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CIRCULAR

To the Members

2027 Renewal and Open Policy Years

At their meeting in Tokyo on 25 November 2026, the Association's Board of Directors reviewed open policy years and decided on the 2027 renewal.

1. Introduction

With the continued support of the Members, as of 31 October 2026, the Association's total entered fleet comprised 3,470 vessels, aggregating 80.8 million gross tons across Owners' Entries and Naiko Class (Japanese Coastal Vessels) Entries.

The Association is focused on delivering positive underwriting results and establishing its resilient financial foundation. As a result, at the end of the 2025 business year, the Association had increased its reserve fund to JPY48.3 billion and our credit rating by S&P Global Ratings was upgraded to "BBB+ (Outlook: Positive)."

Regarding the business environment in which the Association and its Members operate, the upward trend in claim values is expected to persist. The cost of incidents, particularly those involving environmental damage, is higher than ever. In addition, it is expected that reinsurance premiums will remain at elevated levels and that geopolitical risks will continue to be a significant feature.

Pool Claims, which are shared among all the Clubs within the International Group of P&I Clubs, are growing in scale, and enhanced prudence is appropriate to manage this unpredictable element and the potential for future cost escalations. The Association's underwriting continues to face pressure from the so-called "churn effect," where older vessels carrying relatively high premiums are withdrawn (e.g., upon sale or end-of-life) and are replaced by newly entered vessels at lower premium levels.

The Association is in good financial health, but the Directors consider that, in order to continue building financial strength and delivering high-quality service to Members, and in light of the inflationary factors and volatile business environment described above, some increase in premiums is required.

The Association has therefore decided on the following Premium for the 2027 Policy Year, as well as the Additional Premium and Release Call for Open Policy Years.

2. Owners' Entries

Policy Year	Additional Call charged	Board's Decision	Release Call
2023	-	Closed	Closed
2024	-	The position remains unchanged.	3.5%
2025	-	The position remains unchanged.	15%
2026	-	The position remains unchanged.	15%
2027	-	A 4.5% general increase to be applied to mutual premium rates.	15%

The details of the above decisions are as follows:

2027 Policy Year - Premium

There will be a 4.5% general increase in mutual premiums 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 reinsurance programme.

Release Call

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

Open Policy Years - Additional Premium & Release Call

2023 Policy Year

As two and a half years have passed since the end of the policy year, this year is hereby closed without an additional call.

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.

2025 Policy Year

At this stage there is no change in the mutual premium rate and the release call rate of 15% for this year.

2026 Policy Year

At this stage there is no change in the mutual premium rate and the release call rate of 15% for this year.

3. Naiko Class (Japanese Coastal Vessels) Entries

2027 Policy Year - Premium

There will be an 8% general increase in premiums for Naiko Class Entries, including additional covers. In addition, Members' rates will be adjusted as appropriate to reflect their individual claims record.

4. Charterers' Entries

2027 Policy Year - Premium

There will be a 4.5% 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

2027 Policy Year - Premium

There will be an 8% general increase in mutual premiums for FD&D cover. In addition, Members' rates will be adjusted as appropriate to reflect their individual claims record.

Open Policy Years - Additional Premium & Release Call

2023 Policy Year

This year is hereby closed without an additional call.

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.

2025 Policy Year

At this stage there is no change in the mutual premium rate and the release call rate of 15% for this year.

2026 Policy Year

At this stage there is no change in the mutual premium rate and the release call rate of 15% for this year.

6. Release Call Rates

Release call rates under Owners' Entries and FD&D cover are set for each open policy year, considering various risk factors, such as premium risk, reserve risk, catastrophe risk, market risk, counterparty default risk, and operational risk. The release call rate for the 2024 policy year is set at 3.5% of mutual premiums. The release call rate for the 2025 and 2026 policy years is set at 15% of mutual premiums, which will be reviewed annually, taking into consideration current highly volatile risks, such as geopolitical and catastrophic risks, as well as fairness among the Members.

In respect of the 2027 policy year, the release call is set at 15% of mutual premiums (applicable only to the Owners' Entries).

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, the 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