



CIRCULAR

To the Members

Report on the 617th Meeting of the Board of Directors

The 617th Meeting of the Association's Board of Directors was held on 14 June 2023. The main decisions of the Meeting are as follows;

1. The 73rd Ordinary General Meeting of the Members

The Board approved the convening of the 73rd Ordinary General Meeting of the Members at the Kaiun Club, Tokyo at 16:00 on 19 July 2023.

2. Agenda of the 73rd 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 73rd business year (from 1 April 2022 to 31 March 2023);

Proposals:

1. To approve an Inventory, Balance Sheet, Income and Expenditure Account, and proposals for the treatment of the surplus for the 73rd business year (from 1 April 2022 to 31 March 2023);
2. To amend Articles of Association and Plan of Business Operations;
3. To elect Members to the Board of Directors and, to appoint Auditors;
4. To approve the payment of the retirement bonus to the retiring directors;
5. To revise remuneration limits for In-house Directors.
6. 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 73rd Ordinary General Meeting of the Members to be held on 19 July 2023", which will be sent by post to the Members, along with enclosures.

The outline of the financial results for the 2022 business year (the above Proposal 1) is as follows:

In the 2022 business year, our top priority was to strengthen our core capital and improve the balance of income and expenditure in order to stabilise the financial base. Since we urgently needed to restore the reserve, which had decreased due to the losses recorded in the previous year, we developed the 2022 Financial Base Stabilisation Plan and collected unbudgeted supplementary calls of 25% for each of the 2020 and 2021 policy years. We also sought to improve the balance of income and expenditure by applying a general increase of 10% for ocean-going vessels, Charterers' entries, and FD&D covers, and an increase of 15% in total for Naiko Class entries, based on individual loss records.

As a result of the above measures, net premium income increased by JPY13.50 billion from the previous year to JPY30.31 billion, while investment income decreased by JPY 110 million to JPY 3.29 billion. The net claims paid decreased by JPY 2.29 billion from the previous year to JPY 15.34 billion as COVID-19 related claims decreased, and the provision for reserve for outstanding claims increased by JPY 3.13 billion from the previous year to JPY 4.42 billion.

Consequently, the net surplus of JPY 4.64 billion was recorded and the reserve increased by JPY 5.32 billion to JPY 27.44 billion.

In the 2023 Management Plan, we continue to "create the good Association" by a) providing high-quality insurance services, b) having a strong financial structure, c) ensuring stable management and d) gaining the support of high-quality Members. Emphasising compliance and promoting sustainable business with an awareness of the United Nations' Sustainable Development Goals are the most important management items for us. Our operating philosophy as set out in the Articles of Association is: 'Protect the interests of our Members and promote the sound development of the association through the provision of shipowners' liability insurance, while contributing to ensuring and improving the stability and management of the shipping industry and maritime-related businesses'.

We shall strive for the further improvement of our services in order to be your first choice Club. We thank you for your continued support and cooperation, and sincerely wish you continued business prosperity, and safe voyages for your vessels.

Yours faithfully,

The Japan Ship Owners' Mutual Protection & Indemnity Association