INSURANCE OF CIF AND RELATED CONTRACTS UNDER ANGLO-AMERICAN AND OTHER COMMON LAW JURISDICTIONS REVISITED (PART II).docx

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(d) The cover in and tender of CIF policy.

A further requirement already referred to above, is that the CIF policy should cover only goods sold, the beneficiary should be named and tender must include the insurance policy or other alternative insurance document. An omission of the required documents constitutes breach. An authority for the above principle, including the principle of omission of documents, is Hickox and Another v Adams, where the plaintiffs (New York exporters) contracted to sell and deliver 1,000 quarters of wheat to defendants, at Bristol, upon the terms, “cost, freight and insurance”. However, by mistake the plaintiffs shipped by a sailing vessel, a cargo of 2,000 quarters of wheat to a buyer’s agent at Bristol. They also forwarded to the agent by steamer a bill of lading and policy of insurance of the whole cargo of wheat shipped. The policy was “free from particular average”. The agent at the request of the plaintiffs accepted a bill of exchange drawn by the seller upon him in their favour for the price of 2,000 quarters. The defendants afterwards refused to accept the 1,000 quarters from the agent.

In an action against defendants for breach of a contract to accept the 1,000 quarters the court held that the plaintiffs were not “ready and willing” to deliver the 1,000 quarters to defendants within the terms of their contract. The Lord Chancellor, Lord Justice Mellish¹, thought that the English firm was not bound to accept the bill of lading for the goods without the policy of insurance. It is noteworthy that the issue of estoppel against the buyers’ agents was not raised.

¹. Ibid, at 407
against the buyers. The buyers could have accepted the whole cargo if they wished but were not obliged to. That notwithstanding Lord Chancellor’s decision was correct; the sellers did not tender contract goods. There is a whole difference between 200 and 100 quarters. Hickox and Adams was followed, on this point, in the key case of Manbre Saccharine Co Cord Products Co by Justice McCardie. It is due to mistakes like this or avoidance of possible frauds that this strict CIF rule exists.

(e) CIF Insurance should cover value at shipment

The CIF insurance policy should cover not only the goods sold but also value at shipment; although the destination value might vary depending on a number of factors including market forces. Tamvaco v Lucas is the authority for the proposition that the CIF policy should cover value at shipment. In this case, the defendants had become responsible, as Del Credere agents, for the purchase of a cargo of wheat of from 1,800 to 2,000 quarters, to be shipped at the price of 50s per quarter FOB at Taganrog, ‘and including freight and insurance to any safe port in the UK. ‘Payment cash in London in exchange for shipping documents.’ The plaintiffs tendered the following shipping documents of a cargo answering the description in the contract: a charterparty, a bill of lading and provisional invoice, in both of which the cargo was stated to be 1,850 quarters, at 50s per quarter, £4,626, less freight, at 10s 9d per quarter, £1,001 10s and a policy of insurance effected on the cargo valued at £3,600. Evidence was given, for the plaintiffs which was not contradicted, that the policy tendered was sufficient to protect the interest of the shipper of the cargo at the time of shipment.

In an action against defendants for not paying or procuring from their principal payment of the price of the cargo, they pleaded that the plaintiff were not “ready and willing” (statement echoing in Hickox and Adams later) to tender, nor did they tender, ‘the usual shipping documents’ according to the contract. It was held that whether plaintiffs had so tendered was a question for the jury; it was not a question of law but of fact for the jury, whether, in all the circumstances, the policy was a sufficient shipping document within the meaning of the contract. However, these were obiter dictum observations as the court had decided that the insurance, whether CIF or FOB, should cover value at shipment although that value may subsequently change. That notwithstanding, this requirement is not unique to CIF and applies to all export trade and shipment contracts. Nevertheless, the case is no authority for value at delivery which might have

2. [1919] 1KB 198
3. Ibid, at 202-204
4. (1862) 31 LJQB 296
5. Del Credere Agents are agents who undertake or warranty additional risks and are important players in international trade law; see Chuah, Note 6, para. 2-013 at p.32
appreciated or depreciated according to market fluctuations. Unlike earlier versions, both INCOTERMS 2010\textsuperscript{6} and the UCP 600\textsuperscript{7} are now explicit on value. The 110\% coverage of the value of the goods is now the minimum allowable. Article 20(c)\textsuperscript{8} of GAFTA details requirements for value.

(f) Whether IF buyer entitled to notice to enable insurance in “unusual risks”

It is established that CIF seller and FOB buyer are responsible for insurance. It is also established that FOB buyer are entitled to notice from the seller to enable them to take out insurance\textsuperscript{9}. However, the CIF buyer appears not entitled to such communication, except for unusual risks. The issue whether a CIF buyer is also entitled to notice in order to take out insurance came up in the renowned case of Law and Bonar v British American Tobacco\textsuperscript{10}, detailed facts of which are omitted. It was, however, held by Justice Rowlett\textsuperscript{11} first; that s 32(3) of the Sale of Goods Act 1893\textsuperscript{12}, which requires notice to the buyer, does not apply to a contract on CIF terms entered into in time of peace, inasmuch as the contract itself provides for all the insurance that is contemplated or usual at the time when it is made\textsuperscript{13}, and secondly, that the Sale of Goods Act 1893 s 32(3)\textsuperscript{14} does not impose any new obligation on the seller to give notice to the buyer so as to enable the buyer to insure against war risks if, after the date of the contract, war becomes imminent\textsuperscript{15}. So if imminent war is not an unusual insurance risk then what is it? The Act was replaced by the Sale of Goods Act, 1979, itself amended or affected several times by subsequent legislation\textsuperscript{16}, although the issue of notice is not affected.

\textsuperscript{6} Note 68, Article A3(b)
\textsuperscript{7} Note 20, Article 28(f) (ii).
\textsuperscript{8} “20 (c) Insurable Value - Insured amount to be for not less than 2\% over the invoice amount, including freight when freight is payable on shipment or due in any event, ship and/or cargo lost or not lost, and including the amount of any War Risk premium payable by Buyers”.
\textsuperscript{9} See generally, Ademuni-Odeke, “Insurance of FOB”, Note 17
\textsuperscript{10} [1916] 2 KB 605, approved in The Julia Case
\textsuperscript{11} Ibid, at 608 and 609
\textsuperscript{12} (Cap 71), now replace by the Sale of Goods Act 1979 (cap 54) although the relevant section has not changed. [See case of Wimble Sons & Co v Rosenberg & Sons [1913] 3KB 743, at 747-48 and Northern Steel & Hardware Co v John Batt & Co (London) [1917]33TLR 516 at 516 discussed by the author in Note 17 at pp.448-449
\textsuperscript{13} See also paragraph III (a) and (b) above of this article.
\textsuperscript{15} However as to notice of shipment for addition insurance of CIF contracts see Sassoon, CIF and FOB Contracts, Note 3, at pp190-191
However, the common law position may be different from either practice or INCOTERMS where under certain circumstances it may be helpful for the seller to provide notice especially with regard to unusual risks. This reinforces the CIF INCOTERMS, Article A3 (b), that “Moreover; the seller must provide the buyer, at the buyer’s request, risk and expense (if any), with information that the buyer needs to procure any additional insurance”. This brings this requirement nearer that of an FOB seller in the cases *Wimble v Rosenberg* and *Northern Steel v John Blatt*

(g) Duration of CIF policy.

The CIF policy should cover whole transit. This was the subject of *Lindon Tricotagefabrik v White & Meacham* decision. In this case, the plaintiffs delivered a consignment of pullovers to the defendants’ London office under a CIF contract. The invoice and correspondence specified ‘CIF customer's warehouse London’. However, the goods were stolen before they could be transferred to the defendants’ warehouse in Ealing, West London. The plaintiffs claimed the contract price. Lord Denning, approving Justice Peck’s ruling, at the Appeal Court disagreed with the plaintiffs holding that the plaintiffs could not succeed. The court’s reasoning was that under a CIF contract the seller was bound to tender an insurance policy covering the goods through to the buyer's warehouse. Therefore, since the plaintiffs had not pleaded a CIF contract but had relied on it as an alternative in the county court the onus was on them to prove such tender, and this they had failed to do.

Once again this requirement is not unique to CIF but applies to all export shipment contracts. Modern policies now include transit clauses and are issued ‘warehouse to warehouse’ or “door to door” to cure this problem.

(h) Validity of CIF policy: Domestic and Foreign policy.

The CIF policy should be valid at place of shipment although there are no implications it should be at destination. Furthermore, that the policy should not only cover goods for the whole transit but should also be valid at place of shipment, was the subject of the seminal CIF case of *Malmberg v HJ Evans & Co* which, Scrutton LJ decided, confirmed the issues that the policy must specify clearly the protection available to the buyer and that the policy should

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17. See Articles A3 and B3 of CIF, in INCOTERMS 2010, in Note 68 compared to the common law position as discussed herein.


19. At p.386 col.1; Lord Justices Orr and Brown concurring.

20. Where such policies must cover the whole transit on “warehouse to warehouse” or contain a “transit clause”-see for instance Sassoon, Note 1, at pp.192-194

21. (1924) 41 TLR 38

22. Affirming Bailhache J (1924) 29 Com Cas 235
be valid at place of shipment. It having been admitted that in the absence of some evidence of course of business or waiver of estoppels, the issue in Malmberg was whether the policy of insurance tendered by the seller was not a good tender under a CIF contract. The court found that there was no evidence of course of business between the parties, or waiver or estoppel on the part of defendants, which would entitle them to set up the defence that the document in question was not a compliance with the terms of the written contract.

What Malmberg or any other decision before and after it does not answer, however, is whether it is a sufficient compliance with a CIF contract if the seller tenders a policy, which is valid in the country in which the seller is carrying on business and on which the seller ships the goods. Malmberg and Promos SA v European Grain & Shipping Ltd, where Justice Parker considered the tender of the cover note, also supports the proposition that a foreign policy may be valid tender in the UK. There is nothing to suggest that foreign policy may not be valid tender in the UK. International trade practice being fairly standard the reverse is probably true. Otherwise, Malmberg was considered on that point by Lord Caldecote in FinaskaCellulosaforeningen v Westfield Paper Co. That in turn raises the question what constitutes a valid and/or invalid CIF policy within the Marine Insurance Act 1906.

(i) What constitutes an “invalid CIF policy” within the UK Marine Insurance Act 1906

(i) What constitutes tender of an ‘invalid CIF policy’

In Diamond Alkali, Justice McCardie determined impliedly that a CIF policy is invalid if not within the Marine Insurance Act 1906. Impliedly because the case actually concerned whether a ‘Received for shipment’, bill of lading was acceptable in CIF contract. Under a contract for the sale of goods to be shipped from American Eastern seaboard CIF Gothenburg, the sellers tendered, with an invoice for the goods (a) a document purporting to be a bill of lading, in the following form, 'Received in apparent good order and condition from DA to be transported by the steamship Al1gia now lying in the Port of Philadelphia or failing shipment by said steamer in and upon a following steamer, 280 bags Dense Soda,' and, (b) a certificate of insurance issued by an American insurance corporation, which, as the certificate

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23. Ibid, at 112
24. Ibid
25. [1979] 1 Lloyds’ Rep 375
26. Ibid, at p.383
27. On the position of tender of foreign policies in the UK and vice versa, see Sassoon, CIF and FOB Contracts, Note 3, at pp.196-197
28. FinaskaCellulosaforeningen v Westfield Paper Co[1940] 4 All ER 473 per Lord Caldecote at p.81
29. For a discussion limited to section 44 of the Act and the Institute Cargo Clauses ‘Warehouse to warehouse’, see Sassoon, CIF and FOB Contracts, Note 3, at p.194
30. Daimond Alkali Export Corporation v Bbourgeois [1921] KB 433 at 454, 455. As a general rule, the buyer is entitled to a policy of insurance and nothing else will suffice.
declared, 'represents and takes the place of the policy and conveys all the rights of the signed policy holder, as surely as if the property was covered by a special policy direct to the holder of this certificate'.

Scrutton LJ agreed with the buyers that they were entitled to reject on the ground that proper documents had not been tendered by the sellers in conformity with the contract. Two reasons were given for the decision: first because the document tendered did not acknowledge shipment, and was therefore not a bill of lading within the CIF contract; and secondly, because the of insurance certificate was not good tender in England under an ordinary CIF contract unless it is an actual policy, and unless it falls within Marine Insurance Act 1906.

Diamond Alkali, still good law, was followed on this point in Donald H Scott Co Ltd v Barclays Bank Ltd31, but distinguished on a different issue by Banks LJ and Scrutton LJ in Koskas v Standard Marine Insurance32. So it would appear the common law as codified by the Marine Insurance Act 1906 is very strict. This issue ties up with the need for an ‘approved policy’ below.

(ii) What constitutes, “Approved Insurance Company” for CIF insurance?

Both the common law and INCOTERMS 201033, but not the UCP 60034, provide for a reputable insurance company and/or approved policy but without defining or providing what constitutes reputable or approved. It is once more left to case law to fill in the gaps. And the answer is emphatic: CIF and CIP cover should be with an “approved insurance company”. Scott (Donald H) & Co v Barclays Bank Ltd35, where bankers issued a letter of credit to English sellers of tons of steel plates to Dutch buyers, supports the principle that CIF insurance should be within an approved policy and more. But what is an approved insurance policy? It was considered in the case that an approved ‘insurance policy is one to which no reasonable objection can be made’. Under the terms of the letter of credit, in this case, the bankers agreed to honour the sellers’ draft for the amount of the purchase-money, which included freight and insurance to Rotterdam, provided the draft were accompanied by an approved insurance policy covering the shipment of the goods.

The sellers presented their draft accompanied by a certificate of insurance, which neither contained nor offered any means of ascertaining the full terms of the insurance. In an action by the sellers against the bankers for not honouring the draft, Banks LJ held that the certificate of insurance was not an ‘approved insurance policy’ within the meaning of the letter of credit, and that the bankers were justified in refusing to honour the draft. Scott (Donald H) remains good

31. [1932] 2 KB 1

32. (1927) 137 LT 165

33. Incoterms 2010 CIF Article A3 (b), Note 68.

34. UCP 600, Note 20, Article 28 is silent on the issue

35. [1923] 2 KB 1
law and was applied the following year in Malmberg. So the test is that of the reasonable man.

Under English law and practice a Lloyd’s Marine Policy or the Insurance Company’s Marine Policy would fulfil both the approved and reputable requirements. The aim of his requirement is to protect the buyer for goods sold afloat by ensuring that the seller does not provide either non-existent or some cow-boy back street insurer who might not be capable of meeting their obligations.

Perhaps the best clarification is that of the GAFTA Contract which provides “The insurance to be effected with first class underwriters and/or companies who are domiciled or carrying on business in the UK or who, for the purpose of any legal proceedings, accept a British domicile and provide an address for service of process in London, but for whose solvency Sellers shall not be responsible” (emphasis added). Thus a UK approved insurers must not only be first class, but should also be UK domiciled or UK based business, provide a London address and be solvent, although sellers are not responsible for the solvency. First class underwriters was also used in a Chinese contract.

VI. TENDER OF INSURANCE DOCUMENTS IN CIF CONTRACT AT COMMON LAW

(a) Tender of CIF Insurance Documents under English Common Law

From the foregone, we can surmise that unless there is provision in the contract or, probably, a custom of the particular trade to the contrary, nothing short of an actual insurance policy is a good tender under a CIF contract. For example, neither the broker's cover note, nor certificate of insurance, or other document which does not include all the

36. See Note 119.
37. Developed in 1982 and used by Lloyds Insurance to replace the old Ships and Goods (SG) Policy that had lasted nearly 400 years; For reasons for change see generally, Legal and Documentary Aspects of Marine Insurance Contract TD/B/C.4/ISL/27/Rev 1. Report by UNCTAD Secretariat, NY 1982
38. Ibid, but used only by the non-Lloyds Insurance Companies but covering same risks
39. Paragraph (b) of the Gafta Contract, Series No.100 (Effective 1st September 2010)
40. See Note 239 post.
41. See Diamond Alkali Export Corpn v Bourgeois [1921] 3 KB 443 at 458; Malmberg v HJ Evans & Co (1924) 30 Com Cas 107 at 116.
42. See Burstall & Co v Grimsdale (1906) 11 Com Cas 280 (where a certificate of insurance was held to be sufficient). See also The Julia [1949] AC 293 at 309, [1949] 3 All ER 269 at 274–275, HL, per Lord Porter; John Martin of London Ltd v AE Taylor & Co Ltd [1953] 2 Lloyd’s Rep 589. If a certificate of insurance is accepted by the buyer, there is an implied warranty by the seller that the policy will be issued: Harper & Co Ltd v Mackechnie & Co [1925] 2 KB 423.
43. Manbre Saccharine Co Ltd v Corn Products Co Ltd [1919] 1 KB 198; Wilson, Holgate & Co Ltd v Belgian Grain and Produce Co Ltd [1920] 2 KB 1; Diamond Alkali Export Corpn v Bourgeois [1921] 3 KB 443; Donald H Scott & Co v Barclays Bank Ltd [1923] 2 KB 1, CA. See also Malmberg v HJ Evans & Co (1924) 30 Com Cas 107 at 113, CA (propriety of tendering a policy incorporating conditions or rules in some other document).
terms of the usual contract of insurance, is good tender under the ordinary CIF contract. If, as is often the case, the shipper makes use of a floating policy of insurance or an open cover instead of a policy to insure the particular goods, it is doubtful whether, in the absence of provision in the contract or, probably, custom in the particular trade, the tender under such a policy or open cover of a certificate containing all the terms of the usual contract of insurance would be an effective mode of implementing the contract of sale. Such a certificate might be regarded as equivalent to a marine policy, but it would seem to be essential that the certificate should be one on which liability can be legally established against the insurer in case of a loss within the insurance. Under English law a contract of marine insurance is inadmissible in evidence unless embodied in a marine policy.

That notwithstanding, being a marine policy, a CIF policy must be assignable by indorsement or in other customary manner. In fact the essential aspect of the CIF policy is for the seller to put the buyer in a position where he should claim directly and in his own name from the insurers in the event of loss or damage.

(b) Whether tender of Certificate of Insurance acceptable in CIF policy?

A certificate of insurance is a document stating that in accordance with an authorisation granted to the person signing the certificate, the insurers are liable to the insured subject to the terms and conditions stated therein. An insured, whether exporter or not will need one of these in addition to or in lieu of the policy. Justice Ballhace’s ruling in Wilson, Holgate & Co Ltd v Belgium Grain & Produce Co Ltd is authority for two positions on this. First, that under a CIF contract for the sale of goods, the sellers, in the absence of any custom or special stipulation to the contrary, do not perform their obligation of tendering to the buyer along with the other shipping documents a policy of insurance by

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44. Wilson, Holgate & Co Ltd v Belgian Grain and Produce Co Ltd [1920] 2 KB 1 (broker's note); Diamond Alkali Export Corp n v Bourgeois [1921] 3 KB 443 (certificate of insurance); Promos SA v European Grain and Shipping Ltd [1979] 1 Lloyd's Rep 375 (brokers' cover note). See also the cases cited in note 59.


46. As to open cover policies, including floating policy by ship or ships see s 29 of the UK Marine Insurance Act 1906; note 7, pp. 121-123 and 143; John Dunt, Note 8, p213-214

47. Ibid

48. See the references to 'American certificates' in Wilson, Holgate & Co Ltd v Belgian Grain and Produce Co Ltd [1920] 2 KB 1 at 7 per Bailhache J; and Donald H Scott & Co Ltd v Barclays Bank Ltd [1923] 2 KB 1 at 11, CA, per Bankes LJ.

49. See the Marine Insurance Act 1906 s 22; and Halsbury's Laws, Vol. 60 (2011), Note 7, para. 243

50. See the Marine Insurance Act 1906 s 50(3); Halsbury’s Laws, Vol. 91, Note 7, para. 377


52. [1920] 2 KB 1
tendering instead of a proper policy either a broker's cover note or a certificate of insurance. Secondly, that where the parties to a CIF contract for the sale of goods, which have been duly shipped, enter into a stipulation that the seller, instead of tendering with the order shipping documents a policy of insurance, may tender a certificate of insurance with a broker's undertaking to hold the policy for the buyer's account, the seller does not perform their obligation under the stipulation by tendering a certificate of insurance without a broker's undertaking. *Wilson & Holgate* is still good common law authority and was considered, as to the second point, in *Diamond Alkali and Scott (Donald H)* and *Scott v Barclays Bank*. However, tender of a certificate is or requires a warrant of liability on the part of the beneficiary/seller and/or their agents to validate it. Schmitthoff makes a distinction between law, theory and practice on the document. Otherwise, a certificate of insurance is acceptable tender in both INCOTERMS and UCP 500 but not in UCP 600. Is there a contradiction or conflict between the two? Article 20(e) of GAFTA also details requirements for certificates. As is apparent ahead, a broker's *covernote* is not acceptable tender. To cure the problem, the seller might be required to warrant the validity of the certificate in CIF contracts.

(c) Necessity for “Warranty of validity” of Certificate in CIF policy

Due to the problems intimated above, at common law there is necessity for warranty of validity of insurance certificate in CIF policy. In *Harper (AC) & Co v Mackechine & Co*, Justice Roche’s ruling determined the liability of vendor under a CIF contract, when a certificate of insurance is tendered by the seller and accepted by the buyer in fulfilment of the contract and in lieu of a policy of insurance. The case determined that there is an implied warranty by the seller that

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53. But see UCP 600, Note 20, Article 28(c)
54. Ibid
55. [1921] 2KB 1
56. See Schmitthoff, Note 5, para. 19—011 at pp.413-414; For an extensive treatment of the subject see Sassoon, *CIF and FOB Contracts*, Note 3 at pp.168-172
57. UCP 500, Note 20, Art 34(a)
58. UCP 600 Article 28(a), Note 20; also See comparison of the texts in UCP 500 and UCP 600 in Byrne’s “The Comparison of the UCP 600 & UCP 500”, *J L & B L& Practice*, pp.212-218, 2007
59. “20 (e) Certificates/Policies - Sellers shall give all policies and/or certificates and/or letters of insurance provided for in this contract, (duly stamped if applicable) for original and increased value (if any) for the value stipulated in (c) above. In the event of a certificate of insurance being supplied, it is agreed that Sellers shall exchange such certificate for a policy if required and such certificate shall state on its face that it is so exchangeable. If required by Buyers, letter(s) of insurance shall be guaranteed by a recognised bank or by any other guarantor who is acceptable to Buyers” (emphasis added).
60. UCP 600, Note 20, Article 28(c); John Dunt, Note 8, pp.214-5.
61. *Harper (AC) & Co v Mackechine & Co* [1925] 2KB 423
62. Ibid, at p.427 and p. 428
the assertions in the certificate are true, and that the seller will produce or procure the production of the policy referred to in the certificate. The seller in such a case is liable for a breach of this warranty as a collateral contract, even if insurance brokers do in fact sign the certificate and the brokers fail to effect an insurance, which will continue valid throughout the transit of the goods. What is unclear, however, is whether the tender of a lesser regarded insurance document, the letter of insurance. Otherwise previously certificates of insurance were not valid tender. It remains unclear whether this cures and/or addresses the issue of divergent on this issue between the common law and UCP 600 raised earlier. Neither is of any help when using letters of insurance which is a document inferior to both certificates and covernotes.

(d) Whether tender of Letter of Insurance acceptable in CIF policy

In export policies letters of insurance are sometimes used instead of covernotes, certificates or policies. Letters of insurance are used where neither certificate nor policy is issued such as in open covers, blanket policies and floating policies where the importer may require a simple certification or some other form of assurance from the insurer that the exporter is insured. Since Manbre Saccharine Co v Corn Products Co Ltd, Justice McCardie’s ruling has been and remains the authority for the proposition. Among other many authorities, the case once more, stands for authority first, that under a CIF contract the vendor is bound to the purchaser for a proper policy of insurance together with the other shipping documents, and that that obligation is not performed by the vendor guaranteeing to hold the purchaser covered by insurance in accordance with the terms of the policy of insurance in the vendor’s possession (a letter of insurance). Secondly, the case is also further authority for the principle that the purchaser under a CIF contract is entitled to demand a policy of insurance, which covers, and covers only, the goods mentioned in the bills of lading and invoices.

The rationale for the principle is understandable. This is to stop the seller from substituting other policies for the contract goods.

This throws into confusion the difference between practice and theory. In practice, letters of insurance issued under blanket policies such as open covers are acceptable as valid tenders. These are cheaper and more efficient ways of

63. See again Diamond Alkali Export Corp v Fl. Bourgeois [1921] 3KB 443 and Phoenix Insurance Co of Hartford v De Monchy (1929)45 TLR 543

64. [1919] 1KB 198 at 216; [1918-19] All ER Rep 980

65. Ibid, p.216

66. Although not directly relevant to the issue in point, the case also authority for the fact that a vendor under a CIF contract for the sale of goods, who has shipped the appropriate goods under a proper contract of carriage and obtained the proper documents, can effectively tender those documents to the purchaser notwithstanding that he knows at the time of such tender of the loss of goods - the presumption being that they will be covered by a valid policy

67. Blanket policies, Open Covers and Floating Policies are policies which in a single sum insured, covers a number of separate items of property without subdivision of the amount. The approach is not unique to CIF or exports and indeed started in fire insurance and motor insurance for large risks and also in fidelity guarantee insurance to cover the whole
conducting business as they cut back paper work and bureaucracy. In theory it may be otherwise. What it is also still unclear is the tender of a broker’s cover note in lieu of the policy/certificate/letter. Tender of insurance documents might not be a requirement under certain circumstances in other common law jurisdictions. However, a letter of insurance is not valid tender either under INCOTERMS 2010 or UCP 600 unless it falls under a “declaration under an open cover”.

(e) Whether a “Declaration of Insurance” under open cover, blanket and floating policies valid tender?

Like letters of insurance, where open covers, blanket policies and floating policies are issued, the insured simply makes a declaration of export or import against the policies. It is, however, doubtful whether a letter of insurance ranks above a declaration under an open cover and/or blanket policies in the hierarchy of insurance documents. Nevertheless, since open covers and blanket policies are both known to common law and export insurance practice, it would follow that such tenders are valid. It will be remembered that an open cover policy is a form of long-term cargo contract effected on the original contract without any limit in the aggregate and requires that policies be issued off the cover on each. Under the open cover the underwriter agrees to cover all shipments commencing transit within a specified period or if “always open”, from a specified attaching date.

A blanket policy, on the other hand is a policy, which, in a single sum insured, covers a number of separate shipments without subdivision of the amount. The approach is used in large risks to cover the whole shipments without mention of staff without mention of the name or position, the premium being computed on the number of employees in specific categories insurance.

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68. Ibid; Open covers have almost same meaning and function as blanket policies above and floating policies below. It is borrowed from unvalued policy in s 27(1) of the Marine Insurance Act 1906.it is the business language equivalent of a floating policy. When there are regular shipments of goods it is usual to arrange an open cover to avoid the necessity of separate policies for each sending. The two most common methods are the floating policy and the open cover.

69. See Note 184-191 post

70. See Schmitthoff, Note 5, at para.19-011 at pp.413-414 at 414; and the sub-paragraph (f) below and authorities cited therein

71. For Australian practice, see Piesse v Tasmanian Ochardists & Producers Co-op Assocn Ltd (1919) 15Tas LR67 where omission of the policy did not affect tender in the CIF contract; and Lascelles& Co Ltd (1921) 21 SRNSW 773;38 NSWWN 238 where tender of a certificate instead of a policy was acceptable even where there was deviation

72. It is not mentioned in UCP 600, Note 20, Article 28(a)

73. Floating policies have same meaning as open covers and/or blanket policies, See Marine Insurance Act 1906 s.29(1); Halsbury’s Laws, Note 7, paras. 282-283 and texts thereunder; Johnson & Co Ltd v Bryant (1896) 12 TLR368; Schmitthoff, The Law and Practice of International Trade, Note 5, pp.407-410

74. Schmitthoff, Note 5 at pp.410-412; See also Macleod Ross & Co Ltd v Compagnie d’Assurances Generals Helvetia of St.Gall[1952] W.N.56 and

75. Ibid; see also Phoenix Insurance Co of Hartford v Monchy (1929) 45 TLR

76. Schmitthoff, Note 5, at p.412.
specific categories and for large declaration of shipments.

Both policies resemble floating policies\(^\text{77}\), which defines the insurance in general terms with the actual shipment to be defined by subsequent declarations and which runs until the insured sum is exhausted by the declarations and the declarations made in a chronological order unless the policy provides otherwise. Although not frequent in modern use, of the three the floating policy is the only one provided for in the Marine Insurance Act 1906\(^\text{78}\). Floating policies are available at both Lloyds\(^\text{79}\) and non-Lloyds markets. The policy is a good mechanism to cover “held covered” clauses in export policies\(^\text{80}\).

(f) Role of the “Brokers’ Cover-Note” in CIF policy

The role of covernotes in export policies had always been contentious. Covernotes are issued either by the insurers or brokers. In Promos SA v European Grain & Shipping Ltd\(^\text{81}\), Justice Parker determined the role of broker’s cover notes\(^\text{82}\) as a basic in CIF contracts. The case does not distinguish between an ordinary (insurer’s) cover note and the broker’s cover note\(^\text{83}\). The former is legal document whereas the latter is issued by the broker either on his own behalf or on behalf of the insurer. In Promos, a contract for the sale of grain provided for payment to be made in exchange for certain shipping documents, including an insurance certificate, the sellers were required to insure the goods against certain specified risks whilst they were in transit between warehouses. In February 1974, the contract was varied by an agreement, which provided for the goods to be delivered from a warehouse during April 1974, the sellers were also required to provide free insurance for a period after presentation of the appropriate documents.

On 26 April 1974, the sellers tendered an insurance certificate, which did not apply to goods stored in a warehouse or cover the risks specified in the original insurance clause. The buyers rejected the insurance certificate. The sellers then obtained insurance covering the goods in store against all specified risks but the cover note delivered to the buyers on 1

\(^{77}\) Ibid, at pp.407-410; See also Arnould’s Law of Marine Insurance (17th edn, 2008, with 2010 supplement), para.9-04 for legal of declarations

\(^{78}\) Marine Insurance Act Section 29; see also, generally Union Society of Canton Ltd v Wills & Co [1916] 1 ACX 28 at 21, a floating policy on goods, where it was held that the declaration of interests must be made to insurer’s agents “as soon as possible”. For treatment of the floating policy under s.29(1) as to consequences of declaration see Union Insurance Society of Canton Ltd v George Willis & Co [1916] AC 281 and Glencore International AG v Alpina Insurance Co (No.2) [2004] 1 Lloyds Rep 567

\(^{79}\) For the operation of the floating policy at Lloyds see Dover, V A Handbook of Marine Insurance (8th edn, 1975), p.133

\(^{80}\) And with it the need for the insured to give notice to the insurer in event of possible loss: Thames and Mersey Insurance Co Ltd v HLT & Co [1917] 2KB 48

\(^{81}\) [1979] 1 Lloyd’s Rep 375.

\(^{82}\) A broker’s cover note is a document issued an insurance broker confirming that the insurance has been effected in certain terms. It does not bind the insurer (Broit v Cohen & Sons (NSW) Ltd (1926) 27. The issue of a note does not make the broker an insurer.

\(^{83}\) The Insurance Company’s covernote is probably more easily acceptable than a broker’s one.
May 1974 was also rejected. The buyers contended that the documents tendered were not in accordance with the contract. The GAFTA Board of Appeal found in favour of the sellers, but stated their award in the form of a special case. Justice Parker had no problem finding: first, that although the insurance clause in the original contract did not apply to goods in store, the provisions requiring insurance against specified risks remained in force notwithstanding the variation of the contract. Therefore, the sellers’ insurance certificate tendered on 29 April was inadequate, as those risks were not covered.

Secondly, the court also found that the insurance certificate was also inadequate because it covered the goods from warehouse to warehouse only whereas the contract as varied applied to goods stored in a warehouse. Accordingly, the sellers were not entitled to rely on the cover note delivered on 1 May since it did not constitute an insurance certificate.

Thus, the buyers were entitled to reject the entire documents tender: certificate and covernote. It should be noted that neither the insurance certificate nor the cover note complied with the contract since no provision was made for the insurance for a period after presentation of the shipping documents. Although the decision in the case rested on its peculiar circumstances, Sassoon seems to agree with this position. However, a broker’s cover note may be valid tender in INCOTERMS 2010 and UCP 500 but not in UCP 600. Schmitthoff, on the other hand, does not seem to make a distinction between them.

VII. OTHER CIF INSURANCE CONSIDERATIONS

(a) Seller’s other considerations

(i) Commodity trade insurance requirements.

The above considerations may vary in commodities trades. With regard to commodities insurance for instance, Article 20 of Gafta Standard Contract Terms for Shipment of Feeding Stuffs in Bulk (Tale Quale-CIF) provides all the insurance requirements, which are based on the common law and similar to INCOTERMS 2010, UCP 500 and UCP.

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84. Sassoon, CIf and FOB Contracts, Note 3, at pp.1730174
85. INCOTERMS 2010 CIF Article A3 (b), Notes 20/67, at pp.110 is silent on the type of document to be tendered.
86. UCP 500, Note 20, Article 34(c), is also silent on the documents to be tendered.
87. UCP 600, Note 20, Article 28(c), but was acceptable under UCP 500 Article 34 (c) if specifically authorised by the Credit.
88. Schmitthoff, The Law and Practice of International Trade, Note 5, para.19-011 at pp.413-414
89. Gafta Contract, Series No.100 (Effective 1st September 2010) which provides as follows: -

"INSURANCE -Sellers shall provide insurance on terms not less favourable than those set out hereunder, and as set out in detail in The Grain and Feed Trade Association Form. 72 viz: - then it continues to list: risks covered; war clauses (cargo); strikes, riots and civil commotion clauses (cargo); insurers; insurable value; freight contingency; certificates/policies; total loss; currency of claims; war and strikes risks/premiums; sellers/buyers settlements;"
Article 20 is in turn detailed in Gafta’s Standard General Standard Terms Insurance Clauses No. 72. The insurance terms may however also vary for shipment of feeding stuffs in bulk under Tale Quale-CIF/CIFFO/C&FFO Terms and shipment of vegetable and marine in bulk-CIF Delivered Weights of the Federation of Oils Seeds and Fats Associations Limited (FOSFA) International.

(ii) CIF Sellers’ General Insurance Considerations.

There are a number of other issues that a CIF seller has to consider namely:
- Consequential insurance policies such as rejections for whatever reasons;
- Annual policies;
- Single voyage policies;
- Blanket policies discussed above;
- Open covers policies discussed above;
- Forwarders’ open policies; and
- Floating policies discussed above.

(iii) Sellers’ Particular Insurance Interests

- Sellers’ interest not covered by the contract and to be kept away from the buyer;
- Pre-shipment risks insurance;
- Post shipment risks (or arrival) insurance between premises and shipment.

(iv) Sellers Other Insurance Considerations

90. Ibid.
91. Done under Articles 181 and 18.2; for a sample copy of the contract see Appendix XIII in, Sassoon, CIF and FOB Contracts, Note 3, pp.722-729 at 725-726
92. Article 5; for a text thereof see, Sassoon, CIF and FOB Contracts Note 3, at pp.730-733 at 730
93. For this and seller’s insurable interest see Sassoon, CIF and FOB Contracts, Note 3 at pp.195-196
94. See generally, Ademuni-Odeke, “Insurance of FOB Contracts”, Note 17
95. Ibid, at pp.459-60
96. Ibid
97. Ibid
98. Ibid
100. Ibid
101. Ibid, at pp.453-4
102. Ibid
103. Ibid; See also Articles A5 and B5 of CIF INCOTERMS 2010, Note 48, at pp.112 and 113 risk transfers.
- Contingency insurance\textsuperscript{104},
- Export Credit Guarantee Insurance;\textsuperscript{105}
- Miscellaneous risks insurances\textsuperscript{106}; and
- Commodity Trade Requirements.

(b) CIF Buyers’ Other Insurance Considerations\textsuperscript{107}

Among the buyers’ considerations are:

(i) Commodity Trade requirements\textsuperscript{108} (above as well as well as):

(ii) Buyer’s interest;\textsuperscript{109}

(iii) Pre-shipment;\textsuperscript{110}

(iv) Post shipment;\textsuperscript{111}

(v) Contingency;\textsuperscript{112}

(vi) Export Credit;\textsuperscript{113} and

(vii) Consequential Loss insurance.\textsuperscript{114}

Each of these circumstances may pose challenges requiring solutions that are not addressed so far in this article.

(c) Miscellaneous considerations for both parties

The above discussions on the subject are not conclusive as there will always be aspects, other than those covered herein, to which both parties need to pay attention.

VIII. INSURANCE OF CIF-RELATED CONTRACTS UNDER COMMON LAW AND INCOTERMS

\textsuperscript{104} Ibid
\textsuperscript{105} Ibid, at pp.457-9
\textsuperscript{106} Ibid, at pp.460
\textsuperscript{107} For this, including the buyer’s insurable interests in CIF contracts see Sassoon, \textit{CIF and FOB Contracts}, Note 3, at p.195
\textsuperscript{108} Ibid
\textsuperscript{109} Ibid, at pp.454-5
\textsuperscript{110} Ibid
\textsuperscript{111} Ibid
\textsuperscript{112} Ibid, at pp.451-53
\textsuperscript{113} Ibid
\textsuperscript{114} Ibid, at pp.457-60
(a) Insurance Risks and Obligations in CFR Contracts under Incoterms

Now we turn our attention to CIF related contracts starting with the CFR. In this contract, the seller must pay the costs and freight necessary to bring the goods to the named port of destination, but the risk of loss of or damage to the goods, as well as any addition costs due to events occurring after the time of delivery, are transferred from the seller to the buyer. The term requires the seller to clear goods for export and can used only for sea and inland waterway transport. In insurance terms, this contract has the same characteristics as the CIF save for insurance, which are not the seller’s obligations. The buyer therefore provides the insurance. Although there is no obligation on the seller to provide insurance, INCOTERMS 2010 makes it mandatory for him to ‘provide the buyer at the buyer’s request, risk and expense (if any), with information the buyer needs for obtaining insurance’115; which equates CFR to FOB contracts. As neither party have insurance obligations, identical duties are placed on the buyer under the corresponding Article B3 (b). For same reasons as for the CFR above, both parties must heed the provisions of Article A3 (b) for the seller and Article B3 (b) for the buyer, regarding passage of risks. However, like FOB and all the other contracts, where the buyer does not provide insurance, the buyer is entitled to notice from the seller to enable him take out cover116.

From the foregone, the only problem is that s. 32 (3) of the Sale of Goods Act 1979 does not apply to CIF contracts. It would follow that it does not apply to the CFR. It can be seen that, in keeping with the aim of INCOTERMS 2010 is to make it clear to the parties, their respective obligations have been laid out in some particularity. It is also apparent that, on the matter of insurance cover, as against the seller’s responsibility to contract for insurance, the buyer has no corresponding obligation other than to provide information to facilitate the seller’s performance of his duty. However, as will be apparent soon, this does not mean that having provided the pertinent information the buyer need not consider the question of insurance further. This is a new INCOTERM which has not yet generated case law. Would case law from its predecessor, the Cost and Freight (C&F), apply?. First, it is necessary to examine the seller’s duty in a little more detail. (Although ‘C’ contract, passage of risk and insurance obligations are the same as those of FOB Vishwanath p.107, for case law see C&F below) As in FOB risks transfer to the buyer from the moment the cargo crosses the ship’s rail at the named port of shipment. Although in theory there is no contractual obligation to the buyer for him to take out the policy, in practice it is advisable that he does so from his warehouse until goods cross the ships’ rail. He is also advised to take out a seller’s interest extension insurance. The buyer, on the other hand, is responsible for insurance from the moment the goods cross the ship’s rail until his warehouse or resale of the goods. Conversely, buyer’s interest insurance extension is highly recommended.

115. INCOTERMS 2010, CFR Article A3(b), Note 20, at p.98

116. INCOTERMS 2010, Note 20, FOB Article A3(b), Note 67, at p.88, the same provision which applies to all other Incoterms except for CIF and CIP
(b) Insurance Risks under C&F Contracts at Common Law.

The Cost and Freight (CFR) was supposed to replace the old C&F contract, in some respects. The essence of the contract is that the seller delivers, and risks passes when the goods pass the ship’s rail at the port of shipment. Some authors still discuss, and some jurisdictions also still use, the C&F contract term. Possibly for those reasons not many established authors give this contract much consideration apart from passing mention in Schmitthoff, Sassoon and Benjamin. However, the common law nature of C&F contract was considered in The Pantanassa by Brandon J, Karberg (Arnhold) & Co v Blythe by Justice Strutton and the buyers insurance obligations (to pay for the documents relating to damaged or lost goods) in The Galatia by Justice Donaldson but it is unclear whether those authorities are still applicable to its purported successor the CFR. Where a C&F contract provides that insurance is to be effected by the buyer, it imposes an obligation on the buyer to do so as if it were a CIF contract. The seller may also be required to give notice to the buyer under s32 (2) of the Sale of Goods Act 1979, which equates it to the FOB seller’s insurance obligations. Other than the insurance variations all other parties’ obligations remain same as in CIF including tender not being affected even if parties are aware of loss.

(c) C&F under American (UCC) and Other Common Law Jurisdictions

Under the UCC “The term C&F or C.F. means that the price so includes cost and freight to the named destination” and that:

117. See generally, Halsbury’s Laws of England, Note 7, para. 350 in which Kerberg v Blythe is also discussed.

118. Schimmitthoff, The Law and Practice of International Trade, Note 5, two paragraphs at pp.50-51 and the authorities cited therein.

119. Sassoon, CIF and FOB Contracts, Note 3, in one paragraph at p.174 and the authority cited therein.

120. Benjamin on Sales, Note 4, in two paragraphs at pp.1821-1822 and the authorities cited therein.


122. Karberg (Arnold) & Blythe, Green, Jourdain & Co [1915] 2 KB 379 at 388; Theodor Schneider & Co v Burgett & Newsman [1916] 1 KB 495 comparisons with CIF insurance. The case followed Weis v Credit Colonial et Commercial (1915) 114 LT 168 (on the effect of war on CIF/C&F policy and related documents) and was applied in Hindley & Co Ltd East India Produce Co Ltd [1973] 2 Lloyd’s Rep 515 (on the nature of CIF and related contracts).


124. See Co v Joshua Hoyle and Sons Ltd [1961] 1 Lloyd’s Rep 346 at 354. 357 and 359; See also Halbury’s Laws, Vol.91 Note 7, par.361.

125. See State Trading Corporation of India Ltd v M Golodetz [1988] 2 Lloyd’s 182 at 182.

126. UCC§ 2-320 (1).

127. Under UCC 2-320(3).
“Unless otherwise agreed the term C&F or its equivalent has the same effect and imposes upon the seller the same obligations and risks as a C.I.F. term except the obligation as to insurance”. It provides that “Under the term C.I.F. or C&F unless otherwise agreed the buyer must make payment against tender of the required documents and the seller may not tender nor the buyer demand delivery of the goods in substitution for the documents”128.

Those documents include insurance documents. The insurance obligations are the same as under English common law. The position in all other common law jurisdictions mirrors those of the Anglo American law129 and practice.

(d) CIP insurance under Common Law

Like the CFR, the CIP is a relatively new INCOTERM 2010 contract for which the common law has not yet developed either principles or case law. However, its close proximity to CIF regarding insurance means CIF case law discussed above (but not other CIF duties and principles) discussed under CIF above would apply. In this contract risks pass from the delivery of the goods to a carrier. However, if subsequent carriers are used, then the risk passes when delivery is given to the first carrier. From the foregone, as in the CIF above, the CIP seller also has to procure insurance against the buyer’s risk of loss of or damage to the goods during transit. Therefore the same position as in CIF would apply here.

(e) CPT insurance under common law

Carriage Paid to (CPT) is the only other INCOTERMS 2010 trade term whose title resembles that of CIF, CFR and CIP. However, like the CIP it is relatively new. The CPT seller’s responsibility for loss or damage, and therefore insurance, is the same as for FCA terms. The seller has no insurance obligations. No common law principles or cases have yet developed around this term. In CPT the risk passes upon delivery of the goods to a carrier responsible for delivery of the goods at an agreed place of destination. This delivery can be at the point of origin as in EX WORKS, the port of loading or anywhere in between. However, if subsequent carriers are used the risk passes when delivery if given to the first carrier as in CIP. From the foregone, although the seller is not obliged to insure for the buyer’s benefit, he is nevertheless advised to take out his own insurance for the transit up to the place of handing over to the first carrier. Secondly, he is also advised to take out his seller’s interest policy to cover other eventualities. The buyer, on the other hand, is responsible for the main carriage insurance from the carrier’s premises onwards. In addition, he should also take out a buyer’s interest policy where necessary.

IX. CIF INSURANCE IN CIVIL AND OTHER JURISDICTIONS COMPARED

Export insurance generally and CIF insurance in particular in civil and other jurisdictions are effected almost on the same principles as those of the Anglo-American and other Common Law Jurisdictions. The common land practice is

128. Under US UCC§ 2-320(4)

129. For further details of American INCOTERMS law and practice see, again, Reynolds, INCOTERMS for Americans, Notes 57-59,
now same as international practice. The Norwegians\textsuperscript{130}, for instance, use the \textit{Nordic Marine Insurance Plan} (The Norwegian Plan). Equally the \textit{Norwegian Plan}\textsuperscript{131} is conducted on the basis almost identical to those of the English \textit{Marine Insurance Act 1906}. The leading European continental trading countries such as France\textsuperscript{132}, Germany\textsuperscript{133}, Italy\textsuperscript{134} and Switzerland (look for) apply the same Common Law principles despite having own commercial and insurance codes. Similar Plans exist in China\textsuperscript{135} and Japan\textsuperscript{136}. The Chinese policy has all the requirements of the common law ones which also include: all risks, war risk, reputable insurance (first class insurance company), the 110\%, currency of the contract, payable in China, and no deductibles. The only difference with the common law is, assistance required of the seller to “lodge claims on behalf of the Buyer”. This runs counter to the principles of \textit{The Julia} where the seller should put the buyer in a position where the latter can sue in own name and in a direct claim from the insurer. The Latin American countries also use the Civil Law systems introduced by the Portuguese in Brazil, the Dutch and the French in their former colonies and by the Spanish in the rest. However, there is evidence that these countries use the common law principles and in some the spirit of the English \textit{Marine Insurance Act 1906}.

\section{CONCLUDING REMARKS}

Between the FOB and CIF contracts the insurance obligations at first appear clear; the buyer has obligations in the former while the seller is obligated in the latter. However, the common law, Commodities trades and \textit{Institute Cargo Clauses} and \textit{INCOTERMS} provide only the basic outlines of the parties’ insurance duties. \textit{INCOTERMS} has all but codified common law position on the subject, especially in relation to CIF and CIP. This article has demonstrated that

\begin{itemize}
\item[\textsuperscript{130}] The latest being the \textit{Nordic Marine Insurance Plan 2013} based on the \textit{Norwegian Marine Insurance Plan 1996 (2010 Version)} and the 1964 Plan and Relevant \textit{Nordic Insurance Contracts Acts} (Nordic ICAs); see also Trine-Lise Wilhmsen and Hans Jacob Bull, Chapter 12 in John Dunt, Note 8, pp.405-439, It is not clear whether it applies to Denmark, Finland and Sweden
\item[\textsuperscript{131}] Ibid
\item[\textsuperscript{132}] Gildas Rostain, Marine Buzulier and Maxine de La Marionerie, Chapter 12 in John Dunt, Note 8, pp. 371-404
\item[\textsuperscript{133}] Joachim Bartels, Chapter 10 in John Dunt, Note, 8, pp.311-372
\item[\textsuperscript{134}] John Dunt, Note 8, Chapter 9
\item[\textsuperscript{135}] For mainland China, see Liu Guiming , Liang Jian and Cai Dongdong , Chapter 13 in John Dunt pp.441-464; for Hong Kong Special Economic Zone see Colin Wright and Caroline Thomas , Chapter 4 in John Dunt Note 8, pp.111-128
\item[\textsuperscript{136}] A CIF Contract for Chinese importer, for instance provided that:
\begin{quote}
“The Seller shall effect insurance against all risks, war risk and on deck risk if applicable, with a \textit{first class insurance company} covering 110\% of the invoice value of the Contract Equipment with the Buyer as the beneficiary. The insurance has to be covered in the Contract Currency showing claims payable in China and with no deductible clause.

In case the Contract Equipment are lost and/or damaged in the ocean transportation, the Seller shall assist the Buyer to apply to the insurance company for compensation or lodge claims against the insurance company on behalf of the Buyer and effect, upon the Buyer's request, supplementary supply of the same at the original Contract Price”-Art.5.15 of a CIF Model Contract for Importation of Complete Plant from overseas into China
\end{quote}
\end{itemize}
the gap in the contractual details was left to case law to fill. Furthermore, although there is case law on FOB and CIF and, to a certain extent the C&F (forerunner of CFR); there is hardly any on the other variations (CIP and CPT). Reasons for this seem to be the relatively young age of these two contractual terms. However, the CIP insurance requirements being identical to those of the CIF, precedence in the latter should apply to the former as well.

The article has also demonstrated that the difference in the seller’s duties to provide the buyer with information so as to insure in CIF and FOB is fast shrinking. Despite the common law and INCOTERMS, provisions in this area of the law and practice is so complex that prudent merchants are advised to protect themselves for instance by taking out contingency or other type of additional insurances under sellers and buyers interest insurances. This includes availing themselves of public sector insurance, where applicable, provided by the various national export credit guarantees. When it comes to CIF and export trade insurance, the rule of the thumb seems to be it is better to be over or double insured than under insured. Since parties’ circumstances vary, there may be several insurance factors to be considered that are not covered by this article.