

Research Update:

Japan P&I Upgraded To 'BBB+' On Stronger Capital Position; Outlook Stable

July 29, 2025

Overview

- Japan P&I has strengthened its capital thanks to strong earnings in fiscal 2024.
- We forecast that Japan P&I will maintain a healthy capital level at above the 99.99% confidence level under our capital model.
- We raised to 'BBB+' from 'BBB' our long-term issuer credit and financial strength ratings on the insurer.
- The stable outlook is based on our view that Japan P&I's operating performance and capital level will likely remain solid in the next two years.

Rating Action

On July 29, 2025, S&P Global Ratings raised to 'BBB+' from 'BBB' its long-term issuer credit and financial strength ratings on The Japan Ship Owners' Mutual Protection & Indemnity Assn. (Japan P&I). The outlook is stable.

Rationale

The upgrade reflects our view that Japan P&I has strengthened its capital through strong retained earnings. The insurer reported combined ratio of 69.2%, including foreign exchange fluctuations, and net profit of ¥4.95 billion in fiscal 2024. As a result, the club successfully accumulated further free reserves.

Japan P&I will retain an average competitive position among global marine P&I insurance clubs, in our view. Its operating performance is generally stronger than peers'. Japan P&I's strict underwriting policy supports its profitability.

However, its shrinking market share and less diversified business portfolio somewhat offset this strength, in our view. The insurer is gradually losing market share in the global P&I insurance

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sector due to its stricter underwriting policy. We also take these into consideration in our anchor selection.

We expect Japan P&I to maintain its capital level above the 99.99% confidence level under our capital model. Japan P&I has a clear policy of further strengthening its capital level. We believe that the insurer could conduct capital improvement measures such as unbudgeted supplementary calls when necessary. Its intention to maintain a high level of capital also underpins our assessment of its financial soundness. On the other hand, we view Japan P&I's concentration in protection and indemnity insurance business, coupled with its small capital size, increases the volatility of its earnings and capital, which to some extent constrains our assessment of the insurer's financial risk profile.

Outlook

The stable outlook reflects our view that Japan P&I will maintain its robust capital level and solid competitive position in the global P&I insurance sector.

Downside scenario

We may lower the ratings on Japan P&I if its capital level significantly deteriorates. This could result from unexpectedly large claims.

Upside scenario

We may upgrade Japan P&I if we come to believe that the club's competitive position is comparable with similar rated peers while maintaining a strong capital buffer at the 99.99% confidence level. This could occur, for example, if the club retains its business franchise in its home market and shows topline growth while maintaining favorable profitability.

Rating Component Scores	
Business Risk Profile	Satisfactory
Competitive position	Satisfactory
IICRA	Intermediate risk
Financial Risk Profile	Strong
Capital and earnings	Very strong
Risk exposure	Moderately high
Funding structure	Neutral
Anchor	bbb+
Modifiers	
Governance	Neutral
Liquidity	Exceptional
Comparable rating analysis	0
Current Credit Rating	
Local currency financial strength rating	BBB+/Stable/--
Local currency issuer credit rating	BBB+/Stable/--

Related Criteria

- [Criteria | Insurance | General: Insurer Risk-Based Capital Adequacy--Methodology And Assumptions](#), Nov. 15, 2023
- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021
- [Criteria | Insurance | General: Insurers Rating Methodology](#), July 1, 2019
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011

Related Research

- [Tear Sheet: Japan Ship Owners' Mutual Protection & Indemnity Assn. \(The\)](#), March 16, 2025
- [Protection And Indemnity Clubs Opt For Rate Hikes In 2025](#), Oct. 23, 2024
- [Japan P&I Outlook Revised To Positive On Stronger Capital Position; 'BBB' Ratings Affirmed](#), July 31, 2024

Ratings List

Ratings list		
Upgraded; Outlook Action		
	To	From
Japan Ship Owners' Mutual Protection & Indemnity Assn. (The)		
Issuer Credit Rating		
Local Currency	BBB+/Stable/--	BBB/Positive/--
Financial Strength Rating		

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Ratings list

Local Currency	BBB+/Stable/--	BBB/Positive/--
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