfer of risks
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.

Should he fail to give notice in accordance with B.7., 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.

B6. Division of costs
Subject to the provisions of A.3., pay all costs relating to the goods from the time they have been delivered in accordance with A.4. and, unless such costs and charges have been levied by regular shipping lines when contracting for carriage, pay all costs and charges relating to the goods whilst in transit until their arrival at the port of destination, as well as unloading costs including lighterage and wharfage charges.

Should he fail to give notice in accordance with b.7. pay the additional costs thereby incurred 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.

Pay all duties, taxes and other official charges as well as the costs of carrying out customs formalities payable upon importation of the goods and, where necessary, for their transit through another country.

B7. Notice to the seller
Whenever he is entitled to determine the time for shipping the goods and/or the port of destination, give the seller sufficient notice thereof.

B8. Proof of delivery, transport document or equivalent electronic message
Accept the transport document in accordance with A.8. if it is in conformity with the contract.

B9. Inspection of goods
Pay, unless otherwise agreed, the costs of pre-shipment inspection except when mandated by the authorities of the country of exportation.
B10. Other obligations
Pay all cost and charges incurred in obtaining the documents or equivalent electronic messages mentioned in A.10. and reimburse those incurred by the seller in rendering his assistance in accordance therewith.

Provide the seller, upon request, with the necessary information for procuring insurance.

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