

# CIRCULAR

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To the Members

## 2025 Renewal and Open Policy Years

At their meeting held in Tokyo on 6 December 2024, the Association's Board of Directors reviewed open policy years and decided on the 2025 renewal.

### 1. Introduction

The Association achieved a combined ratio of 91.2% for the 2023 business year, which reflected disciplined underwriting and effective claims management. This outstanding performance underscores the Association's ability to deliver exceptional value to its Members whilst ensuring its financial security.

In addition, the Association significantly increased its reserves, which grew by approximately 29% year-on-year at the end of March 2024. This further strengthens the Association's financial stability and positions it well to meet the future needs of its Members.

Thanks to the continued support of the Members of the Association, as of 31 October 2024, the total number of vessels entered with the Association has been maintained at 3,603, across 87.7 million gross tons in the aggregate of owners' entries and Naiko Class (Japanese coastal vessels) entries.

Whilst the Association has not yet received a large claim (exceeding USD 10m) for the 2024 policy year, we expect to pay a high level of claims resulting from the poor claims record of the policy years 2019 – 2021. In addition, the number and amounts of pool claims in the first half of the 2024 policy year at The International Group of P&I Clubs have increased and deteriorated in comparison with the 2022 and 2023 policy years.

In view of the upward trend of global inflation and insurance claims, it is important to continue to improve the balance between premium and claims. It is also necessary to maintain a robust, stable and sustainable P&I business in the face of elements of uncertainty, such as natural disasters and geopolitical risks. Taking these circumstances into consideration, our Club Board has made the following decisions, for which we would be grateful for the Members' understanding and support.

## 2. Owners' entries

Policy Year	Original Supplementary Call Estimate	Supplementary Call charged	Board's Decision	Release Call
2021	40%	65%	Closed.	Closed
2022	40%	40%	No further supplementary call is expected, with the year remaining open.	5%
2023	-	-	The position remains unchanged	3.5%
2024	-	-	The position remains unchanged.	3.5%
2025	-	-	A 7% general increase to be applied to mutual premium rates.	15%

The details of the above decisions are as follows:

### 2025 Policy Year

There will be a 7% general increase in mutual premium rates for owners' entries, including additional covers. In addition, Members' rates will be adjusted as appropriate to reflect their individual claims record, as well as any changes in the cost of the International Group's reinsurance programme.

### Release Call

The release call is set at 15% of mutual premium (please see details in paragraph 6 below).

### Open Policy Years

#### 2021 Policy Year

As the expected ultimate loss for this year deteriorated as the year developed, an unbudgeted supplementary call of 25% of advance calls was collected in addition to the originally-estimated supplementary call of 40%. This year is hereby closed without a further supplementary call.

#### 2022 Policy Year

Claims for this year have been developing as expected and therefore the originally-estimated supplementary call was made in 2024. At this stage, no further supplementary call is expected and the release call rate remains at 5%, with the year remaining open.

#### 2023 Policy Year

At this stage there is no change in the mutual premium rate and the release call rate of 3.5% for this year.

#### 2024 Policy Year

At this stage there is no change in the mutual premium rate and the release call rate of 3.5% for this year.

## 3. Naiko Class entries

### 2025 Policy Year

There will be no general increase in premiums for Naiko Class entries, including additional covers. Members' rates will be adjusted as appropriate to reflect their individual claims record.

#### **4. Charterers' entries**

##### **2025 Policy Year**

There will be a 7 % general increase in premiums for charterers' entries, including additional covers. In addition, Members' rates will be adjusted as appropriate to reflect their individual claims record.

#### **5. FD&D cover**

##### **2025 Policy Year**

There will be no general increase for FD&D cover. Members' rates will be adjusted as appropriate to reflect their individual claims record.

The release call is set at 15% of mutual premium (please see details in paragraph 6 below).

##### **Open Policy Years**

###### 2021 Policy Year

The original supplementary call estimate was 20%. This year is hereby closed without making the estimated supplementary call of 20%.

###### 2022 Policy Year

The original supplementary call estimate of 20% and the release call rate of 25% for this year remain unchanged.

###### 2023 Policy Year

At this stage there is no change in the mutual premium rate and the release call rate of 3.5% for this year.

###### 2024 Policy Year

At this stage there is no change in the mutual premium rate and the release call rate of 3.5% for this year.

#### **6. Release call rates**

Release call rates under Owners' entries and FD&D cover are set for each open policy year, taking into account various risk factors, such as premium risk, reserve risk, catastrophe risk, market risk, counterparty default risk, and operation risk. The release calls for the 2022 policy year are set at 5% of supplementary call, and the release call rate for the 2023 and 2024 policy years is set at 3.5% of mutual premium. The release call for the 2025 policy year is set at 15% of mutual premium, which will be reviewed annually, taking into consideration increasing geopolitical risks and disaster risks, as well as fairness among the Members.

#### **7. Laid-up returns**

This provision is for owners' entries, charterers' entries, and Naiko Class entries. If the ship, completely free from cargo, is laid-up in any safe port/place for a period of 30 or more consecutive days after finally mooring there, Members are entitled to a 40% return of premiums paid attributable to the period of lay-up (the period shall be computed from the day of arrival to the day of departure, one day only being excluded).

Yours faithfully,

**The Japan Ship Owners' Mutual Protection & Indemnity Association**