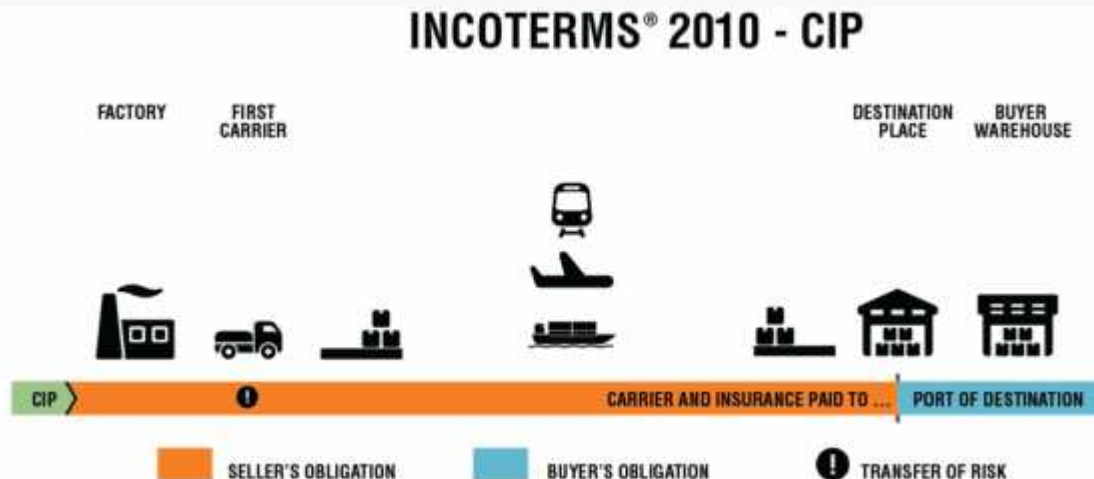


# Carriage and Insurance Paid To

What is CIP?

CIP (or Carriage and Insurance Paid To) is an Incoterm where the seller is responsible for the delivery of goods to an agreed destination in the buyer's country, and must pay for the cost of this carriage. The seller's risk however, ends once they have placed the goods on the ship, at the origin destination. The buyer can pay for additional insurance during carriage of the goods.

The risk is passed when the goods are received by the first carrier. Carriage and Insurance Paid To is eligible for any form of transportation.



*Diagram: CIP – obligations from the seller and buyer, and where the transfer of risk lies when shipping goods from the seller's factory to the destination place of the buyer. Source*

**Transport Modes:**

Rail, Sea, Air, Road

## How does CIP work?

Cost and Insurance Paid To requires the seller to pay for the cost of transporting the goods and also minimum insurance to transport them to the end destination.

With CIP, the seller pays for both the **transportation** and the **insurance** to the destination. The seller also needs to insure the goods during carriage, and it's normally always at a minimum cover level as the liability lies with the buyer at this point. Minimum insurance might not be adequate for manufactured goods or high value / precious merchandise.

Given that the goods being shipped are at the buyer's own risk, it's advisable for the buyer to ensure adequate insurance protection is in place. The term 'delivery' means from the country of origin to the final destination. The seller also needs to arrange export clearance from the origin country of the goods, which can be for any mode of transport.

In the case of CIP, damaged goods can be claimed against the insurance company through the buyer. When the goods arrive in the port of destination, the buyer needs to ensure the goods clear through customs.



<p><b>4. Delivery</b> The seller must deliver the goods to the first carrier as agreed at a named place and time</p>	<p><b>4. Taking delivery</b> Take delivery of the goods at the agreed place</p>
<p><b>5. Transfer of risks</b> The seller is responsible for any goods which are lost or damaged if this happens before the goods have been delivered</p>	<p><b>5. Transfer of risks</b> Assume all risk of loss and damage at the time the goods have been delivered to the first carrier</p>
<p><b>6. Division of costs</b> The seller pays all of the costs incurred until the goods have been delivered to the first carrier, including loading at the place of origin and unloading at the place of destination under the agreed contract</p> <p>All export cost, duties and taxes should be covered until the agreed point of destination, as well as the cost of insurance</p>	<p><b>6 Division of costs</b> The buyer pays all of the costs until the goods have been delivered at point of destination, cost and charges while cargo is in transit not included in the contract of carriage, duties and taxes at destination as well as import clearance</p>
<p><b>7. Notice to the buyer</b> The seller must provide notice that the goods have been delivered</p>	<p><b>7. Notice to the seller</b> The buyer must provide sufficient notice for the goods to be delivered as per agreement</p>
<p><b>8. Proof of delivery, transport document or equivalent electronic message</b> The seller must provide the usual transport document or electronic message equivalent to show proof of delivery</p>	<p><b>8. Proof of delivery</b> Transport document or equivalent electronic message, accept the transport document as per contract</p>
<p><b>9. Checking</b> The seller must bear the cost of checking, quality control, measuring, weighing, counting, packing of goods and marking. If a special package is required, the buyer</p>	<p><b>9. Inspection of goods</b> The buyer must bear the cost of pre-shipment and exports inspection except when is mandatory by the government</p>

<p>must inform the seller and agreed on any extra expenses</p>	
<p><b>10. Other obligations</b> The seller must cooperate with all the documentation for export and insurance</p>	<p><b>10. Other obligations</b> Reimburse the seller for cost related to obtain documentation that buyer requires for customs clearance at destination.</p>