



CIRCULAR

To the Members

Report on the 606th Meeting of the Board of Directors

The 606th Meeting of the Association's Board of Directors was held on 14 June 2021. The main decisions of the Meeting are as follows: -

1. The 71th Ordinary General Meeting of the Members

The Board approved the convening of the 71th Ordinary General Meeting of the Members at the principal office of the Association, Tokyo at 11:30 on 21 July 2021.

2. Agenda of the 71th 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 71th business year (from 1 April 2020 to 31 March 2021);

Proposals:

1. To approve an Inventory, Balance Sheet, Income and Expenditure Account, and proposals for the treatment of the surplus for the 71th business year (from 1 April 2020 to 31 March 2021);
2. To elect Members to the Board of Directors, and to appoint Auditors;
3. To authorise the Board of Directors to handle decisions made at the General Meeting of the Members.

Details of the above items can be found in the "Notice of the 71th Ordinary General Meeting of the Members to be held on 21 July 2021", which will be sent to Members under a separate mail, together with enclosures.

The outline of the financial results for the 2020 business year (the above Proposal 1) is as follows:

In the 2020 business year, we faced a decrease of the insurance premium income due to a drop in average insurance premiums and an increase of the insurance claim payments due to the occurrence of multiple large claims especially in the first half of the year and the pandemic. This might have led to a significant deterioration in the insurance business and a decrease of the reserve amount. In order to balance the insurance income and expenditure and ensure the financial soundness of the Association, for the 2021 policy year, we

applied a general increase of 10% for ocean-going vessels. On the other hand, the premium rate for Naiko Class, Charterers' entries and FD&D covers remain unchanged in consideration of the hard business environment Members are in.

As a result, the net insurance premium was JPY14.98 billion which was slightly increased from previous business year and invest income was JPY3.32 billion, which was increased by JPY2.32 billion from previous business year negatively affected by the Covid-19 outbreak. Consequently, while insurance claim payments increased by JPY2.53 billion to JPY13.24 billion, the net surplus became JPY2.69 billion and the reserve amount increased by JPY1.3 billion from business year 2019 to JPY26.98 billion.

We thank you for your continued support and cooperation, and sincerely wish our Members' safety for their vessels and continued business prosperity.

Yours faithfully,

The Japan Ship Owners' Mutual Protection & Indemnity Association