

A BEGINNER'S GUIDE TO USING INCOTERMS

Trying to understand Incoterms can seem complicated and confusing at times, but it's important to know because **they have the power to define where your business's liability begins and ends** in the event of a claim. Incoterms also outline **which transportation charges will be paid** by the customer in a transaction.

THE BASICS

In•co•terms

noun

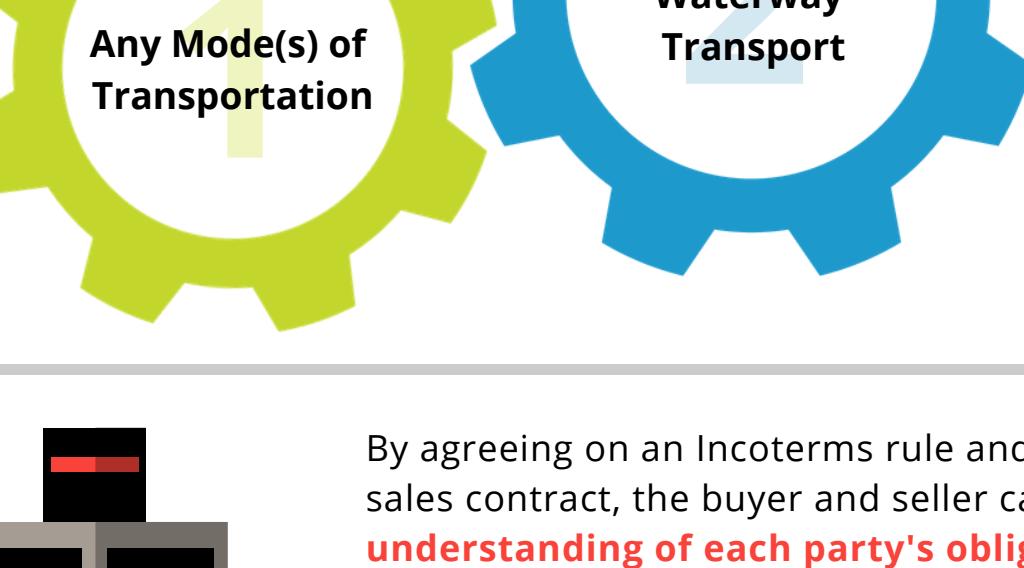
a standard set of terms and conditions intended to clearly communicate the costs and risks associated with the transportation and delivery of goods.



The International Chamber of Commerce (ICC)

is the organization responsible for updating and publishing Incoterms. They do this every **10 years**.

Incoterms are split into **two distinct classes: Rules for...**



1

Save time and hassles. Using Incoterms in contracts lets all parties know ahead of time whose insurance is responsible for paying for damages in the event of a claim.

2

Take control of your shipments. Selecting Incoterms gives a company the opportunity to control where the transfer of risk and costs occur.

3

Save money and reduce your risk. Incoterms can be used to push your obligation to assume risk to later in the transportation process.

By agreeing on an Incoterms rule and incorporating it into the sales contract, the buyer and seller can achieve a **precise understanding of each party's obligations**, and where the responsibility lies in the event of loss, damage or other mishap.

Incoterms provide legal obligation as to where **risk and cost** in a shipment will be transferred.

Speak to your attorney, ICC or Trade Organizations to inquire about 1-day courses offered on Incoterms and how to use them.

Information provided is for reference only. For a full description of obligations, liabilities and risks associated with Incoterms, consult the official Guide to Incoterms published by the ICC. "Incoterms" is a trademark of the ICC.

DID YOU KNOW?

Incoterms is short for "International Commercial Terms".



Sources: coleintl.com | iccwbo.org