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European Shipyards: Complexity is outpacing traditional insurance structures

A guide to the insights:

European shipyards operate in one of the most technically advanced and contract-driven shipbuilding environments in the world, but they are also increasingly exposed to a level of regulatory, contractual, and jurisdictional complexity that traditional insurance structures were never designed to absorb.

Projects now routinely involve specialist vessels, naval and offshore energy work, and multi-jurisdictional contractual frameworks. At the same time, shipyards must navigate sanctions regimes, export controls, and growing ESG and compliance requirements.

Yet many insurance programmes remain anchored in historic structures rather than the realities of today's contracts.

This is where uninsured loss, dispute, and balance sheet volatility are now emerging.

Europe specific forces reshaping shipyard risk

Regulatory and sanctions complexity

European shipyards operate within an increasingly complex regulatory environment, including sanctions regimes, export controls and restrictions. These are often accompanied by growing ESG and compliance expectations.

This is further compounded by the EU's dual-use export control regime, which governs a wide range of technologies and equipment - including maritime and defence-related systems - and requires authorisation for exports, transfers, and even technical assistance in certain cases.[1]

Insurance policies often contain sanctions clauses or limitations that directly affect coverage. Without precise alignment between trading activity and policy wording, claims may be restricted or challenged at the point of loss.

Naval and government programmes

Naval, defence, and government backed projects play a central role across many European yards. These programmes introduce structured contractual frameworks, strict insurance requirements, and long tail liability exposure that can extend well beyond delivery.

Standard shipyard insurance programmes do not always respond cleanly to these obligations without bespoke structuring and alignment to contract terms.

Offshore energy and specialist tonnage

European shipyards are at the forefront of offshore energy and the energy transition, with investment in offshore wind alone reaching €22.5 billion in a single year, alongside continued expansion of the supporting maritime supply chain.[2]

These projects typically involve long build periods, multiple contractual interfaces, and significant sensitivity to delay and performance. While technically advanced, they also introduce disproportionate financial exposure relative to their frequency.

[1] Exporting dual-use items - Trade and Economic Security
[2] Europe needs stronger ports and shipyards to deliver its offshore wind goals - WindEurope

Where European shipyards most often experience uninsured exposure

The most material uninsured losses rarely arise from major incidents.

Instead, they tend to emerge from contractual and commercial pressures, particularly where liabilities are not fully transferred into insurance. Delay and performance disputes, interface claims, and aggregation of exposure across concurrent projects are common drivers.

A further complexity in Europe is the assumption that insurance will respond consistently across jurisdictions. In practice, differences in legal regimes and policy interpretation can create unexpected gaps.

These exposures often only become visible once projects are underway.

Why traditional insurance structures struggle in Europe

Many European programmes have evolved incrementally over time, shaped by renewal cycles, standard market wordings, and local regulatory requirements.

However, as projects have become more international and contract driven, these structures are often no longer sufficient.

Where programmes are not reviewed against contract terms, or tested across jurisdictions, there is a growing risk that material exposure sits with the shipyard unintentionally, particularly where decisions are driven primarily by premium considerations.

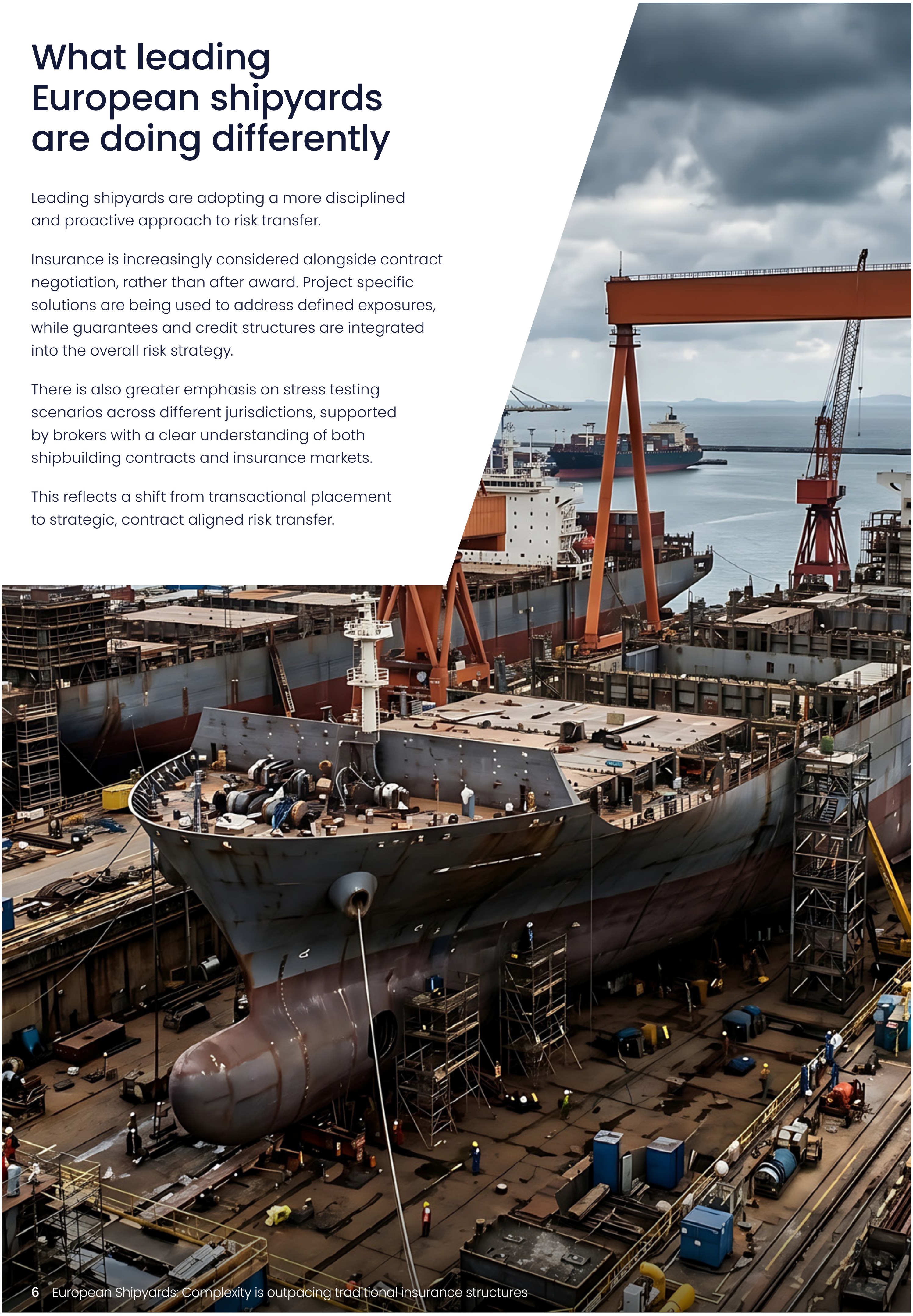
What leading European shipyards are doing differently

Leading shipyards are adopting a more disciplined and proactive approach to risk transfer.

Insurance is increasingly considered alongside contract negotiation, rather than after award. Project specific solutions are being used to address defined exposures, while guarantees and credit structures are integrated into the overall risk strategy.

There is also greater emphasis on stress testing scenarios across different jurisdictions, supported by brokers with a clear understanding of both shipbuilding contracts and insurance markets.

This reflects a shift from transactional placement to strategic, contract aligned risk transfer.



A more effective approach to shipyard insurance

A more effective approach starts with the contract, identifying where liabilities exceed policy response and addressing those gaps early.

This is typically supported by project specific cover for complex builds or conversions, rather than relying solely on annual programmes. It also requires a clear focus on protecting the balance sheet from low frequency, high impact events.

Access to the right markets is critical. European shipyards increasingly benefit from combining London, Continental European, and global insurers to deliver solutions aligned to complex, cross border risk.

How we support European shipyards

We work with European shipyards through a contract aware, internationally aligned approach.

This includes reviewing contractual exposures in detail, structuring builders risk and conversion placements, and developing liability and excess programmes that reflect real project risk. We also support with guarantees, credit and non payment solutions, and programme benchmarking across jurisdictions.

Our objective is clear: to ensure risk is structured and transferred deliberately - with full alignment to contractual, regulatory, and jurisdictional realities.

The critical question

European shipyards are not just managing more complex projects - they are operating within increasingly complex regulatory and legal frameworks.

The key question is not only where risk sits, but whether insurance will respond as expected when it is tested.

That outcome should be deliberate, informed, and aligned with the realities of modern European shipbuilding.

For a broader perspective on how these trends are reshaping shipyards globally, and how leading operators are responding, see our global briefing: Why Shipyard Insurance Programmes Are Changing

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