MARSH

Shipyards: Marine construction, conversions, and repairs

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Shipyards face complex challenges around timetabling the availability of the yard, dock, and fabrication/assembly facilities. Backlogs and delays may lead to lost orders, shorter timelines for processing, and possible penalties. Deal volatility, investment capital flows, the provision of guarantees, and trade credit can make running the business precarious, while just-in-time supply chains, fuel regulations, power supplies, varying steel and aluminium prices make profitability fragile.

The changing sophistication in technologies and naval architecture or design expectations from customers make acquiring, maintaining, retaining and skilling workforce a constant challenge.

Evolving in the face of disruption takes careful planning and bold investment decisions on infrastructure as well as research and development. By being strategic in approach, shipyards can flourish at the leading edge of a sustainable maritime industry, navigating risk and retraining people to meet current and future needs.

At Marsh, we help clients navigate an increasingly dynamic and complex environment in risk, strategy, and people with a strong focus on manufacturing, supply chain, and the maritime sector. We combine this expertise with Marsh's specialty capabilities to transact insurance, mitigate risk, reduce cash flow interruptions, and minimize delays. Our extensive experience, commitment to our clients, and collaboration with marine construction, conversion, and repair of shipyards makes us one of the world's most experienced insurance brokers and consulting firms in the sector.

Consulting and transactional insurance services in one partner

In complex geopolitical, economic, and trading environments with business consolidations, sophisticated finance offers to customers, and non-traditional capital partners with non-traditional requirements, Marsh helps to protect a shipyard's balance sheet and individual vessel projects.

With specialist technical insurance knowledge, broking abilities, and access to global insurance markets, Marsh has supported customers with:

Consulting services

Strategic and operational consultancy in supply chain, automation, digitalization, and cyber.

Workforce strategies relating to benefits, retention, recruitment, and pensions.

Sophisticated financial products aimed at stakeholder security and attracting more business.

Risk consulting services relating to risk mitigation and risk improvement in standards and processes, often paid for by insurers.

Risk maturity and risk finance optimization consultancy relating to use of capital around risk with the intention of minimizing costs.

Natural catastrophe or climate change modeling and visual intelligence services.

Construction project expertise, including land reclamation, renewable energy integration, and dredging.

Due diligence services relating to consolidation and/or divestment activity as well as contracts and insurance efficacy.

Claims advocacy, legacy claims services, forensic accounting services, and claims archaeology.

Transactional insurance services

Our experience and service offerings available to shipyards include:

Private sector/ commercial sector
Commercial vessels

- Tugs, barges, and coasters
- Container ships
- Tankers
- Bulkers
- LNG/LPG carriers*
- Car carriers
- Ferries
- Cruise ships
- Offshore support
- Yachts/mega yachts
- FPSO/FSU/FSRU**
- Cable handling/laying
- Specialist salvage

State-owned/ public sector
Naval/coast guard vessels

- Patrol vessels
- Frigates/destroyers
- Cruisers/corvettes
- Aircraft carriers
- Submarines

Locations

- Yard types: builders or repairers, including natural catastrophe zones
- Small yards, with smaller or specialized craft contracts, to mid-size yards, to ultralarge facilities with high sophistication builds
  – Individual shipyards
  – Groups of shipyards

Type of insurances arranged

- Single vessel construction, conversion, or repair
- Open insurance facilities for all contracts

Periods available

- Single project (months or years)
- Annual policies
- Multi-year policies

* Liquefied natural gas (LNG) and liquefied petroleum gas (LPG)
** Floating production storage and offloading (FPSO), floating storage unit (FSU), and floating storage and regasification unit (FSRU)

Insurance coverages available to shipyards*

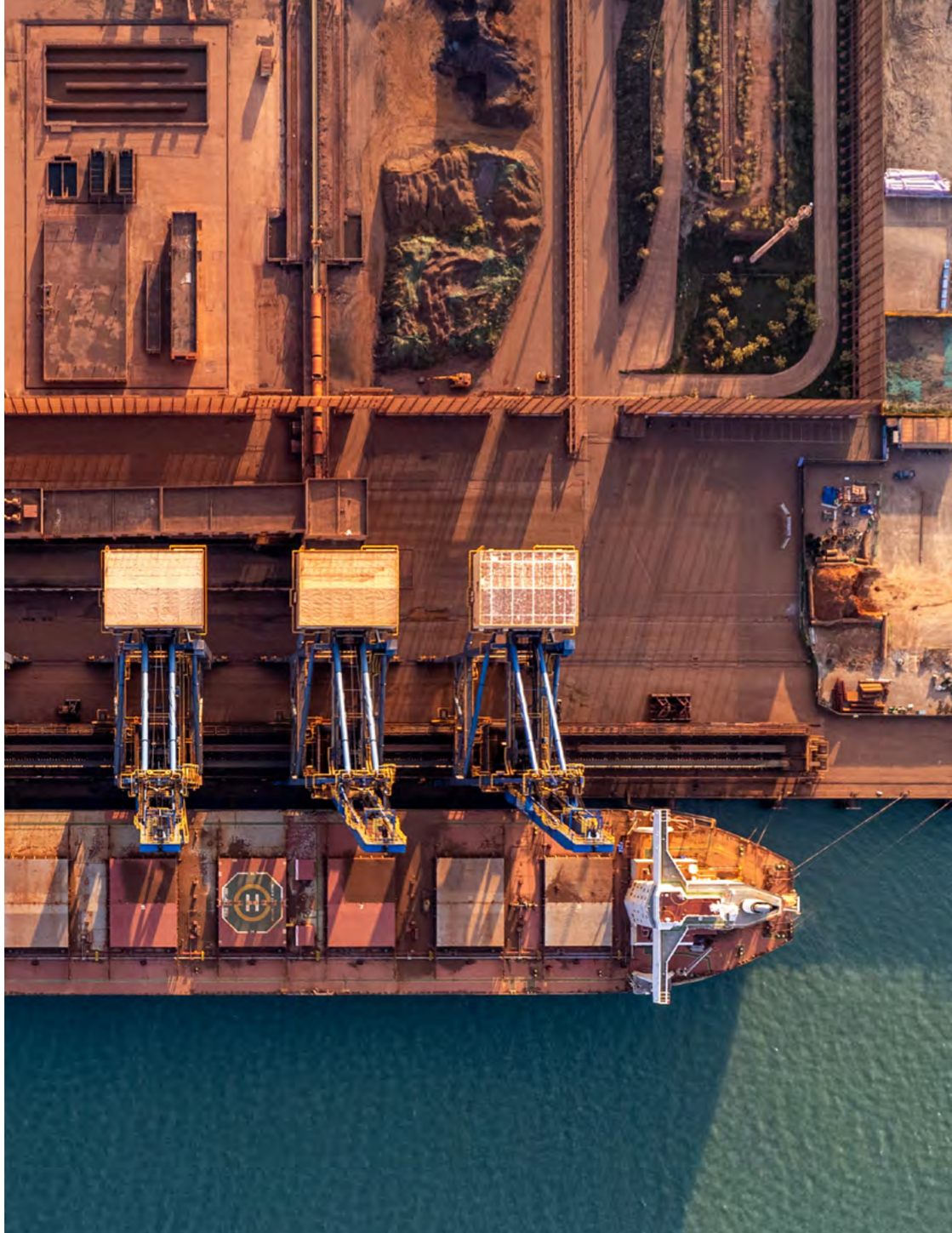
Physical damage and ancillary risks

- Buildings, facilities, and equipment insurance
  - Including non-owned property in care, custody, and control
- Vessel builder's risks insurance
  - Physical damage to the vessel onshore, during launch, outfitting, and trials including strikes and war risks
  - Including government or owners' furnished equipment
- Additional expenses or additional increased cost of working
- Marine property coverage for piers, wharves, and graving docks
- Cargo transits and delay in start-up (delivery delay) following damage to critical components
- Delay in delivery
- Total loss and abandonment
  - Including towage costs and additional decommissioning, and scrapping costs

Third party liability, directors and officers liability, and employee liability

- Shipyard and ship repairers liability including collision with other vessels or objects, loss of life, pollution, and wreckage removal
- Charterers' liability/damage to hull
- Employers liability and/or locally–procured statutory lines of insurance such as employers' compensation
- General, public, and products liability
- Professional indemnity
- Subcontractors
- Directors' and officers' insurance
- Shipbuilders' guarantee
  - Covering post-delivery contractual guarantees
  - Including refund guarantee trade credit and political risks for our customers' end client

* Standard commercial insurances can be accessed via Marsh.



Professional indemnity insurance for shipbuilders and repairers

Builder's risks insurances for marine construction companies cover a broad range of insured perils where, typically, a physical damage 'trigger' is required in order to successfully recover claims under the policy. However, there are many scenarios where a shipyard, engaged in the design and construction of vessels, could find itself exposed to significant losses where there has been no physical damage.

Marsh works with marine construction, conversion, and repairer clients to provide specialist professional indemnity (PI) insurance to these exposures.

- Errors and omissions/design flaw: Post–delivery remedial 'do-over' works to prevent a larger claim for damages
- Unintentional breach of intellectual property/ copyright in respect of design work: Losses and defense costs
- Misdirected arrow claims
- Contingent PI: Where a builder or conversion yard is working from a third-party design and is sued but is unable to recover from the naval architect design firm
- Third party legal liability, claims expenses, fraud of staff, and libel and slander

Your insurance policy is designed to reflect your risk profile, resilience, and risk appetite with optimal cover and pricing. It is designed to give you the confidence that this balance can be changed flexibily, if required, to alter build contracts for customers and to help you thrive.

We use our experience to innovate and customize insurance contracts and understand clients' risk profiles, tolerance, and appetite.

We have a proprietary facility with large insurance limits per vessel and the ability to place excess amounts in international markets to cater to the largest, most sophisticated, and specialist vessels. This allows for quicker response times in contracting.

500

Marsh has placed insurance for over 500 projects involving different types of sponsors, from public sector, private-public partnership, private equity, and lenders. We are one of the most experienced brokers in this industry sector.

US$3B*

Able to place US$3 billion, based on a recent placement, using the conversion rate at the time. We use our global network to gather capacity from insurers in different markets, creating a competitive environment between insurance hubs and insurers in different parts of the world.

40%

We place more than 40% of the global insurance premium for shipbuilding, marine construction, ship repairers' liability and shipyard package premiums. We were integral in the development with insurers of the JH143 Shipyard Risk Assessment Survey.

* Exchange rate applied from another currency

Claims experience

Marsh has expertise in opening up broad coverage interpretation of insurance contracts from many years of claims experience and collecting complex claims in a variety of design fault, damage during, and finished product claims, following build completion.

Adding value through the claims process

Marsh has collected hundreds of millions of dollars of claims.

	1- Claims advocacy Proximate cause: Design versus construction	**2- Claims advocacy** Post build: Fire during secondary sea trials
	Relating to the construction of a series of offshore supply vessels and where a range of performance issues were discovered during sea trials. A technical review of data concluded that the problems may have arisen from an error in the hull design.	During yard sea trials/testing for a conversion project of a vessel, gases in the engine room ignited, and fire quickly spread. Despite crew firefighting efforts, the vessel had to be abandoned. Salvors were appointed and terms agreed in advance for damage control and return of vessel to a port of safety.
Challenges	• Policy conditions responded to consequential damages but no coverage for costs to remedy faulty design • Challenges to quantum by technical experts appointed by insurers, based on exclusion of costs relating to faulty designed components • Potential issues arising from similar faults on the other vessels during construction • Questions relating to whether damage had occurred to the subject matter insured, in the context of coverage offered by the policy	• Salvage plan • Repair plans ahead of final delivery of vessel to owners • Information management — insurers/externally • Engagement with professional loss adjusters and legal representation
How we made a difference	• We deployed our senior claims advocacy team to review available technical reports with a view to providing an alternative proposition as to how policy coverage could apply • We challenged insurers' position on recoverable claim quantum, seeking a more reasonable demarcation between faulty designed parts and damage • We negotiated a significant payment on account on undisputed sums, agreeing with insurers to defer discussion on challenged quantum • We were able to reach an amicable agreement with all parties for payment of the balance claim in full and final settlement	• We led insurer discussions to ensure that preferred client repair options were supported, in advance of any final decision being taken • We took control of payment on account discussions, minimizing the short term financial impact to our client by providing quick staged payments throughout the repair process • We directed our client on their options for providing security to salvors on delivery of vessel to the nominated safe port • We provided a constant feed of information to the substantial insurer market — 32 individual insurers in total – summarizing key developments and action points from end to end

Adding value through the claims process

	3- Complex claims collection Damage to rig during construction	**4- Fast distribution of funds** Physical damage to hull during construction
	The yard suffered a partial collapse of jack-up rig structure during the build process.	While under construction and in dry dock, following sea trials, damages were discovered to the bottom hull plating and deficiencies were identified in paint coatings.
Challenges	• Accessing site • Working around external investigative time lines • Root cause analysis • Management of financial impact through staged payment management • Minimizing delay to project completion	• Salvage plan • Repair plans ahead of final delivery of vessel to owners • Information management — insurers/externally • Engagement with professional loss adjusters and legal representation
How we made a difference	• We actively managed the distribution of information initially available for insurers in context of problems of site access and health and safety concerns • We set up a senior claims advocacy crisis response team and held regular weekly meetings with our client over a five-month period • We provided our client with a clear strategy to ultimate resolution of all issues • We offered our views on a range of technical, contractual, and procedural matters • We secured agreement from the insuring market for seven payments on account to ensure that cash-flow concerns were managed	• We arranged meetings directly with the client in order to assess the damages and devise a strategy which would work to help expedite the repair and settlement process and avoid delays in what was a very time-constrained building project • We engaged with insurers early on key external technical appointments and deployed our senior advocacy team to help manage information flows, given the project sensitivity • We secured agreement to a very substantial settlement for clients

Our global marine, cargo, and logistics practice

We provide a holistic service, risk management, and placement proposition for international and regional shipyards and ship owners. By combining international expertise with local delivery, we offer every client the personal and flexible service of an accessible team backed by high level skills, broad experience, and market intelligence.

650+

Marsh has over 650+ colleagues working on ports, shipping, shipyards, suppliers, traders, and cargo risks.

40+

We have offices in 40 + countries with local marine, cargo, and logistics expertise.

US$4.4bn

We handled approximately US$4.4. billon in premium for marine, cargo, and logistics clients in 2025.

We have represented 20 shipyard groups worldwide on their multiple build and repair contract insurance policies.

We negotiated and settled one of the largest shipyard physical damage claims.

We have educated 1,600 maritime professionals on CII accredited specific marine insurance courses in the last 15 years.

For further information, please contact our shipyard specialists at a local Marsh office or visit our website at marsh.com.

About Marsh

Marsh Risk is a business of Marsh (NYSE: MRSH), a global leader in risk, reinsurance and capital, people and investments, and management consulting, advising clients in 130 countries. With annual revenue of $27 billion and more than 95,000 colleagues, Marsh helps build the confidence to thrive through the power of perspective. For more information about Marsh Risk, visit marsh.com, or follow us on LinkedIn and X.

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