

ITIC

SPECIALIST
PROFESSIONAL
INDEMNITY
INSURANCE

FACT SHEET SERIES: 15

Naval architects

Specialist professional indemnity insurance



ITIC
IS MANAGED
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Expert view

Naval architects bring together many skills in the delivery of an extremely high profile service. Human error can happen and when it does the claims can be complex and expensive.

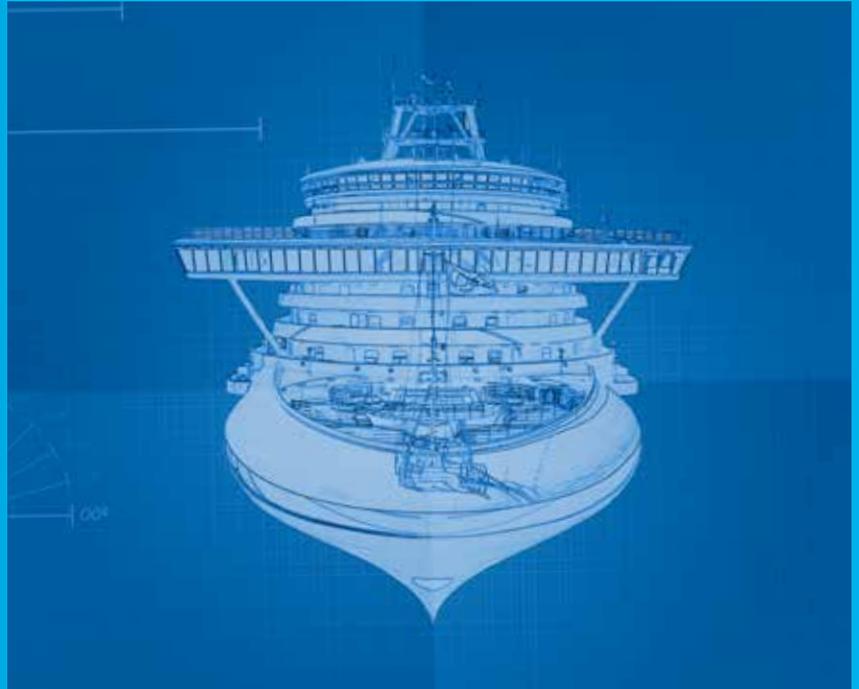
ITIC has wide experience in assisting naval architects in minimising the financial impact arising from such mistakes as:

- Inadequate welding design causing structural inadequacies in the hull
- Errors in transposing design specifications
- Inadequate preparation of technical specifications

You don't have to make a mistake to be sued.

You could receive a claim even if you were not negligent in the provision of your services. ITIC insurance covers defence costs, which can be extremely expensive.

The team understands these problems and is here to help.



Any naval architect will face day-to-day exposure to risk, but will be able to rely on ITIC to help reduce any potential hazards. To demonstrate potential liabilities in this sector, the following claims scenarios may be helpful.

Naval architect

You don't have to make a mistake to be sued.

A naval architect was instructed to design a commercial passenger ship capable of speeds up to 20 knots in reasonable weather conditions.

During sea trials in extremely unfavourable weather conditions, the ship reached speeds far in excess of 20 knots.

However, soon after the ship was put into service, she suffered various cracks in the hull, which the owner alleged was caused by inadequate welding design – not inadequate welding. The naval architect advised that the cracks were due to the ship being operated beyond its recommended parameters in unfavourable weather conditions.

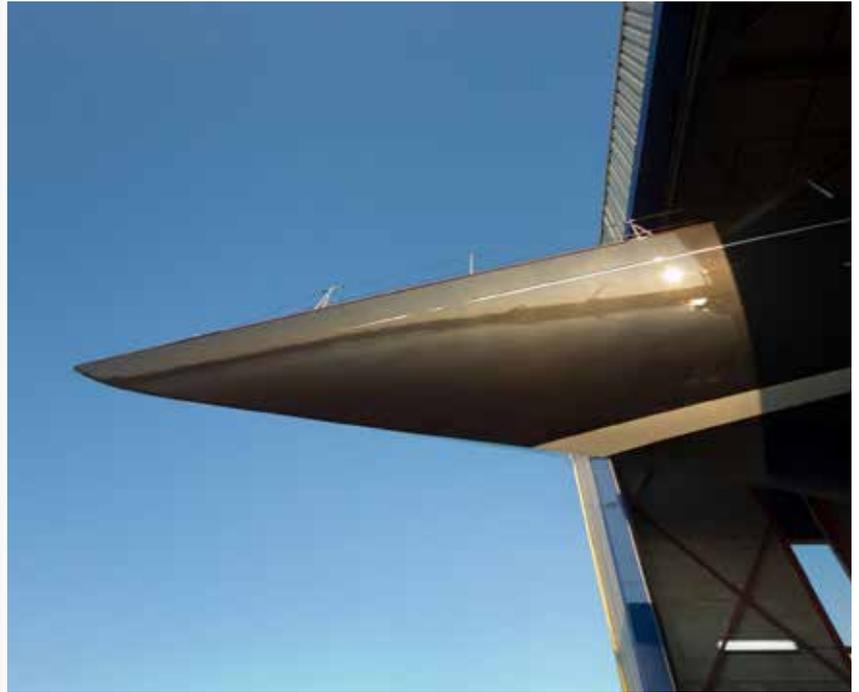
The ship was repaired but the cracks returned on a number of occasions. A replacement had to be chartered by the owner while the ship was being repaired. A further dispute arose concerning the quality of the repairs by the shipyard and whether the alleged poor standard of repair work had led to further cracks appearing in the hull.

The owner brought a claim against the architect and the shipyard for the cost of repairs, loss of profits, loss of use of the ship, chartering costs and diminution of value of the ship. ITIC settled the matter for the cost of repairs and the cost of hiring a replacement vessel only.

Policy highlights

- Worldwide professional indemnity (errors & omissions) cover
- Legal defence costs insurance
- Automatic cover for subcontractors
- Contractual risk management guidance
- Support from worldwide network of correspondents
- Discretionary insurance adjudicated upon by fellow transport industry professionals
- Quality loss prevention advice
- No external shareholders
- Mutual dividends paid at renewal
- Underwritten with industry knowledge

FACT SHEET SERIES: 15 NAVAL ARCHITECTS



Yacht designer

Making it right if it's wrong.

A yacht designer was contacted by a company to design a yacht for a race. The yacht was built and sailed over 10,000 miles without fault. When the yacht was lifted from the water, however, cracks were noticed along the keel blade.

Both the manufacturer and the designer were notified. The designer subsequently realised that an error had occurred when transposing the design specifications onto the blueprint drawings which were then passed onto the manufacturers.

This error in design meant the keel did not meet the strict strength specifications required of a racing yacht. The designer informed the company of the error.

However, a subsequent survey completed by a third-party surveyor found the cracks to be caused by incorrect manufacturing techniques.

The manufacturers offered to repair the keel but if they had done so it would still have been unsuitable for racing due to the design error. ITIC agreed that a keel of the correct specification should be supplied and additional costs were settled by ITIC.

Facts & figures at a glance

All figures US\$
All facts and figures correct as of 31st May 2025

Gross premium

\$76m

for the year

Claims paid

\$520m

since 1992

Members

3,741

Security rating

Backed by at least "A-" rated reinsurance programme

Worldwide insurance cover

ITIC is able to provide professional indemnity insurance, without restrictions, worldwide. An ITIC account executive is responsible for each country and will be your first point of contact. The ITIC team speaks French, Greek, Italian, Japanese, Mandarin, Russian and Spanish.

Credits paid

\$223m

surplus funds have been paid out to the members in the form of continuity credit since 1994

Disbursements & commissions

\$272m

of disbursements and commissions collected for members since 1992

Free reserves

\$289m

for ITIC and TIMIA combined

Annual premium

from **\$1,300**  **\$2.1m**

ITIC is committed to consistently providing competitively priced professional indemnity insurance (and related insurance covers) with valuable and high quality loss prevention advice to businesses servicing the marine, aviation and general transport industry. The ITIC team have a wealth of experience and knowledge.

36

Staff

A full time team to provide you with the best service possible.

16

Years

Average staff member's experience in the insurance/transport industry.

11

Years

Average staff member's time with ITIC. Several staff have over 25 years of service.

7

Lawyers

7 lawyers and a dedicated claims team.



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