

[Translation]

(Special Note)

This English translation is provided for purposes of reference only. The terms and conditions of the insurance policy shall govern all matters concerning the applicable insurance.

**Notes Concerning  
Auction Market General Insurance (Yearlings)  
For Select Sale 2023  
(Compulsory Insurance)**

Considering certain factors concerning risk of loss, all yearlings sold at Select Sale 2023 (the “Select Sale”) shall be covered by the Auction Market General Insurance (the leading underwriter: Sompo Japan Insurance Inc. hereinafter the “Underwriter”) taken out by Japan Racing Horse Association (the “Association”). Such insurance premium shall be equally borne by the Seller and the Buyer (1.4% each).

1. Features of the “Auction Market General Insurance (Yearlings)”

Insurance award will be paid on account of such insured events as occurring during the period from the time when the successful bidder is determined through 4:00 p.m. on August 1 of the following year of the Select Sale.

1.1 Ordinary Insurance

Insurance award will be paid on account of death (including imminent slaughter) of the yearling sold at the Select Sale.

1.2 Special Condition concerning Loss of Racing Ability

Insurance award will be paid on account of loss of racing ability due to certain specified diseases or injuries.

1.3 Special Condition concerning Surgery Expenses

Surgery insurance award will be paid if certain specified surgery is given due to certain specified diseases or injuries.

2. Subject of Insurance

All the yearlings sold at the Select Sale shall be covered by this insurance (i.e., compulsory insurance).

3. Insured Events and Compensation Percentage

3.1 100% insurance award will be paid in case of death of the yearling (including imminent slaughter) due to any of the following causes:

- (i) injury or disease
  - (ii) fire or thunder
  - (iii) statutory epidemics
- 3.2 If a veterinarian designated by the Underwriter determines that the yearling has become incapable of or eternally ineligible for racing due to any of the following diseases, 100% insurance award will be paid:
- (i) Fracture, dislocation, injury, nerve paralysis, tendon rupture, or loss of sight of one eye or more, provided, however, that fracture does not include avulsion fracture (other than intra-articular avulsion fracture)
  - (ii) Limping due to laminitis, osteochondrosis dissecans (OCD) or degenerative joint disease (DJD);
  - (iii) Loss of sight of one eye or more due to ocular disease;
  - (iv) Wobbler syndrome (limited to the one where cervical vertebral malformation is observed or a nerve compression lesion is presumed by means of a radiographic or myelographic examination while at the same time, severe ataxia is observed)

\*Note: In any case after the insurance award payment, the insured horse must not be used for the race.

- 3.3 Surgery insurance award will be paid if the yearling has been given any of the following surgeries due to any disease or injury, provided that such surgeries shall be limited to those performed under general anesthesia by means of inhalation or intravenous anesthesia, provided further that in case of arthroscopic surgery, standing surgery performed under local anesthesia will also be covered by this surgery insurance:

Surgery of the upper respiratory tract; laparotomy; ophthalmic surgery; paranasal sinus surgery; dental surgery; surgical removal of tumor; surgery for wound; surgical removal of bone; surgical removal of soft tissue; arthroscopic surgery (excluding a case of OCD without clinical signs); surgery for drainage (irrigation); internal fixation of fracture; and tenotomy/desmotomy.

And surgery that is approved by a veterinarian designated by the Underwriter as an alternative to the above surgery

\*Note: Alternative surgery is surgical operation for the same injury or disease that occurred during the period of insurance and that is expected to have the same level of effectiveness

The total amount payable under this surgery insurance during the insurance term shall be limited to three (3) percent of the amount insured for the yearling.

This surgery insurance award will be paid separately from the insurance award for death (including imminent slaughter) or loss of racing ability of the yearling due to certain cause(s) as specified above.

No surgery insurance award will be paid for the second or any subsequent surgery if such surgery (or surgeries) is (are) directly due to the same disease or injury for which the first surgery was given.

Subject to the foregoing sentence, the amount of this surgery insurance award shall be equal to the actual expenses associated with a surgery or surgeries which are incurred during the day when the surgery (or surgeries) is (are) performed. Such expenses shall be limited to those approved by the Underwriter. No payment will be made for any expenses associated with aftercare or postoperative complications treatment.

No insurance award will be paid if the submitted repository materials for the relevant horse contain any forgery or improper alteration.

- 3.4 No insurance coverage will be available to any event if and after the yearling enters export quarantine.
- 3.5 Horses purchased at Select Sale 2023 will be covered by this insurance with respect to damages sustained due to such water-related disaster as flood, snow melting cataract, high tide water, mudslide, or rock fall, etc. that are caused by typhoon, rainstorm, heavy rain or the like.

#### 4. Sum Insured

- 4.1 The sum insured will be the entire amount of the Purchase Price (including consumption tax), provided that the sum insured per horse shall in no circumstances exceed JPY2 billion. If the sum insured is expected to exceed this maximum amount, please consult with the Association secretariat.
- 4.2 Because the sum insured under this insurance is the entire amount of the Purchase Price, no insurance award will be paid for any accident(s) in excess of the sum insured even if the same yearling is concurrently insured by any other insurance or mutual-aid contracts. Therefore, it is recommended that you do not take out any other insurance and that if any other insurance(s) is (are) already purchased, you will cancel such other insurance contract(s).

#### 5. Insurance Term

The insurance term shall commence on the date of sale and continue until 4:00 p.m. on August 1 of the following year, provided however that, if the Agreement of Purchase and Sale is terminated prior to 4:00 p.m. on August 1 of the following year, the insurance term shall expire on the date of termination thereof.

\*Note: If the insurance term expires or terminates after such a disease or injury with respect to which insurance coverage may be available occurs but before the symptom of such disease or injury stabilizes, the insurance term may be extended upon prior request from the owner of the yearling and payment of additional premium prescribed by the Underwriter by no later than the end of the previous insurance term.

#### 6. Pre-contract Examination

A veterinarian designated by the Underwriter shall examine the yearling prior to entering into the insurance contract.

7. Insurance Premium

The insurance premium shall be 2.8% of the sum insured.

8. Party to Insurance Contract

Japan Racing Horse Association

9. Method of Collecting Insurance Premium

Such portion of insurance premium as to be payable by the Buyer shall be collected from the Buyer by way of the Buyer adding the same amount onto the Purchase Price. Such portion of insurance premium as payable by the Seller shall be collected from the Seller by way of the Association deducting the same amount from the Purchase Price when the Purchase Price is paid to the Seller. However, if the insured event occurs and the Underwriter's insurance liability for insurance award payment is confirmed prior to the due date for payment of the Purchase Price, the insurance premium shall be fully borne by the Seller, and such insurance premium will be collected from the Seller by way of the Association deducting the same amount from the insurance award when it is paid to the Seller through the Association.

10. Termination of the Insurance Contract and Refund of Insurance Premium

As provided in "5. Insurance Term", if the Agreement of Purchase and Sale is terminated for any reason, the insurance contract will simultaneously be terminated. In such a case, the insurance premium may be partially refunded, so please contact the Association secretariat.

11. Payee of the Insurance Award

11.1 The Seller and the Buyer shall acknowledge and agree that if any insured event occurs, the Association which is the party to the insurance contract, will receive the insurance award on behalf of the Seller and/or the Buyer.

11.2 If the insured event occurs prior to the payment of the Purchase Price, the Association will first deduct the auction handling fee and the insurance premium for the full amount of the Purchase Price from such insurance award and then pay the remainder to the Seller.

11.3 If the insured event occurs during the period after the payment of the Purchase Price in full but before 4:00 p.m. on August 1 of the following year of the Select Sale, the Association will pay 100% of such insurance award to the Buyer.

12. Payee of Surgery Insurance Award

Surgery insurance award as stipulated under the insurance policy will be paid to the Buyer pursuant to the provisions concerning assumption of medical expenses under Article 21 (2) of the JRHA Horse Market Operating Regulations.

- This document summarizes the Auction Market General Insurance for Select Sale 2023 (Yearlings). For further details, please refer to the terms of the racehorse general insurance policy and any attached special conditions. You may also contact Japan Racing Horse

Association or the Underwriters (Leading Underwriter: Sompo Japan Insurance Inc.)

- The terms of the racehorse general insurance policy and any attached special conditions of the Auction Market General Insurance for Select Sale 2023 (Yearlings) will be available at the reception desk during the Select Sale.
- This insurance is based upon the joint insurance provided by the following underwriters. The leading underwriter will act as an agent for the other underwriters. These three underwriters will be severally (but not jointly) liable under the insurance contract to the extent of each percentage indicated below.
  - Sompo Japan Insurance Inc. (55%)
  - Tokio Marine & Nichido Fire Insurance Co., Ltd. (25%)
  - Mitsui Sumitomo Insurance Company, Limited. (20%)

(Contact Details)

Japan Racing Horse Association  
Azabudai Bldg., 2-2-1 Azabudai, Minato-ku, Tokyo  
Telephone: 81-3-3505-3445

OR

Leading Underwriter:  
Sompo Japan Insurance Inc.  
3rd Division, 2nd Corporate Account Production Dept  
2-2-10, Nihonbashi, Chuo-ku, Tokyo  
Telephone: 81-3-3231-4214