



THE JAPAN SHIP OWNERS' MUTUAL PROTECTION & INDEMNITY ASSOCIATION

SPECIAL CIRCULAR

No. 15-005
8 June 2015

To the Members

Dear Sirs,

Report on the 588th Meeting of the Board of Directors

The 588th Meeting of the Association's Board of Directors was held at Kaiun Club, Tokyo on 8 June 2015.

The main decisions of the Meeting are as follows:-

1. The 65th Ordinary General Meeting of the Members

The Board approved the convening of the 65th Ordinary General Meeting of the Members at Room 303 of the Kaiun Club, Tokyo at 11:20 on 13 July 2015.

2. Agenda of the 65th Ordinary General Meeting of the Members

The Board approved the following report and proposals for inclusion in the agenda of the Ordinary General Meeting.

Report : The Business Report for the 65th business year (from 1 April 2014 to 31 March 2015);

Proposals :

1. To approve an Inventory, Balance Sheet, Income and Expenditure Account and proposals for the treatment of the surplus for the 65th business year (from 1 April 2014 to 31 March 2015);
2. To amend the Articles of Association
3. To elect Members to the Board of Directors, and to appoint Auditors;
4. To authorise the Board of Directors to implement decisions taken at the General Meeting of the Members;

Further details of the above items can be found in the "Notice of the Ordinary General Meeting of the Members to be held on 13 July 2015", which will be sent to the Members under a separate mail, together with enclosures.

The highlights of the closing accounts for the 2014 business year (this year) are scheduled for inclusion in the agenda at the forthcoming Ordinary General Meeting and are as follows :

This year, the number of medium and large sized claims decreased for both ocean-going and Japanese coastal vessels (Naiko Class, fixed premium entries) entered with the Association, and the occurrence of pool claims became less frequent in the International Group of P&I Clubs. In addition, the Association benefited from the depreciation in the value of the yen and high stock prices during this year. Supported by these positive factors, the Association's net surplus after income tax amounted to JPY3,761 million. The Association has also posted a catastrophe reserve of JPY671 million and a net

unrealized gain on securities of JPY231 million. As a result, the reserves under the Association's new financial strategy climbed to JPY20,714 million in total, JPY4,657 million up from last year, which surpassed the target set out in the strategy.

We would sincerely like to thank the Members for their efforts in the safe operation of their vessels and their understanding of and cooperation with the Association's loss prevention activities.

3. New Medium-Term Operation Plan (2015-2017)

The Board approved the Association's new Medium-Term Operation Plan (for business years from 2015 to 2017 inclusive), entitled "JPI's CHANGE Phase II."

The new Operation Plan maintains three fundamental policies of the former Operation Plan "JPI's CHANGE": "Reliability", "Soundness" and "Competitiveness". From the view point of the Members, the Association aims to become "the leading P&I Club in Asia" by providing a quality insurance service with competitive and stable insurance premiums, a worthy recipient of the trust placed in them by the Members.

4. Other decisions

In addition to the above, the Board approved the Association's business/budget plan for the 2015 business year. Also approved was the Association's implementation of a comprehensive risk management system. With this system which uses a solvency margin ratio as an index to assess the financial soundness of the Association, we are taking the measures necessary to control the Association's entire risk portfolio in comparison with our equity capital (reserve).

The Association will strive with great enthusiasm toward the achievement of our various goals, including "JPI's CHANGE Phase II". We would ask the Members to assist us in our striving with their continuous support. We thank the Members for their attention and co-operation.

Yours faithfully,

The Japan Ship Owners' Mutual Protection & Indemnity Association