INSTITUTE OF CHARTERED SHIPBROKERS – LINER TRADES

Session 9

Contracts between sellers and buyers – relevance for the liner operator

Answers to Quiz Questions

Hellenic Management Centre – Feb/Mar 2021

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INCOTERMS QUIZ 1 (1)

How many different Incoterms could be used for the carriage of goods in a container by sea from Shanghai to Rotterdam

- 4
- 11 (Correct)
- 7
- 1

INCOTERMS QUIZ 1 (2)

Which Incoterms require the seller to take out insurance?

(a) All Incoterms require insurance to be taken out

(b) All the ‘C’ terms require that the seller takes out insurance

(c) There is no obligation on the seller to take out insurance

(d) The seller is required to take out insurance under CIF and CIP (Correct)

INCOTERMS QUIZ 1 (3)

In which Incoterms is there a **difference** between

(a) The point where the buyer takes over the risk for the shipment and

(b) The point where the buyer starts meeting the transport costs

(a) All the ‘C’ terms (Correct)

(b) All the ‘F’ terms

(c) CFR and CIF only

(d) None of the Incoterms

INCOTERMS QUIZ 1 (4)

4. The importer wants to arrange for the consolidation of different shipments in China in order to optimise the utilisation of containers.

Which Incoterm would you recommend that the importer uses?

- CIF
- EXW (possible)
- FCA (best answer)
- FOB

Documentary Credits Quiz 2 (1)

1 Why might a seller insist on having a ‘confirmed’ letter of credit?

(a) They want to have an email confirmation that the buyer has opened the letter of credit

(b) If the L/C is confirmed, the buyer cannot cancel or amend it

(c) A ‘confirmed’ L/C guarantees the payment by the bank in the seller’s country, even if there is a problem with the buyer or the buyer’s bank
Correct

(d) The seller doesn’t trust the buyer

Documentary Credits Quiz 2 (2)

2 Why might a buyer and a seller decide to use a Letter of Credit in their contract of sale

(a) To prevent fraud

(b) Because both the buyer and the seller need to borrow money

(c) To provide a level of assurance to both parties to the contract of sale
Correct

(d) Because the buyer doesn't trust the seller

Documentary Credits Quiz 2 (3)

3 What wording on a bill of lading might lead to it being rejected when presented by the shipper to the confirming bank (tick all which apply)

(a) There is a clause on the face of the bill of lading which states that cargo is damaged Correct

(b) There is no wording ‘clean on board’ on the bill

(c) For a container shipment, the bill of lading allows transhipment but the L/C prohibits transhipment

(d) There is not a clear statement that the cargo has been shipped on board with a date Correct