

# Japan P&I Outlook Revised To Positive On Stronger Capital Position; 'BBB' Ratings Affirmed

July 31, 2024

- Japan P&I has improved its profitability through premium rate increases and underwriting discipline, resulting in a stronger capital position.
- We affirmed our 'BBB' financial strength and long-term issuer credit rating on the insurer.
- We also revised to positive from stable our outlooks to reflect our view that Japan P&I will likely strengthen its capital level further and maintain solid profitability.

TOKYO (S&P Global Ratings) July 31, 2024--S&P Global Ratings today said it revised to positive from stable its outlooks on its ratings on The Japan Ship Owners' Mutual Protection & Indemnity Assn. (Japan P&I). At the same time, we affirmed our 'BBB' financial strength and long-term issuer credit ratings on Japan P&I.

The outlook revisions are based on our view that Japan P&I will likely continue to strengthen its capital adequacy over the next two years. The insurer has improved profitability through strong underwriting discipline and by increasing premiums at their time of renewal. Japan P&I's investment income, meanwhile, has benefited from the depreciation of the yen. In fiscal 2023 (ended March 31, 2024), Japan P&I posted net income of ¥6.86 billion, which was higher than we had expected. As a result, the insurer has accumulated a large amount of free reserves (net income plus catastrophe reserves). We expect Japan P&I to maintain robust risk controls for insurance underwriting and investment activities.

The positive outlook reflects our view that Japan P&I will likely strengthen its capital adequacy further within next two years while maintaining a robust operating performance.

We may upgrade Japan P&I if;

- The insurer improves and stabilizes capital above the 99.99% confidence level; or
- It maintains a strong capital buffer at the 99.95% confidence level and solid and stable profitability underpinned by a high-quality customer base.

We may revise the outlook on Japan P&I back to stable if its capital level significantly deteriorates. This could result from unexpectedly large claims.

## Ratings Score Snapshot

Financial strength rating: BBB/Positive

Anchor: bbb

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Business risk: Satisfactory

- IICRA: Intermediate risk
- Competitive position: Satisfactory

Financial risk: Satisfactory

- Capital and earnings: Strong
- Risk exposure: Moderately high
- Funding structure: Neutral

Modifiers: 0

- Governance: Neutral
- Liquidity: Exceptional
- Comparable ratings analysis: 0

Support: 0

- Group support: 0
- Government support: 0

IICRA--Insurance Industry And Country Risk Assessment.

Related Criteria

- Insurer Risk-Based Capital Adequacy--Methodology And Assumptions, Nov. 15, 2023
- Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- Insurers Rating Methodology, July 1, 2019
- Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- Japan P&I 'BBB' Ratings Affirmed Following Revised Capital Model Criteria; Outlook Remains Stable, Jan. 16, 2024
- Japan P&I 'BBB' Ratings Affirmed On Stronger Capital; Outlook Stable, July 28, 2023

Ratings List

Ratings List

Affirmed; Outlook Revision		
	To	From
Japan Ship Owners' Mutual Protection & Indemnity Assn. (The)		
Issuer Credit Rating	BBB/Positive/--	BBB/Stable/--

Ratings List (cont.)

Affirmed; Outlook Revision		
	To	From
Financial Strength Rating	BBB/Positive	BBB/Stable

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at [www.spglobal.com/ratings](http://www.spglobal.com/ratings) for further information. Complete ratings information is available to RatingsDirect subscribers at [www.capitaliq.com](http://www.capitaliq.com). All ratings affected by this rating action can be found on S&P Global Ratings' public website at [www.spglobal.com/ratings](http://www.spglobal.com/ratings).

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