



# JAPAN P&I CLUB

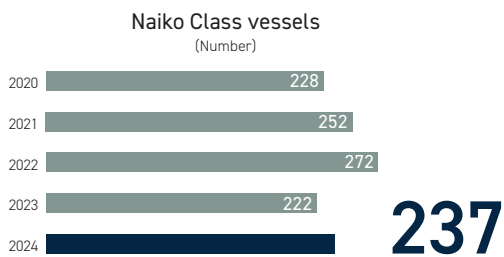
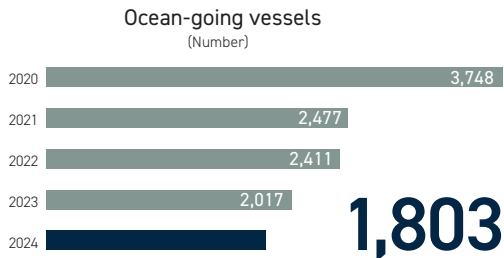
ANNUAL REPORT 2025

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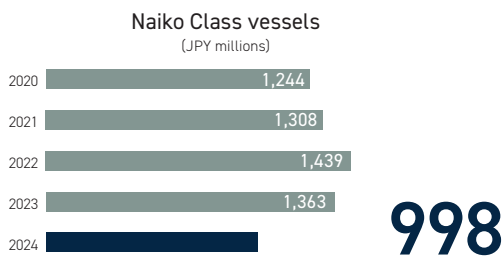
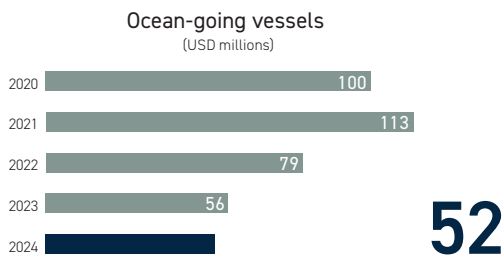
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# HIGHLIGHTS

## Number of claims received (Policy Year)



## Paid claims and reserve funds within our retention (Policy Year)



## Credit Ratings

S&P Global Ratings  
(as of July 2025)

# BBB+

Outlook : Stable

AM Best  
(as of December 2024)

# A-

Outlook : Stable

## Reserve

JPY **41.1**  
billion

## Entered Tonnage

**85.3**  
million gt

## Entered Vessels

**3,530**  
vessels

## Combined Ratio

| Years ended 31 March                           | 2021   | 2022   | 2023  | 2024  | 2025  | Average |
|--|--------|--------|-------|-------|-------|---------|
| Including currency movements in claim reserves | 111.9% | 157.3% | 96.6% | 91.2% | 69.2% | 105.2%  |
| Excluding currency movements in claim reserves | 107.5% | 133.6% | 83.9% | 70.7% | 71.4% | 93.4%   |

The Reserve, the Entered Tonnage/Vessels, the Number of claims received, and the Paid claims and reserve funds within our retention are as of 31 March 2025.

# STATEMENT OF DIRECTOR GENERAL



I would like to begin by sincerely expressing my gratitude to all the Members for their continued cooperation and understanding towards the Association. It is my pleasure to present this message on the occasion of the publication of the Annual Report 2025.

In 2024, while the global economy overall maintained moderate growth, the safe navigation of vessels was seriously threatened by geopolitical tensions, such as the situation in the Middle East and Ukraine. The shipping industry faced many difficulties, including transit restrictions through the Panama Canal due to drought, and fluid protectionist policies in the United States. Furthermore, with the implementation of the EU Emissions Trading System (EU-ETS) in the shipping sector, environmental considerations have become an increasingly critical requirement for the continuation of business operations.

In this uncertain environment, the Association has focused on three key priorities in order to continue providing even higher-quality insurance services to the Members, while maintaining and strengthening our sound financial position and stable management. These are : "Recovering our entered tonnage", "Improving our balance of insurance income and expenditure", and "Optimising our personnel and organisation".

With regard to premium income, considering the increasing claims cost driven by global inflation, along with the rising and unpredictable risks such as natural disasters and geopolitical tensions, the continued improvement of our insurance balance remains essential for the stable and sustainable operation of the Association. Accordingly, we implemented a general increase of 7% for ocean-going owners' entries and charterers' entries for the 2025 policy year renewal, while maintaining unchanged the premium rates for Naiko Class entries (Japanese coastal vessels). We

would like once again to express our sincere gratitude for the understanding and support of our Members in our decisions.

On the claims front, the International Group of P&I Clubs (IG) as a whole has faced a noticeable increase in the size of claims. The number of claims exceeding the Club retention of USD10 million, and thus subject to sharing with the IG reinsurance pool, has been increasing at its fastest pace in the past five years during the 2024 policy year. This trend has been further driven by incidents such as last year's bridge collision accident in Baltimore, USA. In contrast, no ocean-going vessel entered with the Association was involved in a claim exceeding the Club retention in the 2024 policy year, and no claims on Naiko Class entries that would trigger reinsurance, i.e. exceeding JPY300 million.

Additionally, due to the appreciation of the Japanese yen against the US dollar compared to the previous fiscal year, foreign exchange gains decreased by JPY4.27 billion to JPY170 million. However, underwriting expenses decreased by JPY3.17 billion to JPY17.41 billion. As a result, the Association recorded an ordinary surplus of JPY6.97 billion for the 2024 fiscal year, with a net surplus after tax of JPY4.95 billion. Consequently, continuing from 2023, we increased our reserves, which serve as an indicator of financial soundness, by JPY5.73 billion to JPY41.1 billion.

As a result, S&P Global Ratings (S&P) has upgraded our credit rating to "BBB+ (Outlook: Stable)". Furthermore, since the 2024 business year, we have obtained a rating of "A- (Outlook: Stable)" from AM Best, a credit rating agency specialising in the insurance industry. We humbly recognise that these positive evaluations have been made possible thanks to the steadfast support of our Members, and we remain fully committed to further enhancing our services for them.

We have continued to make every effort to be the first choice Club of our Members by providing insurance services that meet the Members' needs. This year, in order to provide even higher quality insurance services, we have formulated a Medium-Term Management Plan with the objective of establishing even more robust financial foundations and stable operations. As part of this plan, we have set a goal of achieving a S&P rating of "A-" or higher. To this end, we aim to have our reserves exceeding JPY50 billion by March 2028, with a long-term target of reserves of USD500 million.

To realise this objective, we have identified the following as our key areas of focus: "Strengthening financial capacity", "Stabilising the balance of insurance income and expenditure", and "Enhancing business competitiveness". All officers and staff will work together with a shared sense of purpose and commitment to achieve these goals. We would appreciate your continued support and cooperation.

Finally, I would like to express my heartfelt wishes for the safety of all your vessels and the prosperity of your business.

22 July 2025  
Yukio Toriyama, Director General



## BUSINESS REPORT

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ENTERED TONNAGE

REINSURANCE

TREND OF CLAIMS

TREND OF POOL CLAIMS

INTERNATIONAL GROUP'S TOPICS

LOSS PREVENTION

INVESTMENTS

SUSTAINABILITY INITIATIVES

# ENTERED TONNAGE

During the course of the 2024 policy year, the Association had new entries of 5.4 million gt for ocean-going owners' entries and 0.11 million gt for Naiko Class entries (Japanese coastal vessels).

For the 2025 renewal, in view of the upward trend of global inflation and insurance claims, it was important to strengthen the balance of insurance income and financial position. This ensured the stable and sustainable provision of insurance services in the face of elements of uncertainty, such as natural disasters and geopolitical risks. Taking these circumstances into consideration, the Association applied to ocean-going vessels' Members a 7% general increase in premiums for the 2025 policy year. There was no general increase in premiums for Naiko Class entries for the 2025 policy year.

At the conclusion of the 2025 renewal (20 February 2025), the Association's entered tonnage amounted to 82.9 million gt for ocean-going owners' entries and 2.5 million gt for Naiko Class entries. The Association is grateful for the support of Members for this result.

As to the entered tonnage by type, while bulk carriers have constituted the majority of our entries for many years, the percentages of container vessels and LPG/LNG tankers are gradually increasing.

At the end of the 2024 business year (31 March 2025), there were 3,530 vessels entered, comprised of 1,860 for ocean-going owners' entries and 1,670 for Naiko Class entries. The total amount of entered tonnage was 85.3 million gt, consisting of 82.8 million gt for ocean-going owners' entries and 2.5 million gt for Naiko Class entries.

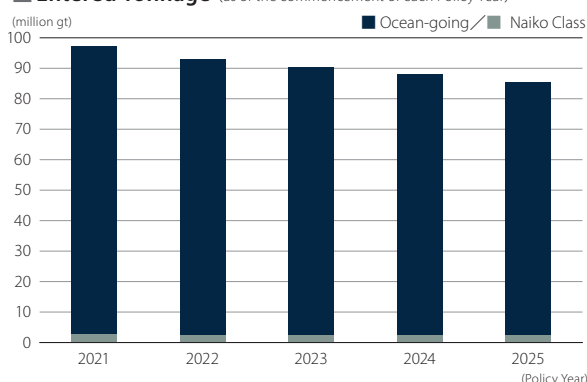
## General Increases and Supplementary Calls over the last 5 years (%)

| Policy Year                               |                   | 2021 /22 | 2022 /23 | 2023 /24 | 2024 /25 | 2025 /26 |
|---|-------------------|----------|----------|----------|----------|----------|
| General Increase                          | Mutual Entries    | 10       | 10       | 10       | 7.5      | 7        |
|   | Naiko Class       | 0        | 10       | ※1       | 10       | 0        |
| Supplementary Call<br>Mutual Entries Only | Original Estimate | 40       | 40       | ※2       | ※2       | ※2       |
|   | Amount Called     | 65       | 40       | —        | —        | —        |
|   | Current Estimate  | Closed   | 0        | —        | —        | —        |

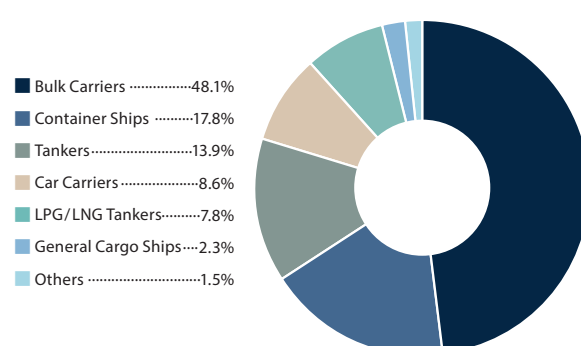
※1 Members' rates shall be adjusted as appropriate to reflect their individual claims record to achieve a 15% increase in total Naiko Class premiums.

※2 Under the Mutual Premium system, it is renamed "Additional Call" from the 2023 policy year.

## Entered Tonnage (as of the commencement of each Policy Year)



## Entered Tonnage by Type (as of the commencement of the 2025 Policy Year)





# REINSURANCE

Effective reinsurance arrangements play a key role in stabilising the insurance risk exposure which the Association may face as a result of huge losses, and in providing the insurance cover necessary for Members at a fair and reasonable cost. The Association's reinsurance arrangements consist of the International Group of P&I Clubs (IG) Pool and Reinsurance Programme and the Association's own reinsurance programmes.

The outline of the IG Pool and Reinsurance Programme for the 2025 policy year is shown in the diagram on the right.

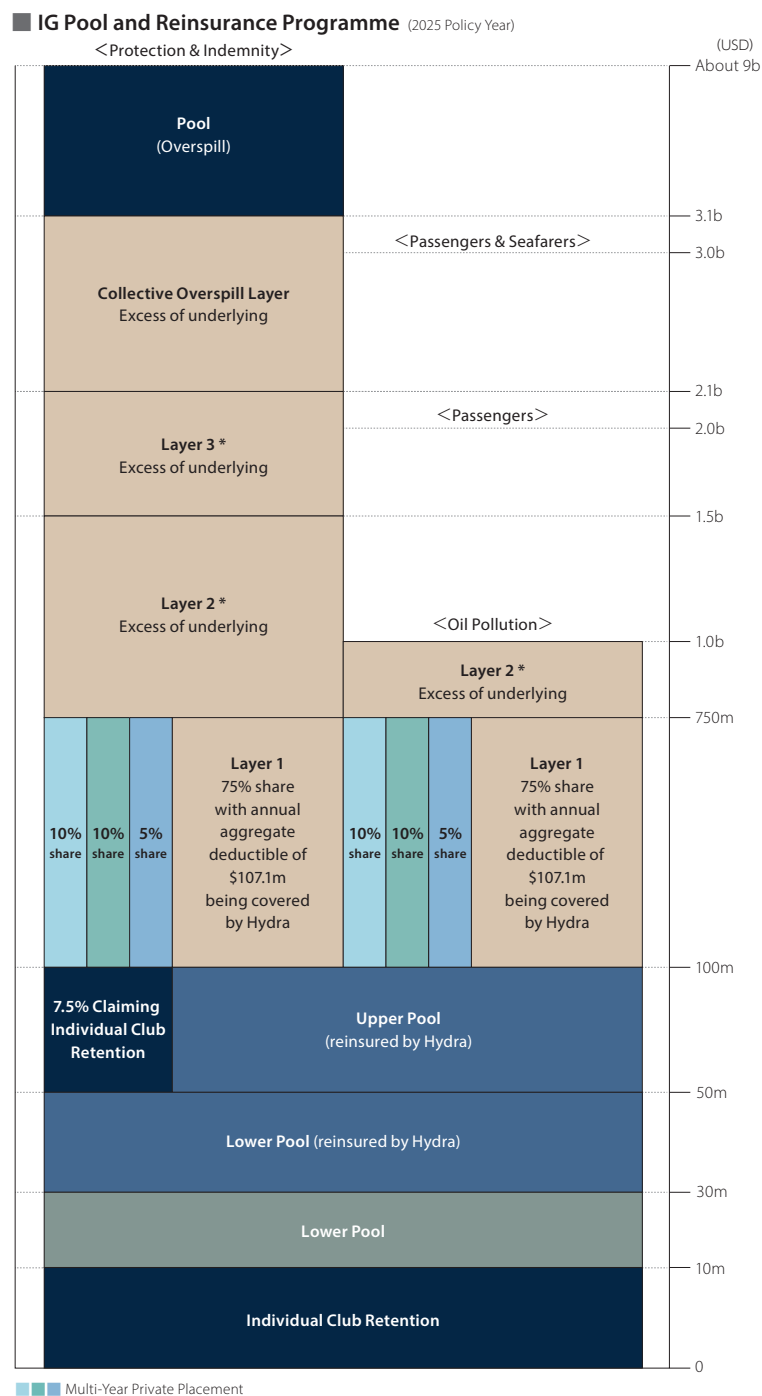
Each Club retains the first USD10 million per claim in excess of its members' deductible (Individual Club Retention).

Claims in excess of the Individual Club Retention are shared between all 12 Clubs up to USD100 million (Pool). Within the Pool, claims from USD30 million up to USD100 million are reinsured by the IG's Bermuda-based captive insurer Hydra.

Above USD100 million the IG arranges market reinsurance up to USD2.1 billion any one claim with an annual aggregate deductible of USD107.1 million, which is covered by Hydra.

In addition, the IG arranges Overspill Protection of USD1 billion. Thus, the first USD1 billion of an overspill claim, from USD2.1 billion to USD3.1 billion, is reinsured under this cover. Claims which exceed USD3.1 billion are shared between Clubs, with each Club funding its share by levying an overspill call on every individual member amounting to 2.5% of the value of each entered ship as defined in the 1976 Convention on Limitation of Liability for Maritime Claims (LLMC). Applying the 2.5% formula across all the ships entered in all the IG Clubs would result in total overspill cover of c. USD9 billion.

Reinsurance for oil pollution claims is purchased as a separate cover with a limit of USD1 billion. Reinsurance for passengers and seafarers claims is subject to a limit of USD2 billion for liability to passengers, or USD3 billion for passengers and seafarers claims combined.



\* Losses arising from Malicious Cyber and losses arising from COVID-19/other Pandemics are subject to an annual aggregate limit totaling USD1.35 billion respectively.

# TREND OF CLAIMS

The total number of claims received in the 2024 policy year remained steady at around 2,000 for both ocean-going and Naiko Class vessels combined. The paid and reserve funds within our retention (Paid and Reserve) have been on a downward trend since peaking in the 2021 policy year. As of the 2024 policy year, the Paid and Reserve, excluding incurred but not reported (IBNR) claims, stood at approximately USD52 million for ocean-going vessels and around JPY1,000 million for Naiko Class vessels. In the 2023 policy year, one major incident involving an ocean-going vessel exceeded USD10 million and was classified as a Pool claim, while a large incident exceeding JPY300 million occurred in the Naiko Class vessels. No such large claims were reported for either category in the 2024 policy year.

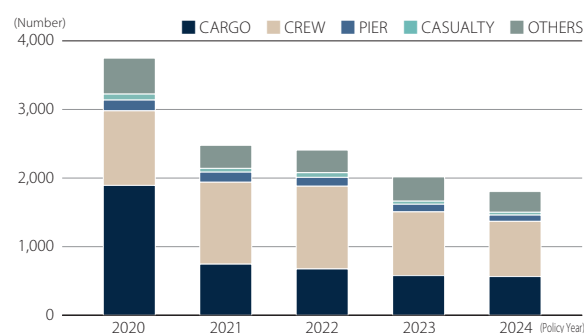
## Ocean-going vessels

The number of claims received has been on a downward trend over the past five years, partly due to a decrease in cargo claims and a decline in crew claims following the end of the COVID-19 pandemic. Although Paid and Reserve related to cargo claims had been declining up to the 2023 policy year, it rose again in the 2024 policy year due to multiple large claims involving bulk cargo. A significant claim categorised as "Others" contributed to an increase in the proportion of "Others" claims within the total number of claims composition. Casualties such as collision, grounding, sinking, fire, and oil pollution make up only about 2% of the total number of claims, but they typically involve large losses, representing approximately 22% of total Paid and Reserve over the past five years. Most large claims exceeding USD10 million have resulted from such casualties.

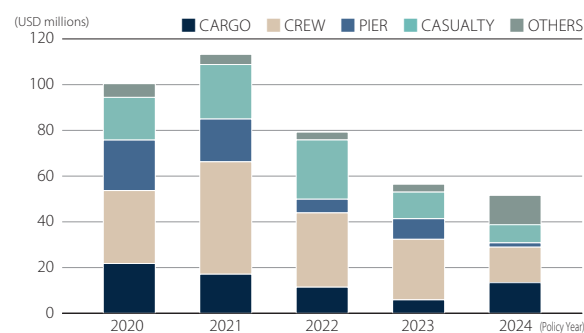
## Naiko Class vessels

While the number of claims has fluctuated somewhat over the past five years, it has generally remained in the 200s annually since the 2020 policy year. By claim type, pier damage claims account for the largest share, representing around 40% of total claims over the past five years. Casualty claims have averaged 15 cases per year, representing about 6% of the total claims, but they have accounted for approximately 22% of total Paid and Reserve. In the 2024 policy year, no large claims exceeding JPY300 million were reported, resulting in a notable decrease in total Paid and Reserve. As with ocean-going vessels, casualty incidents involving Naiko Class vessels tend to incur high costs and can significantly impact the overall loss record.

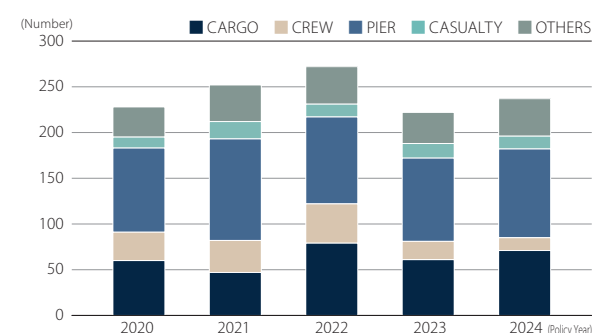
**Number of claims received** \*1, \*2 (as of 31 March 2025)



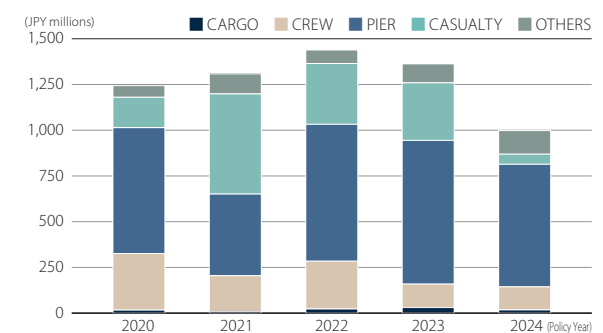
**Paid and Reserve** \*1, \*3 (as of 31 March 2025)



**Number of claims received** \*1 (as of 31 March 2025)



**Paid and Reserve** \*1 (as of 31 March 2025)



\*1: Data for "Number of claims received" and "Paid and Reserve" concern incurred and reported claims only and do not include incurred but not reported (IBNR) claims.

\*2: "Number of claims received" for ocean-going vessels means the total number of claims for owners' entries, charterers' entries and FD&D.

\*3: "Paid and Reserve" for ocean-going vessels means the total Paid and Reserve for owners' entries, charterers' entries and FD&D.

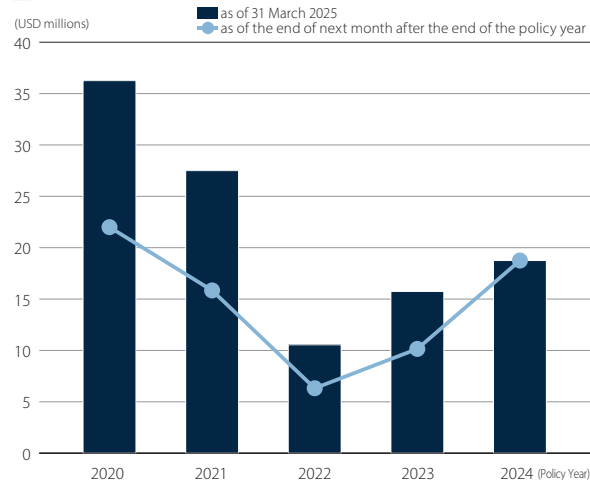
# TREND OF POOL CLAIMS

During the 2023 policy year, the number of claims within the International Group of P&I Clubs remained relatively stable and the incidence of large claims was comparatively low. As a result, the Association's contribution to the pool was approximately USD16 million, which is significantly below the average over the period spanning the 2020 to 2022 policy years (USD23 million).

In the 2024 policy year, while the number of claims remained largely unchanged, the Association's contribution increased to approximately USD19 million. As of 31 March 2025, no Pool claims have been reported by the Association for the 2024 policy year. Nevertheless, the contribution level has returned to that of the 2020 and 2021 policy years, following the relatively low levels seen in 2022 and 2023 policy years.

Noteworthy incidents during the 2023 and 2024 policy years included a fire on board a container ship, significant damage to port facilities, and the removal of a wreck following a grounding.

■ The Association's Contributions to Pool Claims



# INTERNATIONAL GROUP'S TOPICS

The International Group of P&I Clubs (IG) is made up of 12 not-for-profit mutual insurance associations from around the world, including us. The IG Clubs provide liability cover for approximately 90% of world ocean-going tonnage. The claims sharing agreement between the 12 Clubs and the IG's collective purchase of reinsurance from the world's reinsurance market allow for each Club to provide the highest level of insurance cover to shipowners. The IG also provides a forum for sharing information on matters of concern or respective experience and expertise. On behalf of Clubs and their Members, it engages with governments, legislators and maritime regulators on matters relating to shipowners' liabilities.

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## Electronic (Paperless) Trading

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The IG Clubs initially excluded liabilities in respect of the carriage of cargo under all electronic, i.e. paperless trading systems to the extent that liabilities under such systems would not have arisen under a paper system. However, since 20 February 2010, liabilities arising in respect of the carriage of cargo under paperless trading systems are covered, provided that the system has first been approved by the IG. 14 electronic systems have been approved by 4 June 2025.

The use of electronic bills of lading (E-bills) is increasing due to the recent enactment of new laws and the emergence of new technologies such as distributed ledger technology. In 2021 in Singapore and in 2023 in the

UK, laws were enacted recognising electronic trade documents, including E-bills, as having the same legal effect and function as paper documents. Given the circumstances, the IG has introduced a streamlined approach to the approval of paperless trading systems, eliminating the need for individual approval for systems that meet certain conditions. From 20 February 2025, systems will be "deemed approved" if (1) the system permits compliant E-bills only, meaning that they are subject to a governing law which gives legal recognition to them as equivalent to paper bills of lading, and (2) the system is reliable and is evidenced as such by an audit by an independent body, industry standards, etc.

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## Vehicle Carrier Safety Forum (VCSF)

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The Vehicle Carrier Safety Forum (VCSF) is a consortium of vessel operators, insurers and other industry experts, initiated in 2020, whose role is to promote safety on vessels designed to carry vehicles.

In March 2024, the VCSF produced "Common Guidance on the loading and presentation of vehicles". The aim of this document is to reduce the risks associated with the

shipment of unaccompanied vehicles, including electric and hybrid vehicles, and to promote the safety of terminal and vessel personnel and the protection of property, including the vessel itself. The Forum also published its second guidelines, entitled "Fire Response – High Level Guidelines", in April 2025. These guidelines are supported by the IG, the International Chamber of Shipping and the TT Club.

# LOSS PREVENTION

The Association makes considerable efforts to prevent accidents and we would like to introduce some of the main loss prevention activities we carried out in the 2024 policy year.

## Providing Information on Accident Prevention

We organise loss prevention seminars on accident case studies and the response to accidents, both face-to-face and online. In the 2024 policy year, we conducted seminars on "Personal injury cases and accident prevention measures" and "Fire accident cases and response to accidents".

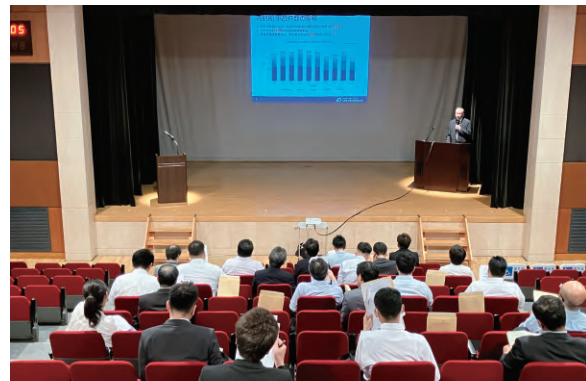
On our website, we have published video programmes (Japanese and English versions), approximately 15 minutes in length, summarising the contents of our loss prevention seminars as "VIDEO SEMINARS".

<https://www.piclub.or.jp/en/seminar/videos>

We also provide timely information on navigational safety and accident prevention in various parts of the World.

e.g. Column "Car Carrier—Introduction to Japanese Car Carriers and Precautions During Operation".

<https://www.piclub.or.jp/en/news/41351>



Loss Prevention Seminar

## Condition Surveys

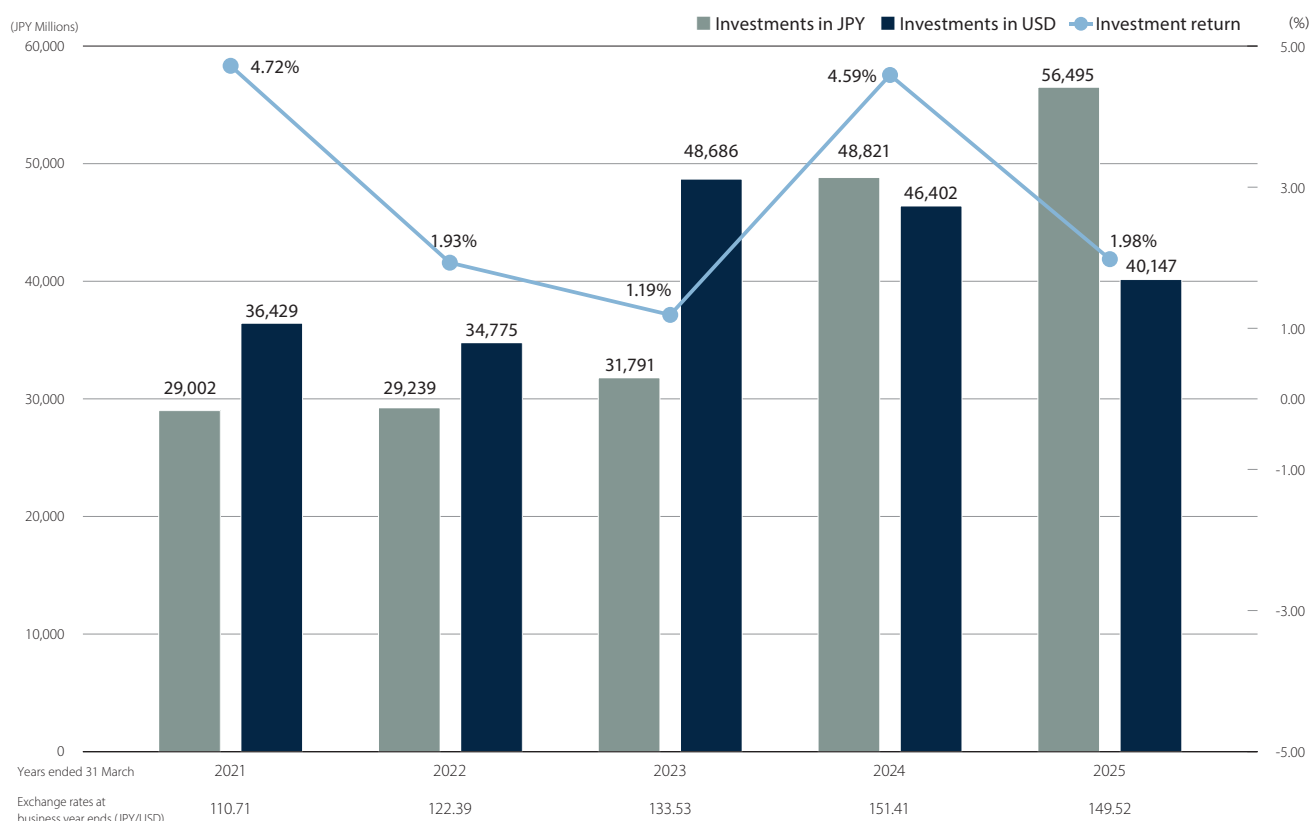
In accordance with the guidelines of the International Group of P&I Clubs, the Association conducts Condition Surveys for both newly-entered vessels and those already entered that have reached a certain age, using a third-party organisation to confirm that our members' vessels are seaworthy, cargo-worthy, and maintain an

operational management standard above a certain level.

Recent Condition Surveys have tended to indicate a high number of findings in relation to hatch covers, mooring equipment, main and auxiliary engines and oil leakage.

# INVESTMENTS

## Investments and Investment return



## Investments

Investment income and profit received during the year decreased by JPY1,864 million to JPY1,703 million. The returns ratio declined by 2.61 points to 1.98%.

We have taken a more risk-controlled investment approach this year, in response to heightened risks such as the potential rise in yen interest rates. Additionally, the halt in the yen's depreciation and the decline in Japanese stock prices resulted in lower investment returns from both equity and bond funds compared to the previous year. Consequently, returns fell below our expected return rate of 2.8%.

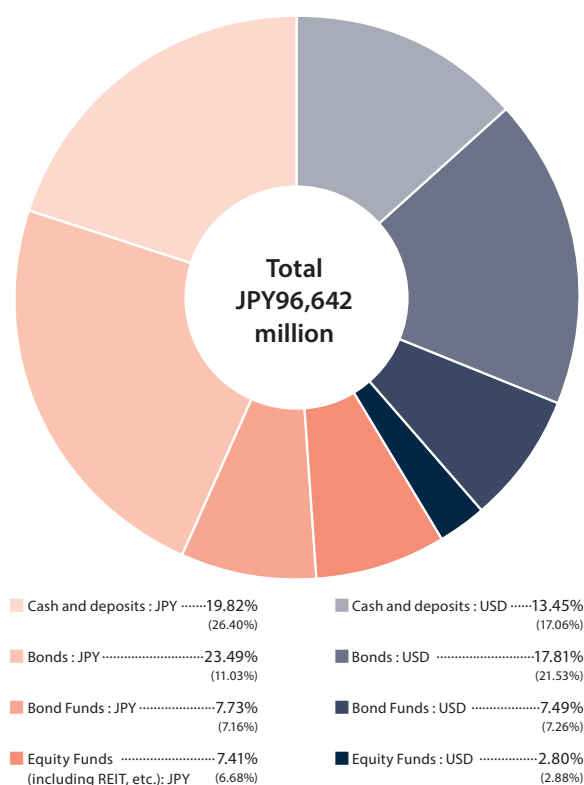
Returns on investment from equity funds were JPY70 million in deficit, decreasing by JPY1,189 million from the previous year. The main factors were the halt in the yen's depreciation and the decline in Japanese stock prices.

Returns on investment from bond funds were JPY532 million, decreasing by JPY516 million from the previous year. The main factors were the halt in the yen's depreciation and the persistently high hedging costs.

The total value of investments held by the Association increased by JPY1,419 million to JPY96,642 million. Due to the conversion to yen, considering the balance of assets and liabilities, the dollar value of investments decreased by USD41.3 million (a JPY6,255 million decrease in yen valuation), while the yen value increased by JPY7,674 million.

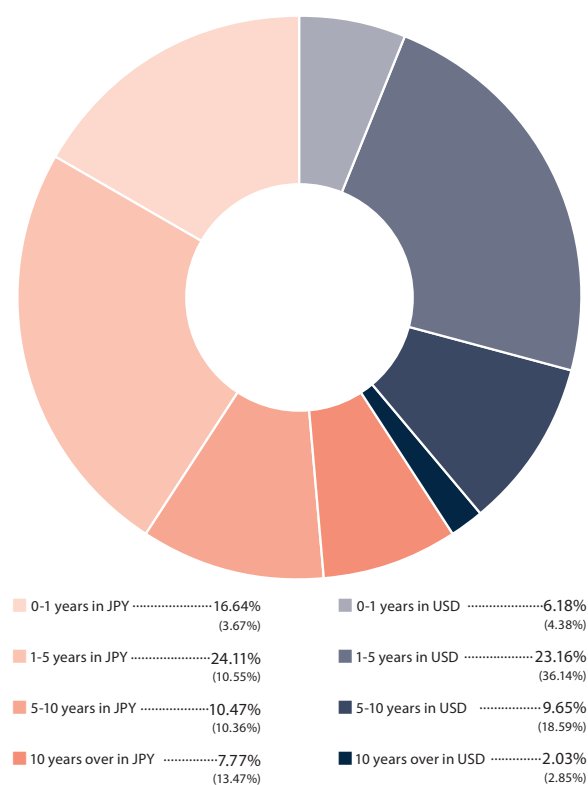
We maintain a safety-friendly operation in our Investment Policy in accordance with the Plan of Business Procedure approved by the Financial Services Agency.

## Investments (as of 31 March 2025)



\*(The same period last year)

## Maturities of bonds (as of 31 March 2025)



\*(The same period last year)

Our policy includes the following:

**Credit risk:** The target of fixed-rate bonds is restricted to Japanese government and corporate and foreign bonds rated "A" or higher.

**Interest rate risk:** A proportion of bonds is held as held-to-maturity bonds to mitigate a loss in case of a decline in market value when interest rates rise.

**Exchange risk:** For the purpose of controlling the exchange risk within an appropriate level, we maintain the amount of our USD assets not to exceed that of USD liabilities excessively.

The Association conducts regular monitoring in order to check whether the amount of risk carried by our total assets is within the appropriate range.

## Average Expense Ratio

Our average expense ratio for the five years ended 31 March 2025 was 7.28%. The average expense ratio is the average of the percentage of operating expenses (total operating expenses after deducting claims management expenses) of revenue. This figure was calculated in accordance with the Schedule and the guidelines issued by the International Group of P&I Clubs and is consistent with the relevant Financial Statements.

# SUSTAINABILITY INITIATIVES

The Association promotes the development of a sustainable society through P&I insurance services. These services help to ensure the stable operations of the shipping industry, which is vital to support peoples' livelihoods.

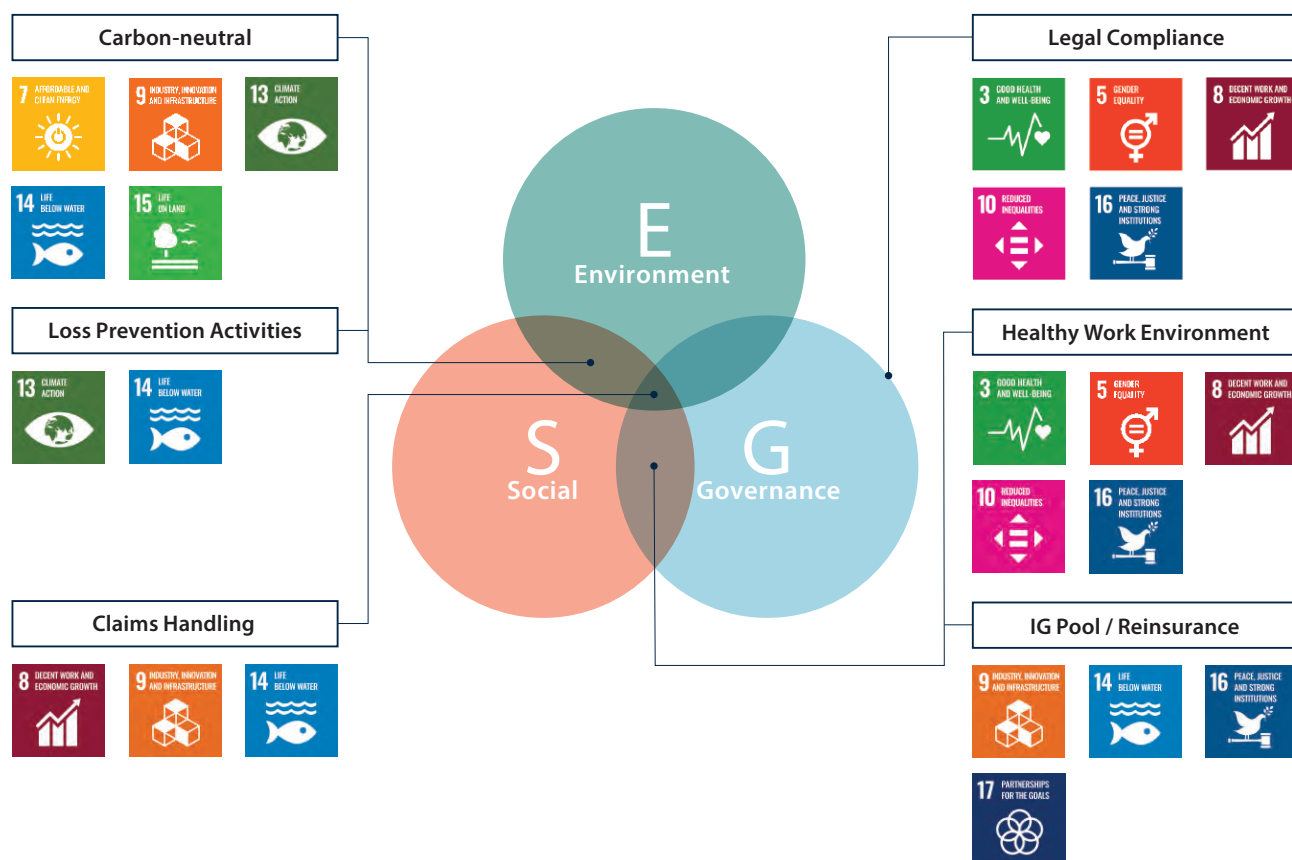
## Mission

By providing P&I insurance, the Association protects the interests of our Members while fostering the healthy growth of the Association. We also help enhance the management stability of the shipping industry and marine businesses.

## Sustainability Vision

- The Association recognises the seriousness and importance of global environmental issues and is committed to working towards sustainability.
- Through the insurance services we offer, we support efforts to reduce carbon emissions and achieve decarbonisation in the shipping industry.
- We strive to strengthen the governance of our Association, aspiring towards world peace and safety, and aiming for fair organisational management while building positive relationships with local and international communities.

## Approach





## Activities

### <Active Underwriting of Alternative Fuel Ships – Supporting our Members in Reducing Greenhouse Gas Emissions>

The shipping industry is increasingly ordering and building alternative-fuelled ships. The Association has been actively underwriting insurance for alternative fuelled ships to support the industry's efforts to reduce greenhouse gas emissions. Specifically, we have already underwritten insurance for alternative fuel ships, including the world's first commercial ammonia-fuelled ship. As a member of the maritime cluster, the Association will continue to participate in the Japanese shipping industry's carbon-neutral initiatives.

### <Membership of Various Maritime Organisations – Including BIMCO, ITOPF, and MACN>

As a member of the maritime cluster, the Association also belongs to various maritime organisations. These include BIMCO (Baltic and International Maritime Council), ITOPF (International Tanker Owners Pollution Federation), and MACN (Maritime Anti-Corruption Network).

### <Maritime Organisations' Events>

#### ● Participation in the CMI

We participated in the CMI (Comité Maritime International) conference, which was held in Japan in May 2025 for the first time in 56 years. Established in 1897 to promote the international unification of maritime law, the CMI comprises national maritime law associations as its members and plays a role in drafting conventions through the IMO.

#### ● Sponsorship of "Bari-Ship"

In May 2025, the International Maritime Exhibition "Bari-Ship" was held in Imabari, Ehime, Japan. The Association sponsored and had a booth at the exhibition. Since opening our Imabari office in 1985, the Association has contributed to local activities as a member of the Imabari maritime cluster.

#### ● Special Seminars with BIMCO

In May 2025, we co-hosted special seminars with BIMCO in Tokyo and Imabari (at "Bari-Ship").

#### ● Biannual Meeting of the INTERCARGO

We gave a presentation on the risks of operating in the Red Sea at the biannual general meeting of INTERCARGO (International Association of Dry Cargo Shipowners), held in Tokyo in May 2024.

In addition, Association staff serve as lecturers and hold seminars at educational institutions and government offices.



# REPORT OF THE INDEPENDENT AUDITORS

## Independent Auditor's Report

To Mr. Yukio Toriyama  
Director General, Representing Director  
The Japan Ship Owners' Mutual Protection  
& Indemnity Association

### Opinion

We have audited the financial statements of The Japan Ship Owners' Mutual Protection & Indemnity Association ("the Association"), which comprise Balance Sheet as at 31 March 2025, and Income and Expenditure Account, Statement of Cash Flows for the fiscal year then ended, and Notes to the Financial Statements.

In our opinion, the financial statements referred to above are prepared, in all material respects, in accordance with the basis of presentation and accounting policies described in the Notes A and B to the financial statements.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of Matter - Basis of accounting

We draw attention to the Notes A and B to the financial statements, which describes the basis of accounting. The financial statements are prepared to be used for parties related to the Association. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect to this matter.

### Other Information

The other information comprises the information included in the Annual report (excluding the rating information) but does not include the financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the rating information, which is expected to be made available to us after that date. Management is responsible for the other information. In addition, those charged with governance are responsible for overseeing the Association's reporting process of the other information.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

# REPORT OF THE INDEPENDENT AUDITORS

## **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation of the financial statements in accordance with the basis of presentation and accounting policies described in the Notes A and B to the financial statements, for determining that the basis of preparation is acceptable in the circumstances, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Association's ability to continue as a going concern and disclosing, as applicable, matters related to going concern.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the financial statement audit is not to express an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures of the financial statements are in accordance with the basis of presentation and accounting policies described in the Notes A and B to the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## **Convenience translation**

The U.S. dollar amounts in the accompanying financial statements with respect to the year ended 31 March 2025 are presented solely for convenience. Our audit also included the translation of Japanese yen

amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in the Note A-2 to the financial statements.

**Interest required to be disclosed by the Certified Public Accountants Act of Japan**

Our firm and its designated engagement partners do not have any interest in the Association which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

*Masahiko Nara*

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Masahiko Nara

Designated Engagement Partner  
Certified Public Accountant

18 July 2025

**Notice to Readers:**

The presentation of “Note C Other Notes to Financial Statements” is not required by accounting principles generally accepted in Japan, and has not been audited by the independent auditor.

# INCOME AND EXPENDITURE ACCOUNTS

for the years ended 31 March 2025 and 2024

|   |         | Unit:JPY Millions |               | Unit:US\$000s   |
|---|---------|-------------------|---------------|-----------------|
|   |         | 2025              | 2024          | 2025            |
|   | Notes   |                   |               | Note A-2        |
| <b>Operating income</b>                                   |         |                   |               |                 |
| Calls and premiums written                                | B-3,C-1 | ¥31,560           | ¥33,427       | \$211,074       |
| Reinsurance premiums ceded                                | B-3,C-2 | 8,973             | 8,583         | 60,008          |
| Net premiums written                                      | B-3     | 22,587            | 24,844        | 151,066         |
| Change in unearned premium reserve                        | B-3     | (474)             | (2,322)       | (3,169)         |
| Exchange gains(losses) from underwriting activities       |         | (66)              | 330           | (441)           |
| Interest and dividends income                             | B-3,C-3 | 1,421             | 1,568         | 9,503           |
| Gains on money trusts                                     | B-3     | 303               | 2,036         | 2,022           |
| Gains(losses) on sales of securities                      |         | 1                 | (24)          | 9               |
| Redemption losses on securities                           |         | 0                 | (12)          | 0               |
| Losses on derivatives                                     |         | (21)              | 0             | (140)           |
| Foreign currency exchange gains from investing activities |         | 166               | 4,432         | 1,106           |
| Other ordinary income                                     |         | 302               | 724           | 2,019           |
| <b>Total operating income</b>                             |         | <b>24,219</b>     | <b>31,576</b> | <b>161,975</b>  |
| <b>Operating costs and expenses</b>                       |         |                   |               |                 |
| Claims paid   | B-3,C-4 | 28,335            | 33,380        | 189,510         |
| Reinsurance claims recovered                              | B-3,C-5 | 12,143            | 17,097        | 81,214          |
| Net claims paid   | B-3     | 16,192            | 16,283        | 108,296         |
| Change in reserve for outstanding claims                  | B-3     | (4,022)           | 1,210         | (26,900)        |
| Change in catastrophe reserve                             |         | 680               | 746           | 4,545           |
| Operating expenses  | B-3     | 4,057             | 3,693         | 27,134          |
| Other ordinary expenses                                   |         | 341               | 289           | 2,279           |
| <b>Total operating costs and expenses</b>                 |         | <b>17,248</b>     | <b>22,221</b> | <b>115,354</b>  |
| <b>Ordinary surplus</b>                                   |         | <b>6,971</b>      | <b>9,355</b>  | <b>46,621</b>   |
| <b>Special losses</b>                                     |         |                   |               |                 |
| Special losses  |         | 0                 | 14            | 1               |
| <b>Surplus before income taxes</b>                        |         | <b>6,971</b>      | <b>9,341</b>  | <b>46,620</b>   |
| Current income taxes                                      |         | 2,041             | 2,770         | 13,651          |
| Deferred income taxes                                     | B-21    | (24)              | (290)         | (164)           |
| <b>Total income taxes</b>                                 | B-4     | <b>2,017</b>      | <b>2,480</b>  | <b>13,487</b>   |
| <b>Surplus after income taxes</b>                         |         | <b>4,954</b>      | <b>6,861</b>  | <b>33,133</b>   |
| Surplus balance after appropriation                       | B-5     | 2                 | 1             | 15              |
| <b>Unappropriated surplus, ending balance</b>             |         | <b>¥4,956</b>     | <b>¥6,862</b> | <b>\$33,148</b> |

¥149.52=US\$1.00

The accompanying notes are an integral part of these financial statements.

# BALANCE SHEETS

as of 31 March 2025 and 2024

|  |               | Unit:JPY Millions |                 | Unit:US\$000s    |
|--|---------------|-------------------|-----------------|------------------|
|  |               | 2025              | 2024            | 2025             |
|  | Notes         |                   |                 | Note A-2         |
| <b>Assets</b>                              |               |                   |                 |                  |
| Cash and deposits at banks                 | C-6           | ¥32,184           | ¥41,423         | \$215,252        |
| Money trusts                               | B-7,19,C-7    | 17,634            | 17,293          | 117,936          |
| Securities                                 | B-6,19,23,C-8 | 46,857            | 36,551          | 313,382          |
| Property, plant and equipment              | B-9,20,C-9    | 181               | 142             | 1,209            |
| Intangible assets                          | B-10,C-10     | 44                | 10              | 296              |
| Other assets                               | B-14,C-11     | 2,217             | 2,368           | 14,825           |
| Deferred tax assets                        | B-18,21       | 4,744             | 4,782           | 31,728           |
| Reserve for bad debts                      | B-12          | (5)               | (8)             | (32)             |
| <b>Total assets</b>                        |               | <b>103,856</b>    | <b>102,561</b>  | <b>694,596</b>   |
| <b>Liabilities</b>                         |               |                   |                 |                  |
| Technical provisions                       |               |                   |                 |                  |
| Reserve for outstanding claims             | B-18,24,C-12  | 39,144            | 43,166          | 261,796          |
| Unearned premium reserve                   | B-24,C-13     | 18,874            | 18,401          | 126,235          |
| Catastrophe reserve                        | B-16          | 12,424            | 11,744          | 83,090           |
| Other liabilities                          | C-14          | 4,499             | 5,416           | 30,091           |
| Reserve for bonuses                        | B-13          | 130               | 113             | 868              |
| Reserve for directors' retirement benefits | B-15          | 106               | 91              | 711              |
| <b>Total liabilities</b>                   |               | <b>75,177</b>     | <b>78,931</b>   | <b>502,791</b>   |
| <b>Net assets</b>                          |               |                   |                 |                  |
| Capital contribution fund                  |               | 92                | 95              | 613              |
| Retaining earnings                         | B-3           | 27,822            | 22,868          | 186,073          |
| Net unrealized gains on securities         | C-15          | 765               | 667             | 5,119            |
| <b>Total net assets</b>                    |               | <b>28,679</b>     | <b>23,630</b>   | <b>191,805</b>   |
| <b>Total liabilities and net assets</b>    |               | <b>¥103,856</b>   | <b>¥102,561</b> | <b>\$694,596</b> |

¥149.52=US\$1.00

The accompanying notes are an integral part of these financial statements.

# STATEMENTS OF CASH FLOWS

for the years ended 31 March 2025 and 2024

|   | Note | Unit:JPY Millions |                | Unit:US\$000s    |
|---|------|-------------------|----------------|------------------|
|   |      | 2025              | 2024           | 2025             |
|   |      |                   |                | Note A-2         |
| <b>Cash flows from operating activities</b>                                   |      |                   |                |                  |
| Surplus before income taxes   |      | ¥6,971            | ¥9,341         | \$46,620         |
| Depreciation  |      | 53                | 35             | 355              |
| Increase (decrease) in reserve for outstanding claims                         |      | (4,022)           | 1,210          | (26,900)         |
| Increase (decrease) in unearned premium reserve                               |      | 474               | 2,322          | 3,169            |
| Increase (decrease) in catastrophe reserve                                    |      | 680               | 746            | 4,545            |
| Increase (decrease) in reserve for bad debts                                  |      | (3)               | (21)           | (22)             |
| Increase (decrease) in reserve for bonuses                                    |      | 16                | 11             | 110              |
| Increase (decrease) in reserve for directors' retirement benefits             |      | 15                | (66)           | 101              |
| Increase (decrease) in reserve for losses of reinsurance                      |      | -                 | (635)          | -                |
| Interest and dividend income  |      | (1,421)           | (1,568)        | (9,503)          |
| (Gains) Foreign currency exchange losses                                      |      | (165)             | (4,432)        | (1,106)          |
| (Gains) Losses on money trust   |      | (302)             | (2,070)        | (2,022)          |
| (Gains) Losses on securities  |      | (1)               | 36             | (9)              |
| (Gains) Losses on property, plant and equipment                               |      | 0                 | 14             | 1                |
| Losses (decrease) in other assets   |      | 158               | 1,242          | 1,058            |
| Decrease (increase) in other liabilities                                      |      | (216)             | 551            | (1,444)          |
| Sub-total   |      | 2,237             | 6,716          | 14,953           |
| Interest and dividends received   |      | 1,354             | 1,465          | 9,056            |
| Income taxes paid   |      | (2,742)           | (224)          | (18,342)         |
| <b>Net cash provided by (used in) operating activities</b>                    |      | <b>849</b>        | <b>7,957</b>   | <b>5,667</b>     |
| <b>Cash flows from investing activities</b>                                   |      |                   |                |                  |
| Purchases of property, plant and equipment                                    |      | (89)              | (137)          | (595)            |
| Proceeds from sales of property, plant and equipment                          |      | -                 | -              | -                |
| Purchases of intangible assets  |      | (37)              | (7)            | (251)            |
| Purchases of time deposits  |      | (10,533)          | (20,520)       | (70,448)         |
| Proceeds from maturity of time deposits                                       |      | 17,801            | 17,523         | 119,056          |
| Increase in money held in trust   |      | (39)              | (700)          | (260)            |
| Purchases of securities   |      | (14,846)          | (6,400)        | (99,288)         |
| Proceeds from sales or maturity of securities                                 |      | 4,386             | 3,579          | 29,337           |
| <b>Net cash provided by investing activities</b>                              |      | <b>(3,357)</b>    | <b>(6,662)</b> | <b>(22,449)</b>  |
| <b>Cash flows from financing activities</b>                                   |      |                   |                |                  |
| Proceeds of capital contribution fund from members                            |      | 2                 | 3              | 16               |
| Refund of capital contribution fund to members                                |      | (5)               | (7)            | (36)             |
| <b>Net cash used in financing activities</b>                                  |      | <b>(3)</b>        | <b>(4)</b>     | <b>(20)</b>      |
| Effect of foreign currency exchange rate changes on cash and cash equivalents |      | 1,057             | 2,464          | 7,073            |
| Net (decrease) increase in cash and cash equivalents                          |      | (1,454)           | 3,755          | (9,729)          |
| Cash and cash equivalents at beginning of year                                |      | 31,396            | 27,641         | 209,981          |
| <b>Cash and cash equivalents at end of year</b>                               | B-25 | <b>¥29,942</b>    | <b>¥31,396</b> | <b>\$200,252</b> |

¥149.52=US\$1.00

The accompanying notes are an integral part of these financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

## A. Basis of Presentation

1 : In accordance with the Insurance Business Act, the financial year for an insurance company in Japan is from 1 April to 31 March. The financial year of the Japan Ship Owners' Mutual Protection & Indemnity Association (the "Association") conforms with this requirement. The accompanying financial statements have been prepared from the financial statements disclosed for domestic reporting purposes by the Association in accordance with the provisions of Japanese Companies Act, the Ship Owners' Mutual Insurance Association Law of Japan, and related regulations which are different in certain respects with regards to application and disclosure requirements of International Financial Reporting Standards. The supplementary schedules required by the above-mentioned laws in Japan are omitted. However, the statement of cash flows, though not required, is voluntarily disclosed to provide information to readers. The statement of cash flows has been prepared based on "Standard of preparing the Consolidated Statement of Cash Flows, etc. (Japanese Business Accounting Council statement, 13 March 1998)" and "Practical Guideline in Preparing the Statement of Cash Flows for the Consolidated Financial Statements, etc. (Accounting Practice Committee No.8, 28 November 2014)". For the convenience of readers outside of Japan, certain reclassifications have been made in the accompanying financial statements. Amounts of less than one million yen and one thousand dollars are rounded.

### 2 : Translation to U.S. Dollars

The accompanying financial statements are expressed in Japanese Yen and, solely for the convenience of readers, the statements for the year ended 31 March 2025 have been translated into U.S. Dollars at the rate of ¥149.52 = U.S.\$1, the middle rate prevailing on the Tokyo foreign exchange market on 31 March 2025. The functional currency of the Association is Japanese Yen, and the translation to the US Dollars is only for the convenience of readers.

## B. Notes prescribed by the laws and regulations

1 : For foreign currency bonds, the Association records unrealized foreign exchange gains and losses with respect to the amortized cost denominated in foreign currency to the income and expenditure account in each respective period.

2 : For the years ended 31 March 2025 and 2024, the aggregate revenue of business transacted with the subsidiary companies amounted to ¥64million (\$430 thousand) and ¥57 million, respectively, and the aggregate expenses amounted to ¥81 million (\$540 thousand) and ¥69 million, respectively.

### 3 : ①Net premiums written consist of the following:

|                                   | Unit:JPY Millions |         | Unit:US\$000s |
|-----------------------------------|-------------------|---------|---------------|
|                                   | 2025              | 2024    | 2025          |
|                                   |                   |         | Note A-2      |
| <b>Calls and premiums written</b> | ¥31,560           | ¥33,427 | \$211,074     |
| <b>Reinsurance premiums ceded</b> | 8,973             | 8,583   | 60,008        |
| <b>Net premiums written</b>       | ¥22,587           | ¥24,844 | \$151,066     |

The year ended 31 March 2024 includes 40% Supplementary Call for Policy Year 2022 in the amount of ¥6,537 million.

### ②Net claims paid consist of the following:

|                                     | Unit:JPY Millions |         | Unit:US\$000s |
|-------------------------------------|-------------------|---------|---------------|
|                                     | 2025              | 2024    | 2025          |
|                                     |                   |         | Note A-2      |
| <b>Claims paid</b>                  | ¥28,335           | ¥33,380 | \$189,510     |
| <b>Reinsurance claims recovered</b> | 12,143            | 17,097  | 81,214        |
| <b>Net claims paid</b>              | ¥16,192           | ¥16,283 | \$108,296     |

# NOTES TO THE FINANCIAL STATEMENTS

- ③ Change in reserve for outstanding claims consists of the following:

|  | Unit:JPY Millions |          | Unit:US\$000s |
|--|-------------------|----------|---------------|
|  | 2025              | 2024     | 2025          |
|  |                   |          | Note A-2      |
| Change in reserve for outstanding claims, gross of reinsurance | (¥13,001)         | (¥8,718) | (\$86,955)    |
| Change in reserve for ceded outstanding claims                 | (8,979)           | (9,928)  | (60,055)      |
| Change in reserve for outstanding claims                       | (¥4,022)          | ¥1,210   | (\$26,900)    |

- ④ Change in unearned premium reserve consists of the following:

|  | Unit:JPY Millions |          | Unit:US\$000s |
|--|-------------------|----------|---------------|
|  | 2025              | 2024     | 2025          |
|  |                   |          | Note A-2      |
| Change in unearned premium reserve, gross of reinsurance | (¥474)            | (¥2,322) | (\$3,169)     |
| Change in ceded unearned premium reserve                 | -                 | -        | -             |
| Change in unearned premium reserve                       | (¥474)            | (¥2,322) | (\$3,169)     |

- ⑤ Operating expenses consist of the following:

|                        | Unit:JPY Millions |        | Unit:US\$000s |
|------------------------|-------------------|--------|---------------|
|                        | 2025              | 2024   | 2025          |
|                        |                   |        | Note A-2      |
| Personnel expenditure  | ¥2,227            | ¥2,091 | \$14,895      |
| Cost of supplies       | 1,505             | 1,159  | 10,064        |
| Brokerage              | 522               | 644    | 3,492         |
| Reinsurance commission | (250)             | (236)  | (1,671)       |
| Depreciation           | 53                | 35     | 354           |
| Total                  | ¥4,057            | ¥3,693 | \$27,134      |

- ⑥ Interest and dividends income consist of the following:

|                                  | Unit:JPY Millions |        | Unit:US\$000s |
|----------------------------------|-------------------|--------|---------------|
|                                  | 2025              | 2024   | 2025          |
|                                  |                   |        | Note A-2      |
| Interest on deposits and savings | ¥491              | ¥810   | \$3,280       |
| Interest on securities           | 930               | 758    | 6,223         |
| Total                            | ¥1,421            | ¥1,568 | \$9,503       |

- ⑦ For the years ended 31 March 2025 and 2024 valuation gains of ¥341 million (\$2,282 thousand) and ¥2,070 million are included in "Gains on money trusts", respectively.

- ⑧ Retaining earnings consist of the following:

|                               | Unit:JPY Millions |         | Unit:US\$000s |
|-------------------------------|-------------------|---------|---------------|
|                               | 2025              | 2024    | 2025          |
|                               |                   |         | Note A-2      |
| Reserve for offsetting losses | ¥175              | ¥175    | \$1,172       |
| Other retaining earnings      | 27,647            | 22,693  | 184,901       |
| Special Reserve               | 22,690            | 15,830  | 151,753       |
| Unappropriated surplus        | 4,957             | 6,863   | 33,148        |
| Total                         | ¥27,822           | ¥22,868 | \$186,073     |

- 4 : Reconciliations between the effective statutory tax rate and the actual effective tax rate after application of deferred tax accounting for the year ended 31 March 2025 and 2024 are as follows:

|   | 2025   | 2024   |
|---|--------|--------|
| Effective statutory tax rate  | 27.92% | 27.92% |
| Entertainment and other expenses not deductible for tax purposes            | 0.04%  | 0.04%  |
| Change amount of valuation reserve  | 3.21%  | △0.11% |
| Tax deduction   | △0.41% | △0.20% |
| Taxation on per capita basis  | 0.01%  | 0.01%  |
| Change in deferred tax assets due to change in effective statutory tax rate | △0.86% | △1.10% |
| Others  | △0.98% | △0.01% |
| Actual effective tax rate   | 28.93% | 26.55% |

- 5 : Movement of unappropriated surplus consists of the following:

|  | Unit:JPY Millions |        | Unit:US\$000s |
|--|-------------------|--------|---------------|
|  | 2025              | 2024   | 2025          |
|  |                   |        | Note A-2      |
| Beginning unappropriated surplus balance | ¥6,863            | ¥4,651 | \$45,895      |
| Transferred to special reserves          | 6,860             | 4,650  | 45,880        |
| Surplus balance after appropriation      | 3                 | 1      | 15            |
| Surplus after income taxes               | 4,954             | 6,861  | 33,133        |
| Ending unappropriated surplus balance    | ¥4,957            | ¥6,863 | \$33,148      |

On July 22 2025, the amount of ¥4,950 million (\$33,106 thousand) out of ¥4,957 million (\$33,148 thousand) will be transferred to special reserves.

6 : The standards for valuation of securities are as follows:

① Shares of subsidiaries are stated at cost pursuant to the moving average method.

② Securities held to maturity are stated at amortized cost (straight line method) pursuant to the moving average method.

③ Marketable securities held as available for sale are stated at market price as of the balance sheet date. The unrealized gains/losses on the marketable securities are recognized directly within "Net assets" and the cost of securities sold is pursuant to the moving average method.

④ Non-marketable securities held as available for sale are stated at cost using the moving average method where the fair value is extremely difficult to determine.

7 : Money trusts held for trading purposes are stated at fair value.

8 : Derivative financial instruments are stated at fair value.

9 : Depreciation of property, plant and equipment is calculated using the declining-balance method. Fixtures attached to buildings and structures acquired on or after 1 April 2016 are calculated using the straight-line method.

10 : The Association records software for internal use as an intangible asset. Depreciation on such assets is calculated using the straight line method based on an estimated useful life of 5 years.

11 : The translation of foreign currencies to Japanese yen is carried out pursuant to the Accounting Standards for Foreign Currency Transactions.

12 : A reserve for bad debts is estimated on the basis of past experience.

13 : A reserve for bonuses is provided for at the amount estimated at the balance sheet date for future payments.

14 : A reserve for retirement benefits is stated at the amount which would become liable to be paid should all of the staff employment contracts be voluntarily terminated at the balance sheet date after deduction of the fair value of the funded plan assets. At 31 March 2025 and 2024, prepaid pension cost of ¥29 million (\$195 thousand) and ¥78 million are included in Other assets, respectively.

15 : A reserve for directors' retirement benefit is stated at the amount which has been incurred at the balance sheet date based on the bylaws of the Association.

16 : A catastrophe reserve is established to ensure the continued solvency of the insurer in case of catastrophic losses beyond the scope of the insurer's general reserve assumptions and is accumulated over time based on the premiums written for each year. If the gross claims paid for a year exceed 80 percent of net premiums written of the year, the insurer may reverse a portion of the catastrophe reserve equal to the excess amount.

17 : Consumption taxes are accounted for under the "tax inclusive" method.

18 : Items for which the amount was recorded in the financial statements for the current fiscal year due to accounting estimates, which may have a material impact on the financial statements for the following fiscal year, are as follows:

1. Deferred tax assets

① Amount recorded in the financial statements for the fiscal year

See "B. Notes prescribed by the laws and regulations 21"

# NOTES TO THE FINANCIAL STATEMENTS

②Other information that contributes to the understanding of financial statement users regarding the content of accounting estimates

[1]Calculation method

The recognition of deferred tax assets is estimated by the timing and amount of taxable income based on future business plans.

[2]Key assumptions

Estimates of future taxable income are based on future business plans, where key assumptions are primarily premiums and other revenues generated from insurance contracts, including those expected to be earned in the future, as well as insurance and other payments that are projected to be made in the future from historical payment experience.

[3]Impact on the financial statements for the following fiscal year

The amount of deferred tax assets could be materially affected in the financial statements for the following fiscal year if the timing and amount of actual taxable income incurred differ from the estimates, which may be affected by changes in circumstances in the future of each event.

2. Reserves for outstanding claims

The Association estimates the amount of insurance claims incurred or deemed to have been incurred that have not yet been paid under insurance contracts and reserves for outstanding claims.

The Reserve for Payment consists of the outstanding claims (the amount of insurance claims, etc. for which the obligation to pay has arisen under the insurance contract, but which have not yet been paid; hereinafter referred to as "Ordinary Reserve for Payment") and the outstanding claims for payment (the amount of claims for which the cause of payment has not yet been reported but for which the cause of payment is deemed to have arisen under the insurance contract; hereinafter referred to as "IBNR Reserve").

①Amount recorded in the financial statements for the current fiscal year  
Reserves for outstanding claims ¥39,144 million (\$261,796 thousand)

②Other information that contributes to the understanding of financial statement users regarding the content of accounting estimates

[1]Calculation method

With respect to ordinary reserves for outstanding claims, future payments are estimated and recorded by means of assessments and other methods based on information available at the end of the fiscal year for insurance contracts for which payment obligations have been incurred.

With respect to IBNR reserves, the Association estimates the reserve requirement by calculating the ultimate loss for policies that have not yet been reported, primarily using the statistical estimation method (such as the Chain ladder method), as it is deemed that a payment obligation has been incurred.

[2]Key assumptions

Ordinary reserves are estimated for future payments based on insurance contract coverage and the results of damage assessments. In assessing damages, the Association estimates the amount of future payments by considering historical payment trends, as well as legislative changes and historical case studies. Key assumptions for IBNR reserves include historical claims and other payment trends, forecasts of internal and external environmental changes, and the selection of estimation methods based on these assumptions.

[3]Impact on the financial statements for the following fiscal year

Future changes in the circumstances of each event may cause the amount of claims and reserve for outstanding claims to change from the original estimate.

19 : Conditions of financial instruments and fair values are as follows:

① Conditions of financial instruments

The Association's investments policy is in accordance with its Plan of Business Operation, as approved by the Financial Services Agency, and gives higher priority to investments which are considered stable. Financial instruments the Association holds are mainly money trusts, Japanese government bonds, Japanese local government bonds, corporate bonds and foreign securities. Holding these financial instruments exposes the Association to credit risk, foreign currency exchange risk, liquidity risk and other market risk factors. As for exposure to credit risk, investments in corporate bonds (including foreign securities) are limited to those with ratings of "A" or higher in principle. If an investment's rating is downgraded below "A", the Association would likely sell the investment after timely research of the issuer's financial condition.

The Association's exposure to foreign exchange risk exists mainly in holding foreign currency denominated bonds. Conversely, certain outstanding claim liabilities are denominated in foreign currencies which are also impacted by foreign currency exchange fluctuations. As such, the Association manages its exposure to fluctuations in foreign currency exchange rates by actively managing the proportion of the amounts of foreign assets and liabilities that it holds. As to liquidity risk, the Association considers its exposure to be low as most securities held would be expected to be readily sold in the open market when necessary. Regarding other market risk factors, as the Association mainly invests in bonds with high credit ratings and generally holds them until their maturity date, the Association considers the possibility that other market risks would have a significant impact on the Income and Expenditure Accounts to be remote.

# NOTES TO THE FINANCIAL STATEMENTS

## ② Fair value of financial instruments

The amounts recorded on the balance sheet, fair value and the difference as of 31 March 2025 and 2024 are as follows:

|  | Unit:JPY Millions     |                |              |                       |                |              | Unit:US\$000s         |                  |                  |
|--|-----------------------|----------------|--------------|-----------------------|----------------|--------------|-----------------------|------------------|------------------|
|  | 2025                  |                |              | 2024                  |                |              | 2025                  |                  |                  |
|  | Balance Sheet amounts | Fair value     | Difference   | Balance Sheet amounts | Fair value     | Difference   | Balance Sheet amounts | Fair value       | Difference       |
| (a) Money trusts                                 | ¥17,634               | ¥17,634        | ¥-           | ¥17,293               | ¥17,293        | ¥-           | \$117,936             | \$117,936        | \$-              |
| (b) Securities                                   |                       |                |              |                       |                |              |                       |                  |                  |
| Securities held to maturity                      | 10,601                | 9,989          | △612         | 10,957                | 10,600         | △357         | 70,900                | 66,807           | △4,093           |
| Marketable securities held as available for sale | 34,812                | 34,812         | -            | 22,164                | 22,164         | -            | 232,828               | 232,828          | -                |
| <b>Total assets</b>                              | <b>¥63,047</b>        | <b>¥62,435</b> | <b>△¥612</b> | <b>¥50,414</b>        | <b>¥50,057</b> | <b>△¥357</b> | <b>\$421,663</b>      | <b>\$417,570</b> | <b>△\$ 4,093</b> |
| Derivative transactions                          |                       |                |              |                       |                |              |                       |                  |                  |
| Currency related                                 | (21)                  | (21)           | -            | -                     | -              | -            | (140)                 | (140)            | -                |
| <b>Total derivative transactions</b>             | <b>(¥21)</b>          | <b>(¥21)</b>   | <b>-</b>     | <b>-</b>              | <b>-</b>       | <b>-</b>     | <b>(\$140)</b>        | <b>(\$140)</b>   | <b>-</b>         |

(Remark 1) (a)Money trusts...The fair value of money trusts individually managed primarily for investments in securities are stated at the price provided by the trustee bank.

(b)Securities...Bonds and investment funds are mainly stated at the price presented by the financial institution.

(Remark 2) Unlisted stocks of ¥1,444 million (\$9,655 thousand) are excluded from (b) "Marketable securities held as available for sale" as no market prices exist and future cash flows are not estimable and therefore it is extremely difficult to determine the fair value.

(Remark 3) Net receivables and payables arising from derivative transactions are presented net. A net liability is presented in parentheses.

## ③ Breakdown of the fair value of financial instruments by appropriate classification

The fair value of financial instruments is categorized into the following three levels, depending on the observability and significance of the inputs to the determination of fair value:

- Level 1 Fair Value : Fair values measured using inputs for determining fair values that are determined by quoted prices for the assets or liabilities subject to such fair values that are formed in active markets that are observable
- Level 2 Fair Value : Fair values measured using inputs for determining fair value other than Level 1 inputs that are observable
- Level 3 Fair Value : Fair values measured using inputs for determining fair values that are unobservable

In case the Association uses multiple inputs that have significant impact on the determination of fair value, the Association categorizes fair value into the level with the lowest priority within the inputs used to determine fair value.

Pursuant to paragraph 24-9 of ASBJ Guidance No. 31, "Implementation Guidance on Accounting Standard for Fair Value Measurement", investment trusts and stocks without market prices are not included in the table below (See Remark 2 and 4).

## [1] Financial assets measured at fair value on the balance sheet

| Division   | Unit:JPY Millions |         |         |         |            |         |         |         | Unit:US\$000s |           |         |           |
|--|-------------------|---------|---------|---------|------------|---------|---------|---------|---------------|-----------|---------|-----------|
|  | 2025              |         |         |         | 2024       |         |         |         | 2025          |           |         |           |
|  | Fair value        |         |         |         | Fair value |         |         |         | Fair value    |           |         |           |
|  | Level 1           | Level 2 | Level 3 | Total   | Level 1    | Level 2 | Level 3 | Total   | Level 1       | Level 2   | Level 3 | Total     |
| <b>Money Trusts</b>                                |                   |         |         |         |            |         |         |         |               |           |         |           |
| (Trading securities)                               | -                 | ¥17,634 | -       | ¥17,634 | -          | ¥17,293 | -       | ¥17,293 | -             | \$117,936 | -       | \$117,936 |
| <b>Securities</b>                                  |                   |         |         |         |            |         |         |         |               |           |         |           |
| (Marketable securities held as available for sale) |                   |         |         |         |            |         |         |         |               |           |         |           |
| Japanese government bonds                          | -                 | 12,491  | -       | 12,491  | -          | 110     | -       | 110     | -             | 83,542    | -       | 83,542    |
| Japanese local government bonds                    |                   |         |         |         |            |         |         |         |               |           |         |           |
| Corporate bonds                                    | -                 | 5,949   | -       | 5,949   | -          | 5,961   | -       | 5,961   | -             | 39,788    | -       | 39,788    |
| Foreign securities                                 | -                 | 9,428   | -       | 9,428   | -          | 10,554  | -       | 10,554  | -             | 63,057    | -       | 63,057    |
| Other securities                                   | 2,480             | 1,468   | -       | 3,948   | 2,453      | 921     | -       | 3,374   | 16,588        | 9,818     | -       | 26,406    |
| <b>Total assets</b>                                | ¥2,480            | ¥46,970 | -       | ¥49,450 | ¥2,453     | ¥34,839 | -       | ¥37,292 | \$16,588      | \$314,141 | -       | \$330,729 |
| <b>Derivative transactions</b>                     |                   |         |         |         |            |         |         |         |               |           |         |           |
| Currency related                                   | -                 | ¥21     | -       | ¥21     | -          | -       | -       | -       | -             | \$140     | -       | \$140     |
| <b>Total derivative transactions</b>               | -                 | ¥21     | -       | ¥21     | -          | -       | -       | -       | -             | \$140     | -       | \$140     |

\*Investment trusts that have applied the treatment in which base price is regarded as market value in accordance with paragraph 24-9 of the Implementation Guidance for Fair Value Measurement are not included in the table above. The amount of such investment trusts on the balance sheet is ¥2,995 million (\$20,034 thousand).

## [2] Financial assets not measured at fair value on the balance sheet

Cash and deposits at banks are excluded because these are settled in the short term and those fair values are approximately equal to the carrying amount.

| Division                        | Unit:JPY Millions |         |         |        |            |         |         |         | Unit:US\$000s |          |         |          |
|---------------------------------|-------------------|---------|---------|--------|------------|---------|---------|---------|---------------|----------|---------|----------|
|                                 | 2025              |         |         |        | 2024       |         |         |         | 2025          |          |         |          |
|                                 | Fair value        |         |         |        | Fair value |         |         |         | Fair value    |          |         |          |
|                                 | Level 1           | Level 2 | Level 3 | Total  | Level 1    | Level 2 | Level 3 | Total   | Level 1       | Level 2  | Level 3 | Total    |
| <b>Money Trusts</b>             |                   |         |         |        |            |         |         |         |               |          |         |          |
| (Trading securities)            | -                 | -       | -       | -      | -          | -       | -       | -       | -             | -        | -       | -        |
| <b>Securities</b>               |                   |         |         |        |            |         |         |         |               |          |         |          |
| (Securities held to maturity)   |                   |         |         |        |            |         |         |         |               |          |         |          |
| Japanese government bonds       | -                 | ¥1,748  | -       | ¥1,748 | -          | ¥1,916  | -       | ¥1,916  | -             | \$11,691 | -       | \$11,691 |
| Japanese local government bonds |                   |         |         |        |            |         |         |         |               |          |         |          |
| Corporate bonds                 | -                 | 4,125   | -       | 4,125  | -          | 4,675   | -       | 4,675   | -             | 27,585   | -       | 27,585   |
| Foreign securities              | -                 | 4,116   | -       | 4,116  | -          | 4,367   | -       | 4,367   | -             | 27,531   | -       | 27,531   |
| <b>Total assets</b>             | -                 | ¥9,989  | -       | ¥9,989 | -          | ¥10,958 | -       | ¥10,958 | -             | \$66,807 | -       | \$66,807 |

(Remark 1) Description of valuation techniques and inputs used to determine fair value

**Money trusts** The fair value of securities constituting trust assets is evaluated and classified using the same method as "Securities."

**Securities** Securities for which quoted prices in active markets are available are classified as Level 1 fair values. If quoted prices are used but the market is not active, they are classified as Level 2 fair values.

When quoted prices are not available, the fair value is determined by valuation methods such as the discounted present value method. Inputs such as yield curves and credit spreads are used for valuation.

If the Association does not use unobservable inputs or their impact is immaterial, they are classified as Level 2 fair values.

(Remark 2) Balance Sheet Amount of Stocks, etc. without Market Price

The balance sheet amount of stocks, etc. without market price is ¥1,444 million (\$9,655 thousand). Stocks without quoted market prices include unlisted stocks, etc. and are not subject to fair value disclosure in accordance with paragraph 5 of the "Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No.19, 31 March, 2020).

(Remark 3) Derivative transactions

Derivative transactions are measured by valuation models with observable inputs (exchange rates) and classified as Level 2 fair values.

(Remark 4) Information on investment trusts which have applied the treatment in Paragraph 24-9 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021).

# NOTES TO THE FINANCIAL STATEMENTS

2025

Unit:JPY Millions

| Category   | Beginning balance | Gain (loss) for the period or unrealized gains (losses) on stocks and other securities |   | Net purchases sales, and redemptions | Net Asset Value of investment trusts deemed as market value | Net Asset Value of investment trusts not deemed as market value | Ending balance | Unrealized gains (losses) on investment trusts on the balance sheet out of the amount recognized in income for the period |
|--|-------------------|--|---|--------------------------------------|---|---|----------------|---|
|  |                   | Recognized in gain or loss   | Net unrealized gains (losses) on securities |                                      |   |   |                |   |
| Investment trusts whose investment trust assets are real estate (Paragraph 24-9) | 2,165             | -  | 36  | 794                                  | -   | -   | 2,995          | -   |

2024

Unit:JPY Millions

| Category   | Beginning balance | Gain (loss) for the period or unrealized gains (losses) on stocks and other securities |   | Net purchases sales, and redemptions | Net Asset Value of investment trusts deemed as market value | Net Asset Value of investment trusts not deemed as market value | Ending balance | Unrealized gains (losses) on investment trusts on the balance sheet out of the amount recognized in income for the period |
|--|-------------------|--|---|--------------------------------------|---|---|----------------|---|
|  |                   | Recognized in gain or loss   | Net unrealized gains (losses) on securities |                                      |   |   |                |   |
| Investment trusts whose investment trust assets are real estate (Paragraph 24-9) | 1,690             | -  | 20  | 455                                  | -   | -   | 2,165          | -   |

2025

Unit:US\$000s

| Category   | Beginning balance | Gain (loss) for the period or unrealized gains (losses) on stocks and other securities |   | Net purchases sales, and redemptions | Net Asset Value of investment trusts deemed as market value | Net Asset Value of investment trusts not deemed as market value | Ending balance | Unrealized gains (losses) on investment trusts on the balance sheet out of the amount recognized in income for the period |
|--|-------------------|--|---|--------------------------------------|---|---|----------------|---|
|  |                   | Recognized in gain or loss   | Net unrealized gains (losses) on securities |                                      |   |   |                |   |
| Investment trusts whose investment trust assets are real estate (Paragraph 24-9) | 14,482            | -  | 244   | 5,308                                | -   | -   | 20,034         | -   |

20 : Accumulated depreciation for property, plant and equipment amounts to ¥128 million (\$853 thousand) and ¥113 million at 31 March 2025 and 2024, respectively. Advanced depreciation amounts to ¥0 million (\$1 thousand) and ¥0 million at 31 March 2025 and 2024, respectively.



21 : The total amounts of deferred tax assets and liabilities at 31 March 2025 and 2024 are as follows:

|  | Unit:JPY Millions |        | Unit:US\$000s |
|--|-------------------|--------|---------------|
|  | 2025              | 2024   | 2025          |
|  |                   |        | Note A-2      |
| <b>Deferred tax assets</b>   | ¥5,389            | ¥5,173 | \$36,041      |
| Breakdown for major items  |                   |        |               |
| Underwriting reserve   | ¥2,743            | ¥2,675 | \$18,348      |
| Reserve for outstanding claims                                       | 2,146             | 2,153  | 14,353        |
| Business Tax   | 90                | 134    | 603           |
| Special local corporate tax  | -                 | 44     | -             |
| Deducted valuation reserve   | (¥240)            | (¥15)  | (\$1,602)     |
| <b>Deferred tax liabilities</b>                                      | ¥405              | ¥375   | \$2,711       |
| Breakdown for major items  |                   |        |               |
| Unrealized gains on Marketable securities held as available for sale | ¥397              | ¥354   | \$2,655       |

22 : There are material finance leases for information system infrastructure included in property, plant & equipment.

23 : Investment in subsidiaries amounts to ¥12 million (\$77 thousand) and ¥12 million at 31 March 2025 and 2024, respectively.

24 : ①Reserve for outstanding claims with respect to reinsurance stipulated in Article 51 of the Enforcement Regulations of the Ship Owners' Mutual Insurance Association Law of Japan (the "Regulations") which is referred in Article 53.2 of the Regulations amounts to ¥27,477 million (\$183,767 thousand) and ¥36,456 million at 31 March 2025 and 2024, respectively.

②There is no unearned premium reserve with respect to reinsurance stipulated in Article 51 of the Regulations at 31 March 2025 and 2024.

③There is no amount deducted relating to the distribution of surplus stipulated in Article 28 of the Regulations at 31 March 2025 and 2024.

25 : Cash equivalents in the statement of cash flows are cash in hand, deposits at banks which can be withdrawn at any time and highly liquid short-term investments with an original maturity of three months or less, and are subject to insignificant risk of changes in value.

The reconciliation of cash and cash equivalents on the statement of cash flows to cash and deposits at banks on the balance sheet is as follows:

|  | Unit:JPY Millions |          | Unit:US\$000s |
|--|-------------------|----------|---------------|
|  | 2025              | 2024     | 2025          |
|  |                   |          | Note A-2      |
| <b>Cash and deposits at banks</b>  | ¥32,185           | ¥41,423  | \$215,252     |
| MMF, Short-term government bonds and Certificate of deposit included in securities | -                 | -        | -             |
| <b>Deposits at banks of which contract is more than 3 months</b>                   | (2,243)           | (10,027) | (15,000)      |
| <b>Cash and cash equivalents</b>   | ¥29,942           | ¥31,396  | \$200,252     |

There is no significant non-cash transaction entered into by the Association during the years ended 31 March 2025 and 2024.

Cash flows from investing activities include cash flows arising from asset management relating to the insurance business during the years ended 31 March 2025 and 2024.

# NOTES TO THE FINANCIAL STATEMENTS

## C. Other Notes to Financial Statements

|                                       | Unit: JPY Millions |                | Unit: US\$000s   |
|---------------------------------------|--------------------|----------------|------------------|
|                                       | 2025               | 2024           | 2025             |
| <b>1 Calls and premiums written</b>   |                    |                |                  |
| Mutual                                |                    |                |                  |
| Mutual premiums                       | ¥27,969            | ¥23,092        | \$187,060        |
| Supplementary calls charged           | 0                  | 6,537          | 0                |
| Release calls                         | 83                 | 147            | 553              |
| FD&D                                  | 298                | 270            | 1,989            |
| Sub-total                             | 28,350             | 30,046         | 189,602          |
| Fixed premiums                        |                    |                |                  |
| Coastal vessels entries               | 2,405              | 2,620          | 16,085           |
| Charterers' entries                   | 410                | 390            | 2,744            |
| Others                                | 395                | 371            | 2,643            |
| Sub-total                             | 3,210              | 3,381          | 21,472           |
| <b>Total</b>                          | <b>¥31,560</b>     | <b>¥33,427</b> | <b>\$211,074</b> |
| <b>2 Reinsurance premiums ceded</b>   |                    |                |                  |
| Group excess of loss                  | ¥3,633             | ¥3,698         | \$24,295         |
| Others                                | 5,340              | 4,885          | 35,713           |
|                                       | <b>¥8,973</b>      | <b>¥8,583</b>  | <b>\$60,008</b>  |
| <b>3 Interest and dividends</b>       |                    |                |                  |
| Bank deposits                         | ¥490               | ¥810           | \$3,280          |
| Japanese bonds                        | 249                | 214            | 1,665            |
| Foreign securities                    | 522                | 414            | 3,491            |
| Other securities                      | 160                | 130            | 1,067            |
|                                       | <b>¥1,421</b>      | <b>¥1,568</b>  | <b>\$9,503</b>   |
| <b>4 Claims paid</b>                  |                    |                |                  |
| P&I                                   | ¥22,518            | ¥28,857        | \$150,601        |
| Mutual                                | 20,281             | 22,806         | 135,639          |
| Coastal vessels entries               | 2,080              | 5,784          | 13,911           |
| Charterers' entries                   | 126                | 219            | 842              |
| Others                                | 31                 | 48             | 209              |
| Other Associations' pool claims       | 5,734              | 4,404          | 38,352           |
| FD&D                                  | 83                 | 119            | 557              |
|                                       | <b>¥28,335</b>     | <b>¥33,380</b> | <b>\$189,510</b> |
| <b>5 Reinsurance claims recovered</b> |                    |                |                  |
| Group's pooling agreement             | ¥11,610            | ¥12,760        | \$77,646         |
| Group's excess loss reinsurance       | 13                 | 41             | 90               |
| Other reinsurers                      | 520                | 4,296          | 3,478            |
|                                       | <b>¥12,143</b>     | <b>¥17,097</b> | <b>\$81,214</b>  |

|  | Unit:JPY Millions |                | Unit:US\$000s    |
|--|-------------------|----------------|------------------|
|  | 2025              | 2024           | 2025             |
| <b>6 Cash and deposits at banks</b>                    |                   |                |                  |
| Cash   | ¥0                | ¥1             | \$1              |
| Deposits at banks                                      | 32,184            | 41,422         | 215,251          |
|  | <b>¥32,184</b>    | <b>¥41,423</b> | <b>\$215,252</b> |
| <b>7 Money trusts</b>                                  |                   |                |                  |
| Bond funds   | ¥12,312           | ¥11,894        | \$82,345         |
| Domestic common stock funds                            | 3,002             | 2,961          | 20,074           |
| Foreign common stock funds                             | 2,320             | 2,438          | 15,517           |
|  | <b>¥17,634</b>    | <b>¥17,293</b> | <b>\$117,936</b> |
| <b>8 Securities</b>                                    |                   |                |                  |
| Japanese government bonds                              | ¥12,890           | ¥399           | \$86,211         |
| Japanese local government bonds                        | 1,414             | 1,627          | 9,458            |
| Corporate bonds  | 10,416            | 10,636         | 69,661           |
| Stocks   | 10                | 10             | 67               |
| Foreign securities                                     | 15,183            | 18,340         | 101,545          |
| Other securities                                       | 6,944             | 5,539          | 46,440           |
|  | <b>¥46,857</b>    | <b>¥36,551</b> | <b>\$313,382</b> |
| <b>9 Property, plant and equipment</b>                 |                   |                |                  |
| Buildings  | ¥64               | ¥69            | \$425            |
| Lease assets   | 78                | 29             | 520              |
| Equipment and others                                   | 39                | 44             | 264              |
|  | <b>¥181</b>       | <b>¥142</b>    | <b>\$1,209</b>   |
| <b>10 Intangible assets</b>                            |                   |                |                  |
| Software   | ¥40               | ¥6             | \$270            |
| Other intangible assets                                | 4                 | 4              | 26               |
|  | <b>¥44</b>        | <b>¥10</b>     | <b>\$296</b>     |
| <b>11 Other assets</b>                                 |                   |                |                  |
| Premiums receivables                                   | ¥379              | ¥531           | \$2,532          |
| Foreign reinsurance recoveries                         | 1,268             | 1,225          | 8,479            |
| <i>Pool recoveries</i>                                 | 1,225             | 1,212          | 8,191            |
| <i>Recoveries from the Group Excess Loss insurance</i> | 6                 | 1              | 38               |
| <i>Recoveries from other reinsurers</i>                | 37                | 12             | 250              |
| Accounts receivable                                    | 77                | 54             | 514              |
| Accrued revenue  | 163               | 157            | 1,089            |
| Advance deposits                                       | 179               | 179            | 1,197            |
| Suspense payments                                      | 122               | 144            | 819              |
| Prepaid pension cost                                   | 29                | 78             | 195              |
|  | <b>¥2,217</b>     | <b>¥2,368</b>  | <b>\$14,825</b>  |

# NOTES TO THE FINANCIAL STATEMENTS

|  | Unit:JPY Millions |                | Unit:US\$000s    |
|--|-------------------|----------------|------------------|
|  | 2025              | 2024           | 2025             |
| <b>12 Reserve for outstanding claims</b>   |                   |                |                  |
| Gross reserve for outstanding claims   | ¥66,621           | ¥79,622        | \$445,563        |
| <i>Members' claims</i>   | 56,369            | 69,233         | 376,998          |
| <i>Other Associations' pool claims</i>   | 10,252            | 10,389         | 68,565           |
| Reinsurers' share  | 27,477            | 36,456         | 183,767          |
| <i>Pool recoveries</i>   | 19,461            | 32,843         | 130,155          |
| <i>Excess loss R/I recoveries</i>  | 5,205             | 2,163          | 34,815           |
| <i>Recoveries from other reinsurers</i>  | 2,811             | 1,450          | 18,797           |
| Net reserve for outstanding claims   | <b>¥39,144</b>    | <b>¥43,166</b> | <b>\$261,796</b> |
| <i>IBNR amounts are included in the above figure</i>   |                   |                |                  |
| IBNR amounts   | ¥11,213           | ¥11,870        | \$74,993         |
| <b>13 Unearned premium reserve</b>   |                   |                |                  |
| Gross unearned premium reserve   | ¥18,874           | ¥18,401        | \$126,235        |
| Reinsurers' share  | -                 | -              | -                |
| Net unearned premium reserve   | <b>¥18,874</b>    | <b>¥18,401</b> | <b>\$126,235</b> |
| <b>14 Other liabilities</b>  |                   |                |                  |
| Foreign reinsurance payable  | ¥1,456            | ¥1,605         | \$9,740          |
| Accounts payable   | 251               | 217            | 1,678            |
| Unpaid tax   | 1,845             | 2,546          | 12,337           |
| Derivatives  | 21                | 0              | 141              |
| Suspense payable   | 848               | 1,019          | 5,674            |
| Lease liability  | 78                | 29             | 521              |
|  | <b>¥4,499</b>     | <b>¥5,416</b>  | <b>\$30,091</b>  |
| <b>15 Net unrealized gains on securities</b>   |                   |                |                  |
| Unrealized gains on securities is net of deferred tax caused by the valuation of securities. | <b>¥765</b>       | <b>¥667</b>    | <b>\$5,119</b>   |

# RESERVES

|                                    | Unit:JPY Millions |                | Unit:US\$000s    |
|------------------------------------|-------------------|----------------|------------------|
|                                    | 2025              | 2024           | 2025             |
| Catastrophe reserve                | ¥12,424           | ¥11,744        | \$83,090         |
| Reserve for offsetting losses      | 175               | 175            | 1,172            |
| Other retaining earnings           | 27,647            | 22,693         | 184,901          |
| Sub-total                          | 40,246            | 34,612         | 269,163          |
| Capital contribution fund          | 92                | 95             | 613              |
| Net unrealized gains on securities | 765               | 667            | 5,119            |
| <b>Total</b>                       | <b>¥41,103</b>    | <b>¥35,374</b> | <b>\$274,895</b> |

The "Sub-total" represents the reserves that have been built up out of surpluses in open and closed years.  
Please see the "Policy Year Statement" described in pages 36 and 37.

# POLICY YEAR STATEMENTS

as of 31 March 2025

|   | 2025/26               |                  | 2024/25               |                 | 2023/24               |                 |
|---|-----------------------|------------------|-----------------------|-----------------|-----------------------|-----------------|
|   | (2025/2/20-2025/3/31) |                  | (2024/2/20-2025/2/20) |                 | (2023/2/20-2024/2/20) |                 |
|   | JPY Millions          | US\$000s         | JPY Millions          | US\$000s        | JPY Millions          | US\$000s        |
| <b>Calls and premiums written</b>                         |                       |                  |                       |                 |                       |                 |
| Prior years   | ¥ -                   | \$ -             | ¥3,115                | \$20,833        | ¥23,805               | \$159,209       |
| During year   | 3,217                 | 21,513           | 24,596                | 164,502         | 3,238                 | 21,653          |
| Supplementary calls                                       | -                     | -                | -                     | -               | -                     | -               |
|   | 3,217                 | 21,513           | 27,711                | 185,335         | 27,043                | 180,862         |
| Reinsurance premiums ceded                                | (1,008)               | (6,744)          | (8,732)               | (58,399)        | (8,325)               | (55,679)        |
|   | 2,209                 | 14,769           | 18,979                | 126,936         | 18,718                | 125,183         |
| <b>Claims paid</b>  |                       |                  |                       |                 |                       |                 |
| Gross claims paid   | (1)                   | (7)              | (6,658)               | (44,526)        | (7,824)               | (52,329)        |
| Reinsurance claims recovered                              | -                     | -                | 962                   | 6,435           | 676                   | 4,520           |
| [Pool recoveries]   | [-]                   | [-]              | [962]                 | [6,435]         | [175]                 | [1,169]         |
| [Excess loss R/I recoveries]                              | [-]                   | [-]              | [-]                   | [-]             | [-]                   | [-]             |
| [Other reinsurance recoveries]                            | [-]                   | [-]              | [-]                   | [-]             | [501]                 | [3,351]         |
| Net claims paid   | (1)                   | (7)              | (5,696)               | (38,091)        | (7,148)               | (47,809)        |
|   |                       |                  |                       |                 |                       |                 |
| [Other Associations' pool claims]                         | [-]                   | [-]              | [1,576]               | [10,540]        | [741]                 | [4,956]         |
| <b>Investment income</b>                                  | (125)                 | (837)            | 2,805                 | 18,758          | 2,959                 | 19,790          |
| <b>Operating expenses</b>                                 | (384)                 | (2,565)          | (3,894)               | (26,044)        | (3,656)               | (24,451)        |
| <b>Others</b>   | (858)                 | (5,737)          | (701)                 | (4,690)         | (981)                 | (6,563)         |
|   |                       |                  |                       |                 |                       |                 |
| <b>Balance available for estimated outstanding claims</b> | <b>¥841</b>           | <b>\$5,623</b>   | <b>¥11,493</b>        | <b>\$76,869</b> | <b>¥9,892</b>         | <b>\$66,150</b> |
| <b>Estimated outstanding claims</b>                       |                       |                  |                       |                 |                       |                 |
| Gross estimated outstanding claims                        | (¥1,799)              | (\$12,031)       | (¥13,108)             | (\$87,669)      | (¥11,951)             | (\$79,928)      |
| Reinsurers' share   | -                     | -                | 2,285                 | 15,280          | 4,559                 | 30,489          |
| [Pool recoveries]   | [-]                   | [-]              | [2,285]               | [15,280]        | [3,676]               | [24,586]        |
| [Excess loss R/I recoveries]                              | [-]                   | [-]              | [-]                   | [-]             | [-]                   | [-]             |
| [Other reinsurance recoveries]                            | [-]                   | [-]              | [-]                   | [-]             | [883]                 | [5,903]         |
| Net estimated outstanding claims                          | (1,799)               | (12,031)         | (10,823)              | (72,389)        | (7,392)               | (49,439)        |
|   |                       |                  |                       |                 |                       |                 |
| [Other Associations' pool claims]                         | [265]                 | [1,772]          | [2,285]               | [15,279]        | [1,678]               | [11,225]        |
| <b>Surplus/(deficit)</b>                                  | <b>(¥958)</b>         | <b>(\$6,408)</b> | <b>¥670</b>           | <b>\$4,480</b>  | <b>¥2,500</b>         | <b>\$16,711</b> |
|   |                       |                  |                       |                 |                       |                 |
| Estimated product of 10% supplementary calls              | -                     | -                | 2,533                 | 16,944          | 2,504                 | 16,745          |

1.The estimated outstanding claims includes provision for incurred but not reported claims (IBNR's).

2.Calls and premiums written, claims paid and estimated outstanding claims are allocated to the policy years to which they relate.

All other amounts, such as "Investment income" and "Operating expenses" are allocated to policy years in a systematic and reasonable manner.

3.For the 2025/26 policy year which is covered the period from 20 February 2025 to 31 March 2025, calls and premiums are stated on an earned basis to 31 March 2025.

4.The translation rate in this Policy Year Statement is ¥149.52 = US\$1, the middle rate prevailing on the Tokyo foreign exchange market as of 31 March 2025.

| 2022/23               |                 | Closed years   |                  | Total          |                  |
|-----------------------|-----------------|----------------|------------------|----------------|------------------|
| (2022/2/20-2023/2/20) |                 |                |                  |                |                  |
| JPY Millions          | US\$000s        | JPY Millions   | US\$000s         | JPY Millions   | US\$000s         |
|                       |                 |                |                  |                |                  |
| ¥18,804               | \$125,761       |                |                  |                |                  |
| 23                    | 151             |                |                  |                |                  |
| 6,537                 | 43,719          |                |                  |                |                  |
| 25,364                | 169,631         |                |                  |                |                  |
| (8,268)               | (55,295)        |                |                  |                |                  |
| 17,096                | 114,336         |                |                  |                |                  |
|                       |                 |                |                  |                |                  |
| (16,252)              | (108,692)       |                |                  |                |                  |
| 5,890                 | 39,391          |                |                  |                |                  |
| [5,890]               | [39,391]        |                |                  |                |                  |
| [-]                   | [-]             |                |                  |                |                  |
| [-]                   | [-]             |                |                  |                |                  |
| (10,362)              | (69,301)        |                |                  |                |                  |
|                       |                 |                |                  |                |                  |
| [595]                 | [3,979]         |                |                  |                |                  |
|                       |                 |                |                  |                |                  |
| 705                   | 4,718           |                |                  |                |                  |
| (3,060)               | (20,468)        |                |                  |                |                  |
| 2,762                 | 18,471          |                |                  |                |                  |
|                       |                 |                |                  |                |                  |
| <b>¥7,141</b>         | <b>\$47,756</b> | <b>¥50,023</b> | <b>\$334,561</b> | <b>¥79,390</b> | <b>\$530,959</b> |
|                       |                 |                |                  |                |                  |
| (¥8,520)              | (\$56,985)      | (¥31,242)      | (\$208,951)      | (¥66,621)      | (\$445,563)      |
| 3,170                 | 21,203          | 17,464         | 116,795          | 27,477         | 183,767          |
| [3,170]               | [21,203]        | [10,330]       | [69,086]         | [19,461]       | [130,155]        |
| [-]                   | [-]             | [5,206]        | [34,815]         | [5,205]        | [34,815]         |
| [-]                   | [-]             | [1,928]        | [12,894]         | [2,811]        | [18,797]         |
| (5,350)               | (35,782)        | (13,778)       | (92,156)         | (39,144)       | (261,796)        |
|                       |                 |                |                  |                |                  |
| [577]                 | [3,858]         | [5,447]        | [36,430]         | [10,252]       | [68,564]         |
|                       |                 |                |                  |                |                  |
| <b>¥1,791</b>         | <b>\$11,974</b> | <b>¥36,245</b> | <b>\$242,405</b> | <b>¥40,246</b> | <b>\$269,163</b> |
|                       |                 |                |                  |                |                  |
| 1,634                 | 10,930          |                |                  |                |                  |

# DIRECTORS AND AUDITORS

## ■ Directors

### Chair, Representing Director

Takeshi Hashimoto President Mitsui O.S.K. Lines, Ltd.

### Deputy Chairs, Representing Directors

Takaya Soga President Nippon Yusen Kabushiki Kaisha

Takenori Igarashi President Kawasaki Kisen Kaisha, Ltd.

### Directors

Takashi Kataoka President ENEOS Ocean Corporation

Koji Shinozaki President Hachiuma Steamship Co., Ltd.

Tomio Inagaki President Idemitsu Tanker Co., Ltd.

Yusuke Otani President Iino Kaiun Kaisha, Ltd.

Hiroshige Tanioka President "K" Line RoRo Bulk Ship Management Co., Ltd.

Koji Kondo President Kyoei Tanker Co., Ltd.

Koichi Uragami President Mitsubishi Ore Transport Co., Ltd.

Akira Sasa Managing Director MOL Chemical Tankers Pte. Ltd.

Kazuma Yamanaka President NS United Kaiun Kaisha, Ltd.

Yoichiro Seno President Seno Kisen Co., Ltd.

Yukito Higaki President Shoei Kisen Kaisha, Ltd.

Hirotooshi Ushioku President MOL Sunflower Ltd.

Norio Tabuchi President Tabuchi Kaiun Co., Ltd.

Tetsuya Kiyozaki President Tamai Steamship Co., Ltd.

Gen Uyeno President Uyeno Transtech Ltd.

## ■ In-House Directors

### Director General, Representing Director

Yukio Toriyama

### Executive Directors, Representing Directors

Yuichi Tanaka

Ryoichi Oda

### Directors

Yukihiko Itagaki

Naoyuki Moriya

Tetsu Morita

Yoshiro Sakamoto

Kenji Noda

## ■ Auditors

Shigekazu Haruyama President Asahi Tanker Co., Ltd.

Noriaki Yamaga President Kawasaki Kinkai Kisen Kaisha, Ltd.

Toshiaki Fukui President MOL Drybulk Ltd.

(as of 22 July 2025)



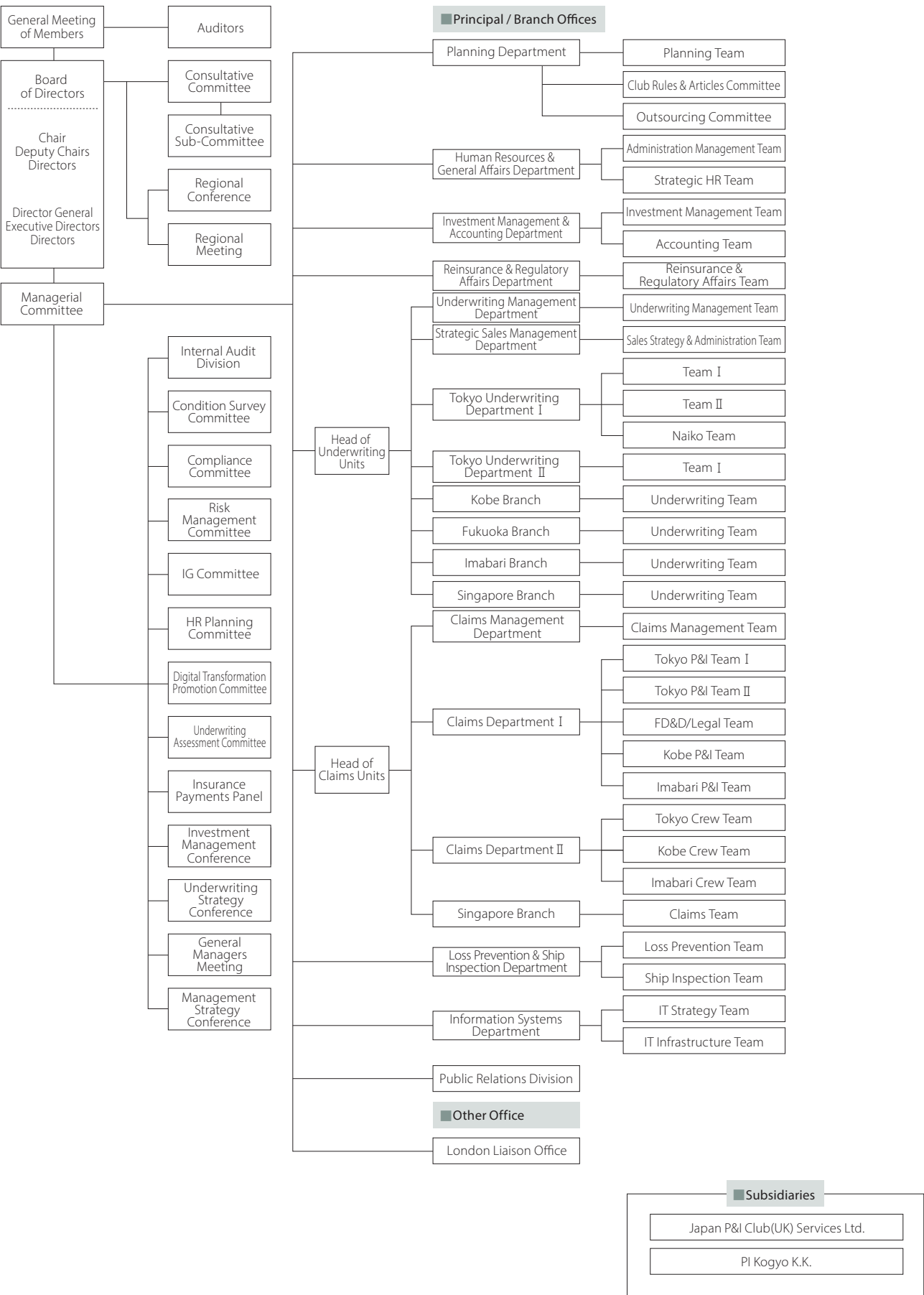
# SECRETARIAT

|                  |   |   |
|------------------|---|---|
| Yukio Toriyama   | Director General, Representing Director<br>Chief Executive Officer      | Overall management  |
| Yuichi Tanaka    | Executive Director, Representing Director                               | Assistant to the Director General, Toriyama (Claims Units, Underwriting Units* and Branches)<br>In charge of Reinsurance and Regulatory Affairs Dept. and London Liaison Office<br>General Manager of Reinsurance & Regulatory Affairs Dept.<br>*Excluding Underwriting Management Dept.                            |
| Ryoichi Oda      | Executive Director, Representing Director<br>Chief Underwriting Officer | Assistant to the Director General, Toriyama (Human Resources & General Affairs Dept., Investment Management & Accounting Dept., Public Relations Div., Loss Prevention & Ship Inspection Dept. and Information Systems Dept.)<br>In charge of Planning Dept., Underwriting Management Dept. and Internal Audit Div. |
| Yukihiko Itagaki | Director<br>Chief Financial Officer                                     | In charge of Investment Management & Accounting Dept. and Human Resources & General Affairs Dept.   |
| Naoyuki Moriya   | Director  | In charge of Tokyo Underwriting Dept. I and II and Branches<br>Head of Underwriting Units, General Manager of Imabari Branch  |
| Tetsu Morita     | Director<br>Chief Claims Officer  | In charge of Claims Management Dept., Claims Dept. I and II<br>Head of Claims Units   |
| Yoshiro Sakamoto | Director  | In charge of Strategic Sales Management Dept. and Loss Prevention & Ship Inspection Dept.<br>Deputy Head of Underwriting Units, General Manager of Underwriting Management Dept. and Strategic Sales Management Dept.   |
| Kenji Noda       | Director<br>Chief Information Officer                                   | In charge of Information Systems Dept. and Public Relations Div.<br>General Manager of Information Systems Dept.  |

|                     |  |                     |  |
|---------------------|--|---------------------|--|
| Masahide Inde       | General Manager of Plannig Dept. /<br>Assistant General Manager of Underwriting Management Dept.                             | Tetsu Kato          | Assistant General Manager of Claims Management Dept.                 |
| Hiroki Shio         | General Manager of Human Resources & General Affairs Dept.   | Tomohiro Tsukuno    | Assistant General Manager of Claims Dept. I                          |
| Masatake Ozawa      | General Manager of Investment Management & Accounting Dept.  | Takeo Saito         | Chief Specialist of Claims Dept. I                                   |
| Royston Deitch      | Executive Representative, Head of IG Matters /<br>General Manager of Reinsurance & Regulatory Affairs Dept.                  | Toru Asai           | General Manager of Loss Prevention & Ship Inspection Dept.           |
| Koji Shikada        | Deputy Head of Underwriting Units /<br>General Manager of Tokyo Underwriting Dept. I   | Wataru Nakajima     | Assistant General Manager of Loss Prevention & Ship Inspection Dept. |
| Yoji Tanaka         | Deputy Head of Underwriting Units /<br>General Manager of Tokyo Underwriting Dept. II  | Nobuko Genda        | Chief of Public Relations Div.                                       |
| Kyoko Sakamoto      | Assistant General Manager of Tokyo Underwriting Dept. I  | Hiroaki Sawabe      | General Manager of Kobe Branch                                       |
| Shigeru Yamada      | Assistant General Manager of Tokyo Underwriting Dept. and Kobe Branch  | Yasuyuki Nakamura   | General Manager of Fukuoka Branch                                    |
| Makoto Ishii        | Assistant General Manager of Tokyo Underwriting Dept. I  | Hiroshi Kikegawa    | Assistant General Manager of Imabari Branch                          |
| Junji Asano         | Assistant General Manager of Tokyo Underwriting Dept. II   | Toshiharu Takashima | Chief Executive of Singapore Branch                                  |
| Naoki Hashimoto     | Deputy Head of Claims Units /<br>General Manager of Claims Management Dept. /<br>Assistant General Manager of Planning Dept. | William Turner      | General Manager /<br>Senior Legal Advisor of Singapore Branch        |
| Keisuke Yagisawa    | Deputy Head of Claims Units /<br>General Manager of Claims Dept. I   | Riki Yamamoto       | General Manager of London Liaison Office                             |
| Masatoshi Fukushima | Deputy Head of Claims Units /<br>General Manager of Claims Dept. II  | Hiroaki Akasaka     | Chief of Internal Audit Div.   |

(as of 1 August 2025)

# ORGANISATION



# OFFICES

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## ■ Principal Office

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15th Floor, ARK Hills Front Tower, 2-23-1, Akasaka, Minato-ku, Tokyo 107-0052, JAPAN  
Phone : +81 3 6687 0505 Facsimile : +81 3 6871 0051

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## ■ Kobe Branch

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6th Floor, Shosen-Mitsui Building, 5, Kaigandori, Chuo-ku, Kobe, Hyogo 650-0024, JAPAN  
Phone : +81 78 321 6886 Facsimile : +81 78 332 6519 Email : kobe@piclub.or.jp

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## ■ Fukuoka Branch

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3rd Floor, Hakata-Ekimae Center Bldg., 1-14-16, Hakata Ekimae, Hakata-ku, Fukuoka, Fukuoka 812-0011, JAPAN  
Phone : +81 92 260 8945 Facsimile : +81 92 482 2500 Email : fukuoka@piclub.or.jp

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## ■ Imabari Branch

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4th Floor, Shimanami Building, 2-2-1, Kyoeicho, Imabari, Ehime 794-0024, JAPAN  
Phone : +81 898 33 1117 Facsimile : +81 898 33 1251 Email : imabari@piclub.or.jp

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## ■ Singapore Branch

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80 Robinson Road #14-01, Singapore 068898  
Phone : +65 6224 6451 Facsimile : +65 6224 1476 Email : singapore@piclub.or.jp

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## ■ London Liaison Office

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5th Floor, 38 Lombard Street, London, U.K., EC3V 9BS  
Phone : +44 20 7929 4844 Facsimile : +44 20 7929 7557 Email : llo@japia.co.uk

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## ■ Japan P&I Club (UK) Services Ltd. (Claim contact point in UK)

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5th Floor, 38 Lombard Street, London, U.K., EC3V 9BS  
Phone : +44 20 7929 3633 Facsimile : +44 20 7929 7557 Email : ukservices@piclub.com

(as of 22 July 2025)

## Contact





The Japan Ship Owners' Mutual Protection & Indemnity Association

[www.piclub.or.jp](http://www.piclub.or.jp)