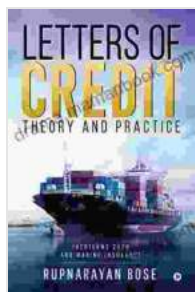


Incoterms 2024: A Comprehensive Guide to the Latest Update and Its Impact on Marine Insurance

Incoterms (International Commercial Terms) are a set of standardized trade terms developed by the International Chamber of Commerce (ICC) to facilitate international trade. They define the responsibilities, risks, and costs associated with the transport and delivery of goods between buyers and sellers. The latest update, Incoterms 2024, was published in September 2023 and will come into effect on January 1, 2024. This article provides a comprehensive guide to the key changes in Incoterms 2024 and their implications for marine insurance.

Key Changes in Incoterms 2024

Incoterms 2024 introduces several important changes compared to the previous version, Incoterms 2020. These changes are intended to address the evolving needs of global trade, enhance clarity, and reduce the risk of disputes. The following are the most significant changes:



Letters of Credit: Theory and Practice : Incoterms 2024 and Marine Insurance by Rupnarayan Bose

★★★★☆ 4.7 out of 5

Language : English
File size : 8101 KB
Text-to-Speech : Enabled
Screen Reader : Supported
Enhanced typesetting : Enabled
Word Wise : Enabled
Print length : 436 pages



1. DAT (Delivered at Terminal) Replaces DAT (Delivered at Terminal)

DAT (Delivered at Terminal) has been renamed DAT (Delivered at Terminal) to better reflect the nature of the term. Under DAT, the seller is responsible for delivering the goods to the terminal designated by the buyer. The buyer is responsible for unloading the goods at the terminal. This change clarifies the responsibilities of the parties involved in the delivery process.

2. FCA (Free Carrier) Now Covers Pre-Carriage

FCA (Free Carrier) has been expanded to cover pre-carriage, which refers to the transport of goods from the seller's premises to the main carrier. This change aligns with the practice of many businesses, which often arrange for the pre-carriage of goods.

3. New Rule for Carriage Paid To (CPT) and Carriage and Insurance Paid To (CIP)

Incoterms 2024 introduces a new rule for CPT (Carriage Paid To) and CIP (Carriage and Insurance Paid To). The seller is now required to procure transit insurance that covers the goods until they are delivered to the named destination. This change provides additional protection for buyers and reduces the risk of disputes.

4. Clarification of Seller's Obligations Under DPU (Delivered at Place Unloaded)

DPU (Delivered at Place Unloaded) has been clarified to specify that the seller is responsible for unloading the goods from the arriving means of

transport at the named destination. This change removes any ambiguity regarding the seller's responsibilities in this respect.

Impact of Incoterms 2024 on Marine Insurance

The changes in Incoterms 2024 have several implications for marine insurance. These include:

1. Increased Demand for Transit Insurance

The new rule for CPT and CIP requires the seller to procure transit insurance. This will lead to an increased demand for transit insurance policies. Buyers may also consider purchasing additional insurance to cover any gaps in coverage provided by the seller.

2. Changes in Coverage for Pre-Carriage

The expansion of FCA to cover pre-carriage means that buyers will need to consider purchasing insurance for this portion of the transit. Pre-carriage insurance can protect against risks such as theft, damage, and loss of goods during transportation to the main carrier.

3. Clarification of Insurance Responsibilities

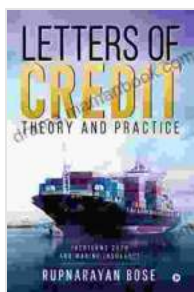
The clarification of seller's obligations under DPU removes any ambiguity regarding who is responsible for purchasing insurance. This will reduce the risk of disputes between buyers and sellers over insurance coverage.

4. Potential Impact on Premium Rates

The changes in Incoterms 2024 may have an impact on premium rates for marine insurance policies. For example, the increased demand for transit insurance could lead to higher premiums. Buyers and sellers should

consult with their insurance brokers to understand the potential impact on their premiums.

Incoterms 2024 introduces several important changes that will impact marine insurance. The new rules are intended to enhance clarity, reduce the risk of disputes, and better reflect the evolving needs of global trade. Buyers and sellers should familiarize themselves with the changes and consider their implications for their insurance arrangements. By understanding the impact of Incoterms 2024, businesses can ensure that they have adequate insurance coverage to protect their interests during international trade transactions.



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