

[Case Study of the Application of the Incoterms® 2010 Rules](#)

The case below represents questions and challenges of our client with Incoterms® 2010 rules and our interpretation and application of rules to client's situation. At Win Global Partners we address cases individually and always refer to the ICC guidebook as a source.

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Team of Win Global Partners

Challenge

The customer of the client has requested to change the term DAT to DAT-F (DAT minus freight). It is necessary to provide more details about this term. The client is also wondering whether they should include insurance in this term and who should be responsible for the insurance.

Recommendation

The Incoterms® 2010 accept the situations when the parties change standard terms and it is officially accepted by both parties in the international trade contract. The standard DAT term has the Seller to pay all costs until the delivery of the goods to the specified Terminal, and the Buyer to pay the rest. The Terminal is also a point of the risk transfer.

If your customer requests DAT to be modified to DAT-F, then it must be clearly identified in the contract:

- Is “minus Freight” related to the customer (Buyer) or you (Seller), i.e. who will pay for costs before and after the goods arrive in the Terminal. If it is not clearly stated, each party can understand it to its own benefit.
- The point of risk transfer. Is it still the Terminal?
- What is the alternative process of the notification and document exchange?

As for the insurance, there is no obligation for either party to arrange and pay for the insurance. However if the Customer (the Buyer) requests that, the Seller can arrange the insurance, but the Buyer will have to pay the cost of such arrangements and the insurance premium.

Outcome

The client reconsidered the agreement with its customer and specifically stated responsibilities and costs of each party.

About Win Global Partners

*Headquartered in Toronto, Canada, Win Global Partners work in **the area of export-import consulting and logistics** to assist with clients' unique global expansion needs including breaking into new foreign markets. Win Global Partners offer solutions at all steps of clients' international business*

development from non-exporters/importers to regular exporters/importers, such as: product adaptation, compliance management, export-import outsourcing and freight forwarding. For more information please visit www.winglobal.ca.

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