# INCOTERMS Quiz, answers

1. At what point does risk transfer from the seller to the buyer if the terms of shipment are DAP (destination address)?
2. Once goods are handed over to the first carrier or forwarder
3. Once goods are delivered at the destination address
4. Once goods leave the factory at origin
5. Which is the only Incoterm that requires the seller to pay customs duty in the destination country? DDP
6. If the Incoterm is CFR, who has arranged for the insurance of goods? Purchaser
7. What is the main difference between CPT and CIP? CIP also includes insurance, the seller takes and pays the insurance for the main transportation but the purchaser bears the risk.
8. You receive an export order with the Incoterm CFR New York Airport. How would you respond? CFR is suitable only for waterway transportation, so you’ll have to negotiate about some other Incoterm that is suitable for all modes of transportation and in this case CPT.
9. Under CIF/CIP contracts:

a) Who is legally obligated to take out the insurance cover? Seller
b) What value should the insurance amount cover? CIF/CIP + 10%
c) Who is responsible for making the insurance claim if the goods are damaged in transit?
 Purchaser

1. What are the four Incoterms that are suitable only for waterway transportation?
FAS, FOB, CFR, CIF
2. What factors influence to which Incoterms you’ll use when you are
purchasing/selling goods?
- purchasers might want to control the whole transportation chain and they can use
 domestic insurance and transportation companies, can also effect the speed, mode of
 transport, and route

- which one (seller or purchaser) has higher transportation volumes 🡪 effects the price,
 better contracts
- also acquired habits or earlier experiences may also effect strongly to the use of Incoterms

1. FOB is suitable for all modes of transportation. Only for waterway transportation.
2. When using EXW, the seller delivers when it places the goods at the disposal of the buyer at the seller’s premises or at another named place. This is right.