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Turkish Shipyards:
Competing globally, carrying more financial risk

A guide to the insights:

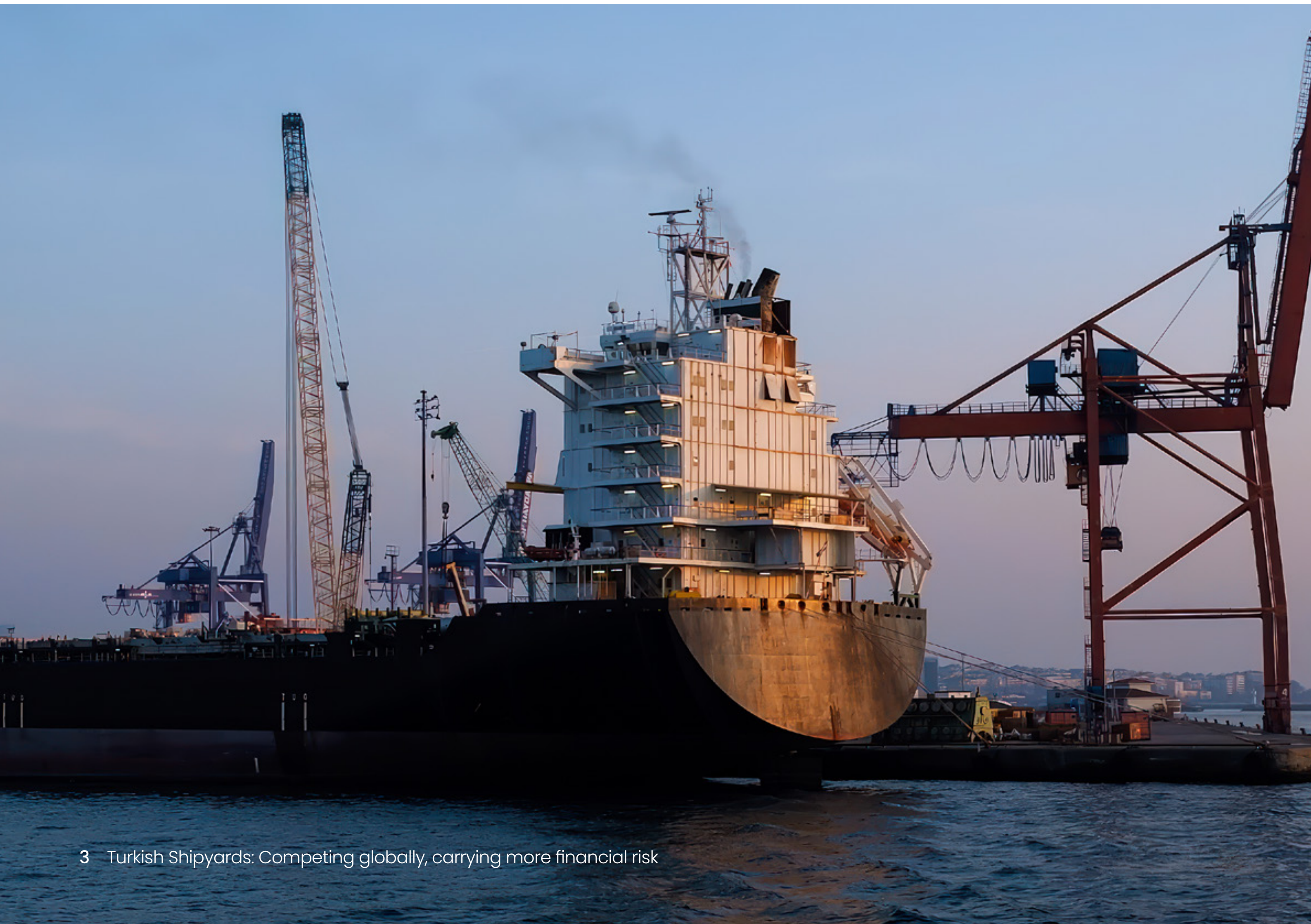
A global industry facing new challenges

Across global shipbuilding markets, shipyards are operating in a significantly different risk environment than they were even five years ago. Newbuilds are larger, project values are increasing, contract structures are becoming more sophisticated, and stakeholders are placing greater emphasis on delivery certainty and performance. At the same time, many shipyard insurance programmes continue to be built around a simpler operating model that assumed lower aggregation of risk, less contractual complexity and a clearer distinction between physical and financial loss.

The global shipbuilding market now exceeds USD 160 billion annually, supported by continued investment in new tonnage, fleet modernisation and emerging vessel technologies. As asset values and contract sizes grow, the financial consequences of delays, contractual disputes and uninsured exposures can increase disproportionately, creating greater pressure on shipyard balance sheets and project profitability.

Across the industry, the most significant losses are no longer always linked to physical damage alone. Increasingly, they stem from contractual obligations, schedule pressures, stakeholder expectations and coverage gaps that only become apparent when a project is already under strain. This growing disconnect between contractual exposure and insurance response is changing how shipyards around the world approach risk management.

For Turkish shipyards, these global trends are particularly relevant. Turkey has established itself as a highly competitive force within the international shipbuilding market, recognised for its expertise in specialised vessel construction, repair and conversion projects. However, as Turkish yards continue to compete on a global stage, they are increasingly carrying the same financial, contractual and operational pressures affecting shipyards worldwide.



Turkish Shipyards: competing globally, carrying more financial risk

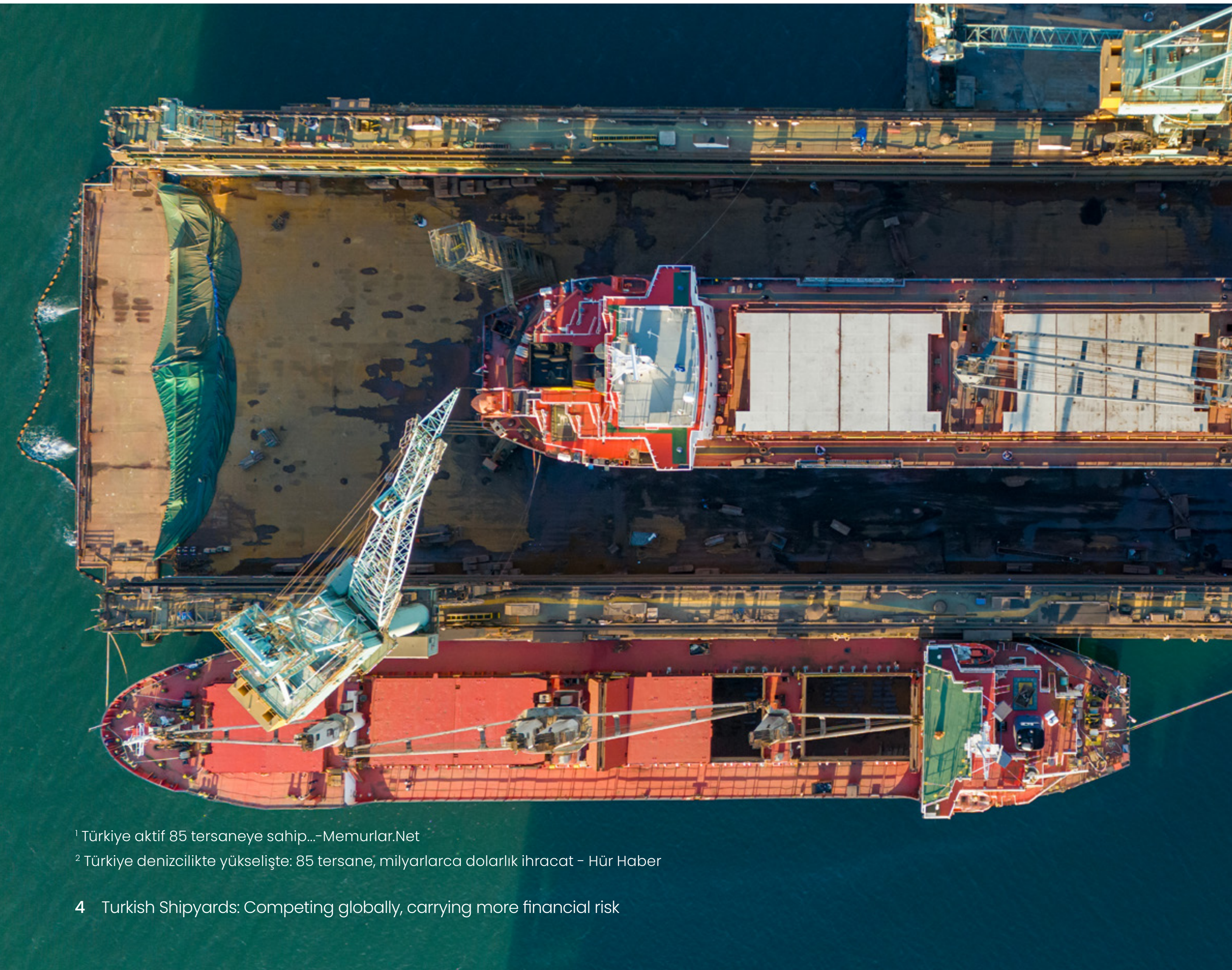
Türkiye has established itself as a highly competitive global shipbuilding and repair hub, supported by a broad industrial base of over 80 active shipyards[1] and export revenues exceeding USD 2 billion annually[2].

In doing so, its shipyards are increasingly taking on a level of contractual and financial exposure that traditional insurance structures were not designed to absorb.

Export-driven newbuilds, specialist vessels, and offshore energy projects are placing Turkish yards at the centre of international shipbuilding supply chains. At the same time, to secure work, shipyards are often required to accept more onerous contractual terms and provide significant financial guarantees.

Yet many insurance programmes remain structured around traditional yard cover, rather than the full risk profile created by today's contracts, guarantees, and financing structures.

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



[1] Türkiye aktif 85 tersaneye sahip...-Memurlar.Net

[2] Türkiye denizcilikte yükselişte: 85 tersane, milyarlarca dolarlık ihracat - Hür Haber

The Turkish shipyard risk landscape has evolved

Across Türkiye, shipyards are operating in a more complex and internationally exposed environment.

Export-driven newbuilds and conversions are now the norm, with Turkish shipyards delivering 80–120 vessels annually across a production capacity of approximately 50 million DWT, largely for international buyers.[3] At the same time, shipyards are increasingly involved in naval, defence, and state linked projects.

Contracts have evolved accordingly. Liquidated damages, refund and advance payment obligations, performance guarantees, and milestone based payment structures are now standard.

In many cases, Turkish shipyards carry greater contractual risk than peers in more mature markets, even where operational activity is similar.

[3] Türkiye's Shipbuilding Capacity: Active Shipyards, Deliveries and Future Outlook - Maritime Agenda | Maritime News & Analysis

Türkiye specific drivers of insurance complexity

Export contracts and international law

Turkish shipyards operate predominantly under export-driven contracts, frequently governed by English law or other international frameworks, serving a diverse international client base across Northern Europe and the Middle East.

This introduces a layer of complexity where contractual obligations may not align with locally placed insurance. Without detailed, contract-level review, gaps can emerge between what shipyards are required to assume and what policies will actually cover.

Guarantees and balance sheet exposure

To remain competitive, Turkish shipyards are frequently required to provide refund guarantees, advance payment guarantees, performance bonds, and warranty instruments.

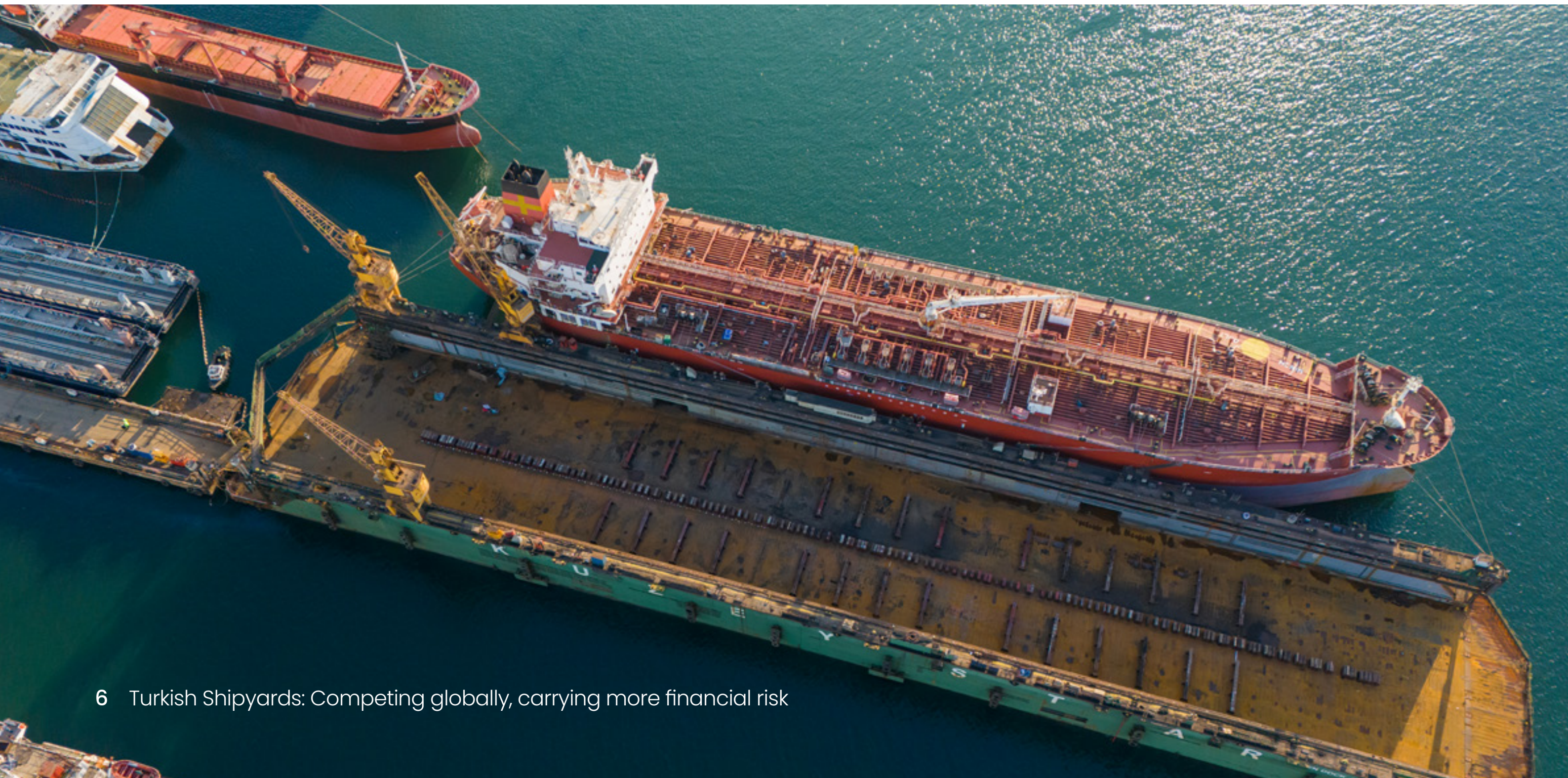
These commitments can create significant balance sheet exposure, particularly if triggered following contractual disputes. Without alignment between guarantees, insurance, and credit solutions, risk can sit with the shipyard unintentionally.

This is the defining Turkish risk: significant balance sheet exposure driven by guarantees, not just insured events.

Sanctions, compliance, and counterparty risk

Turkish shipyards operate across a complex geopolitical landscape, working with EU, Middle Eastern, and Asian counterparties.

Insurance policies in this context often include sanctions clauses, trade restrictions, or exclusions that can affect claims response. If not carefully aligned with trading activity, these provisions can result in unexpected coverage limitations at the point of loss.



Where Turkish shipyards most often experience uninsured exposure

The most material losses are rarely caused by physical incidents alone.

In practice, exposures tend to arise from contractual and financial pressures, including liabilities falling outside policy scope, delay and delivery disputes, and the triggering of guarantees following disagreement or non performance.

Foreign exchange volatility and non payment risk can further compound financial outcomes, particularly on export driven projects.

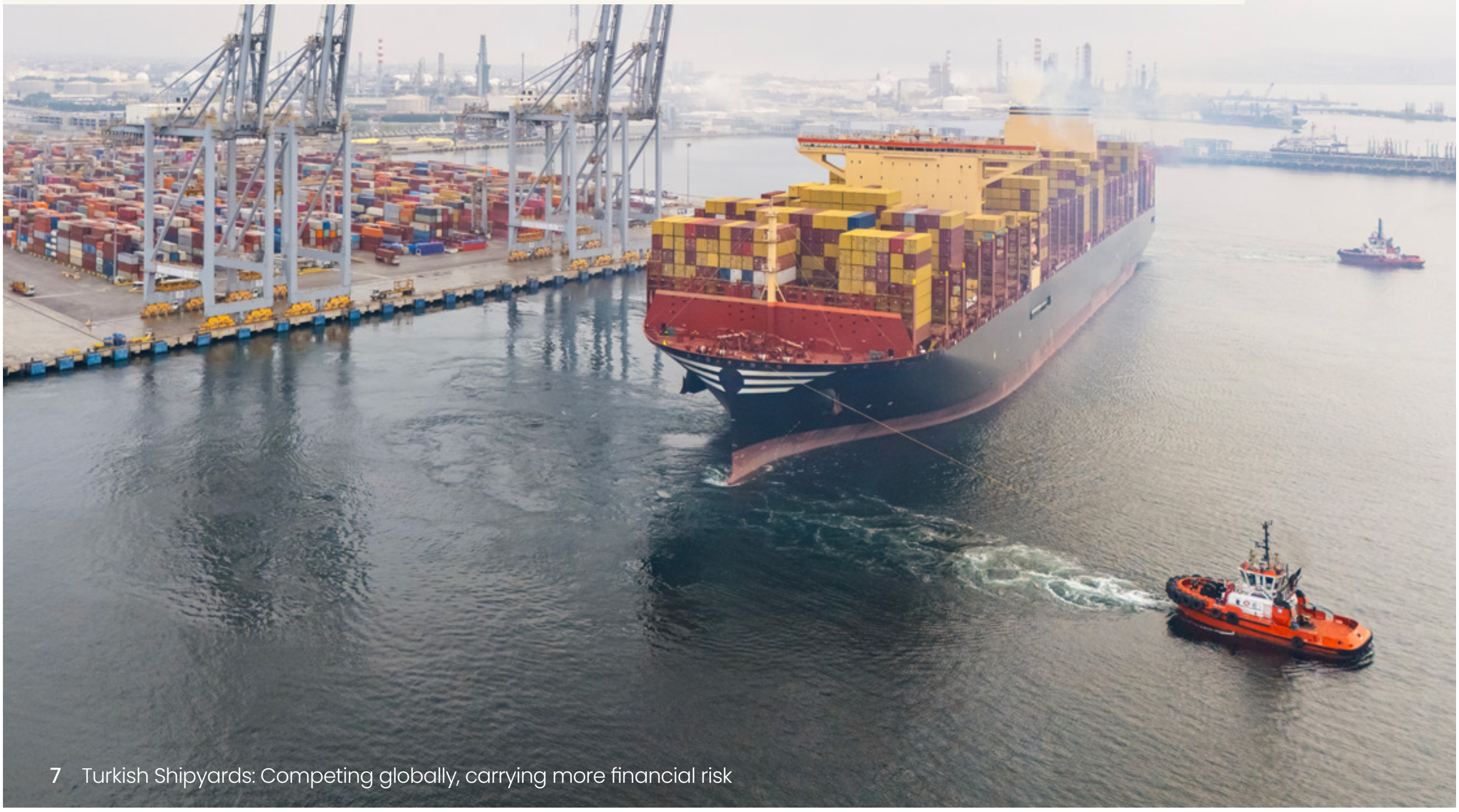
These issues typically crystallise after contract execution, when mitigation options are limited.

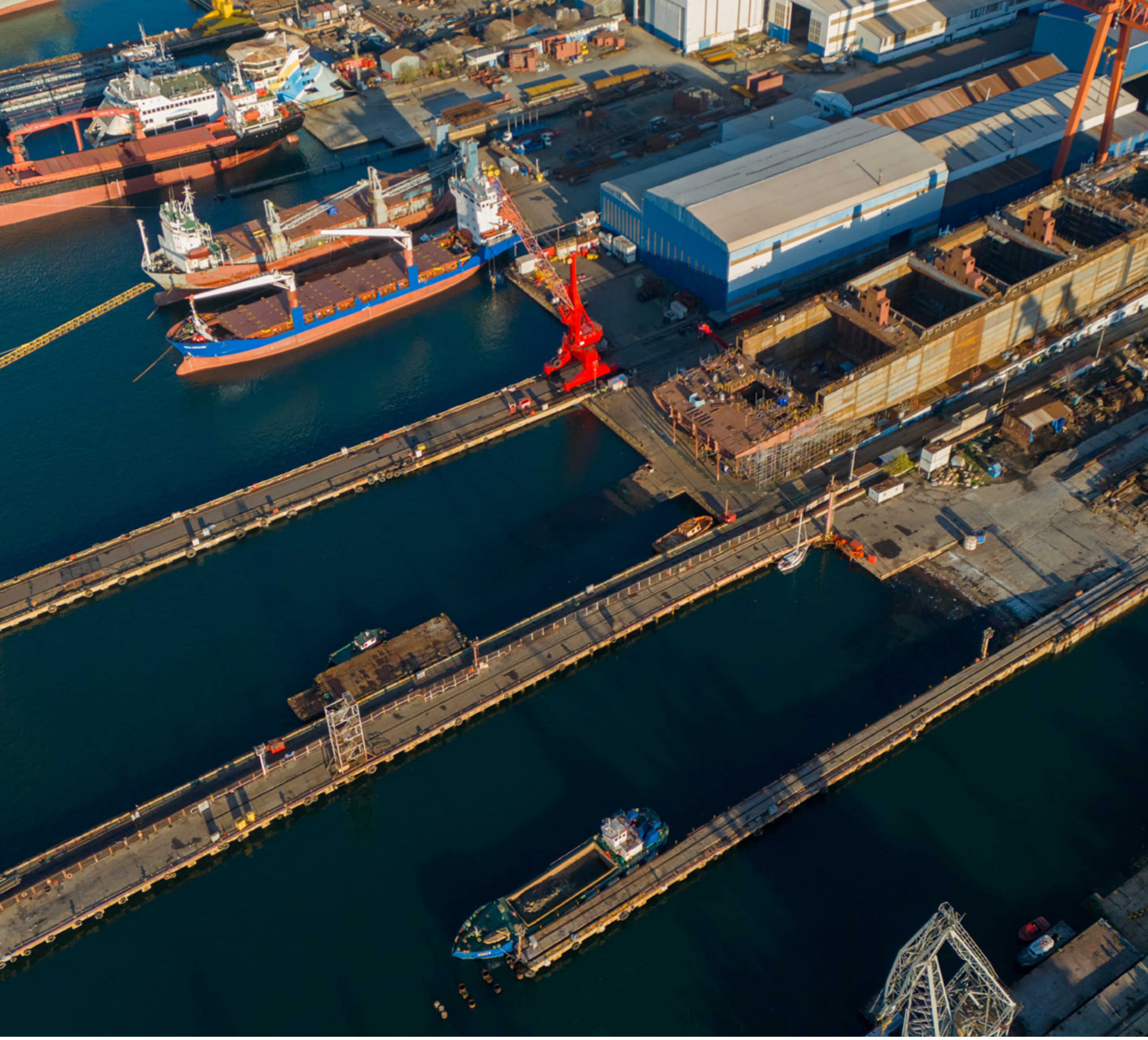
Why traditional insurance structures struggle in Türkiye

Many Turkish shipyard insurance programmes are still built around annual yard packages, focused primarily on physical damage and third party liability.

These structures often operate independently from contract negotiation and guarantee strategy, with decision making driven by renewal cycles rather than project needs.

As projects become larger, more complex, and more internationally driven, this approach can leave material exposure sitting on the balance sheet unintentionally.





What leading Turkish shipyards are doing differently

More advanced Turkish shipyards are adopting a more integrated approach to risk.

Insurance is increasingly reviewed alongside contract negotiation, rather than after placement. Project specific builders risk solutions are deployed where appropriate, and guarantees are structured in parallel with insurance and credit solutions.

There is also a greater focus on stress testing how policies respond to realistic contract scenarios, supported by access to international insurance markets alongside local placements.

The shift is clear, from transactional insurance purchasing to deliberate, contract aligned risk transfer.

A more effective approach to shipyard insurance

A more effective strategy starts with understanding the contract and its associated financial obligations.

Insurance should be structured to respond not only to physical loss, but also to the contractual exposures embedded within each project. This often requires project specific solutions for complex builds, rather than reliance on annual programmes alone.

Equally important is the integration of guarantee strategy with insurance and credit solutions, ensuring that balance sheet exposure is actively managed.

Access to the right markets is critical, combining local insurers with London and international capacity familiar with export driven and cross border shipyard risk.

How we support Turkish shipyards

We work with Turkish 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 the design of sanctions aware insurance structures.

Our approach provides access to specialist global marine insurers alongside local markets.

Our objective is clear: to ensure contractual, guarantee, and financial exposures are deliberately structured and transferred - not left sitting on the balance sheet.

The critical question

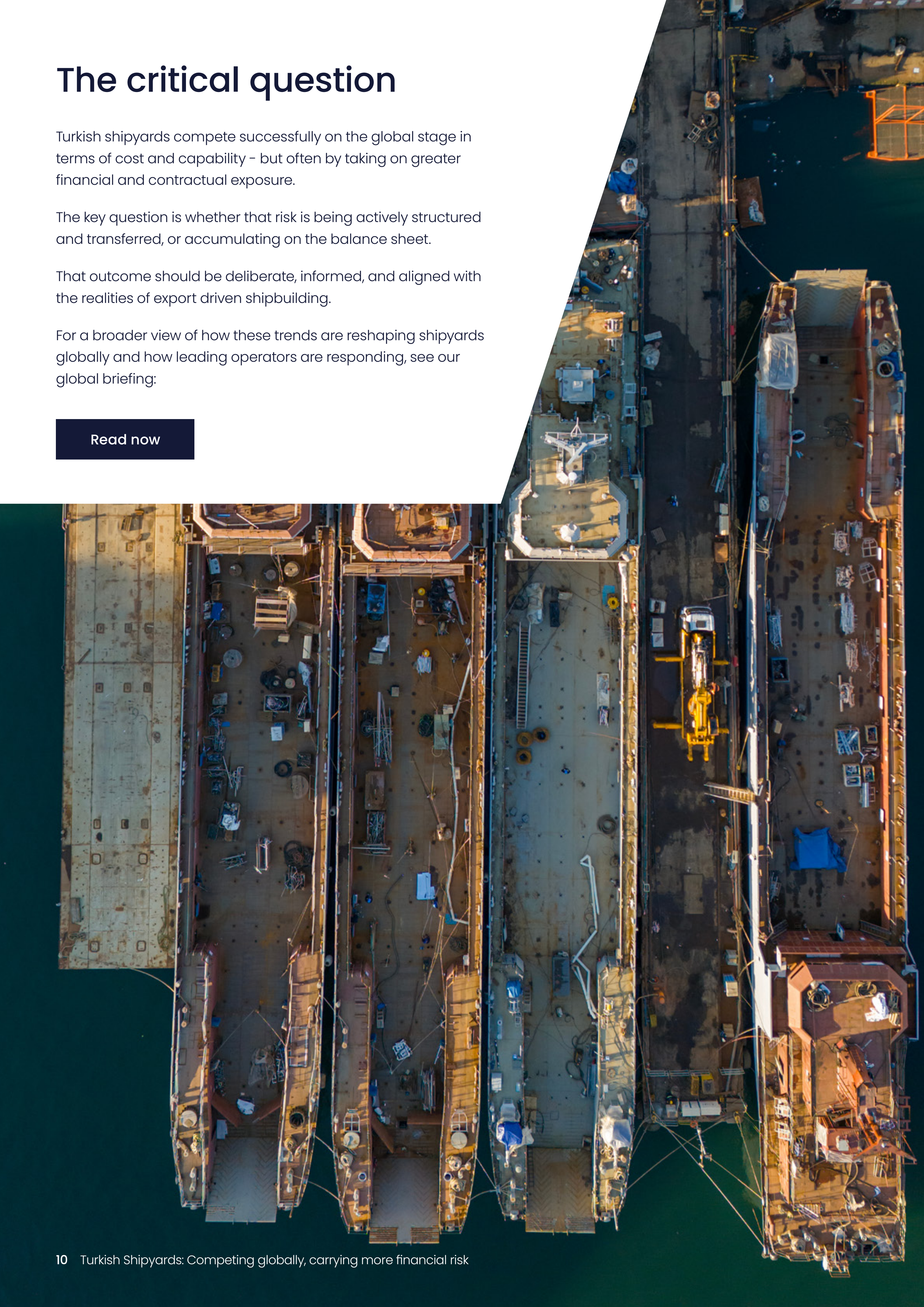
Turkish shipyards compete successfully on the global stage in terms of cost and capability - but often by taking on greater financial and contractual exposure.

The key question is whether that risk is being actively structured and transferred, or accumulating on the balance sheet.

That outcome should be deliberate, informed, and aligned with the realities of export driven shipbuilding.

For a broader view of how these trends are reshaping shipyards globally and how leading operators are responding, see our global briefing:

Read now



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