

SAIKYOSAIREN



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REPORT ON 2010 YEAR RESULTS

FACT BOOK 2011

SAIKYOSAIREN

Japan Reinsurance Federation of Consumers' Cooperatives

President's Message



The Great East Japan Earthquake that occurred on 11 March 2011 was a disaster on a scale never previously experienced. Precious lives and properties of so many people were lost in an instant. Furthermore, widespread aftershocks and the continued situation surrounding the Fukushima Daiichi nuclear power plant prevents many rebuilding their day-to-day lives.

I would like to offer my heartfelt thoughts and prayers to those affected. At this difficult time, I believe it is more important than ever for cooperatives to act on our basic


principle i.e. "One for all, all for one". We must continue to perform our individual roles to bring security and assurance for the members of each cooperative. Together with our members, we, Saikyosairen, always have this in mind when we carry out our roles as a "Reinsurance Center" ensuring prompt and steady payment of reinsurance claims.

Whilst a moderate recovery was expected for the Japanese economy in the 2010 fiscal year, the earthquake and subsequent nuclear power plant accident affected the whole Japanese economy directly and indirectly. This resulted in a slump in business activity and a loss in expected business opportunity. What is now expected is a quick implementation of effective policies towards the recovery of the Japanese economy.

In the insurance sector, the market continues to shrink, putting increasing strain on company management. With a decreasing number of new policies and a reduction in premium income, companies have had to take various measures to improve their profitability. These have included reducing expenses, market reorganization, business alliances between life and non-life insurers and overseas investment.

All cooperative contracts in Japan are now subject to the Revised Insurance Law. This was introduced to address the issues surrounding the necessary protection of members / policyholders. In 2012, the United Nations International Year of Cooperatives, special effort is required to raise the awareness of the role of cooperatives and their contribution to modern society.

We, Saikyosairen, made continuous efforts to complete our four year plan, started in 2007, entitled "Management Strategy Plan" and "Business Development Strategy Mid-term Plan". This was successfully concluded in 2010, including achieving various objectives such as 'sound management', 'enhancement of organizational strength' and 'incorporation of new members'. We have already started our new challenges based on our "Mid-term Management Strategy (2011-2015)" to tackle various objectives, and we really appreciate your continuous support.


Shusaku Tsunoda,
President of Saikyosairen

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SAIKYOSAIREN Fact Book 2011

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1 Pursuing Soundness with Business Expansion

Unappropriated earnings were used to strengthen our solvency by increasing voluntary reserves (contingency reserves) and price fluctuation reserves. Furthermore we strengthened our organization through enhancement of risk management and enforcement of internal audit.

We started accepting natural peril reinsurance from one new member from 1 April 2010 and the National Federation of Fire Insurance Co-operatives for Small Business, NIKKAREN, (established in accordance with the Small and Medium-Sized Enterprise Cooperatives Act) newly became a member on 25th March.

2 Natural Catastrophe Losses

The Great East Japan Earthquake, which occurred on 11 March 2011, is a disaster on a scale never previously experienced. Precious lives and the properties of many people were lost in an instant. We took all necessary measures to ensure an efficient reinsurance claims payment process including grasping accurate claims amounts, paying reinsurance claims smoothly and drawing down on catastrophe reserves etc.

Further, in compliance with the request of our member, Zenrosai, we sent our staff to the affected area to support the claims investigations.



3 Insurance Market

In the insurance sector, the tough financial environment led to continued market shrinking, stemming from a decreasing number of new policies and a reduction in premium income. Insurance companies took various measures to improve their profitability through reducing expenses, including the creation of three mega insurers within the non-life sector, business alliances between life and non-life insurers and increased overseas investment.

4 International Conference

- (1) Monte Carlo Reinsurance Rendezvous — Monte Carlo , Monaco
- (2) Baden Baden Reinsurance Meeting — Baden Baden, Germany

In 2010, Saikyosairen joined the Monte Carlo and Baden Baden conferences to exchange information and establish relationships with reinsurers.



1 Business Development

Despite the number of policies purchased for natural perils and CALI (Compulsory Automobile Liability Insurance) increasing since the beginning of the year, a reduction in other lines has meant that the total number of policies has decreased by 164,000. The current total stands at 25,490,000 policies. The number of units overall has increased by 0.7% to 1,415,280,000 mainly due to the increase in natural peril reinsurance business.

2 Business Performance

(1) Reinsurance Premium

Although the reinsurance premium has decreased in classes other than natural perils and CALI, an increase of JPY290 million (or 3.8%) in the natural perils reinsurance premium has meant that the overall reinsurance premium has increased by JPY190 million (or 1.3%) year on year to JPY15.59 billion.

(2) Reinsurance Claim

Reinsurance claims have increased by JPY170 million (or 3.5%) to JPY5.13 billion mainly due to an increase in fire losses during the year. Reinsurance claims, including outstanding loss reserves, have increased by JPY4.13 billion (or 76.2%) to JPY9.56 billion as a result of reserves for the Great East Japan Earthquake. JPY2.2billion has been drawn down from catastrophe reserves. The net loss ratio excluding CALI but including outstanding loss reserves has increased by 46.8% compared with last year to stand at 99.2%.

(3) Reinsurance Business Performance

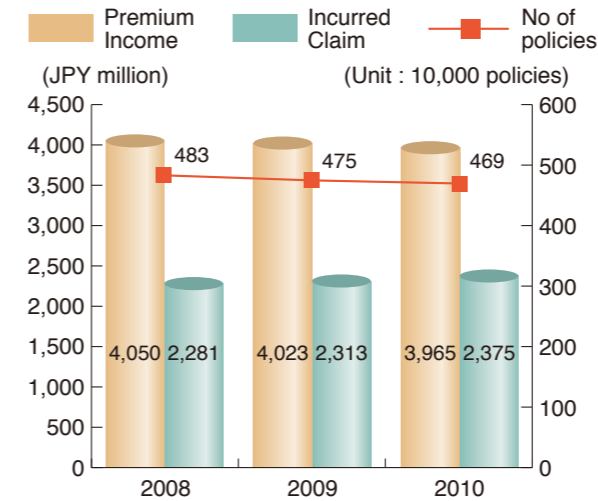
[Reinsurance Business Performance]

(Unit : JPY millions)

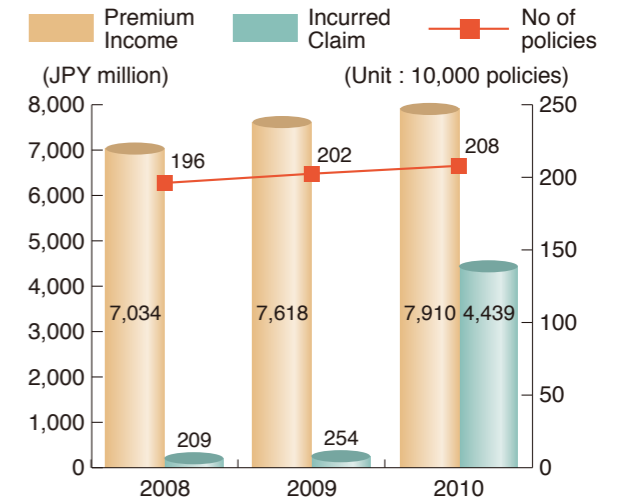
| | Fire | Natural Peril | Comprehensive | Traffic Accident | Life | Automobile | Line Total | CALI | Business Total |
|----------------------------------|--------|---------------|---------------|------------------|--------|------------|------------|-------|----------------|
| Number of policies (unit:10,000) | 469.2 | 208.5 | 864.1 | 375.6 | 582.1 | 32.7 | 2,532.4 | 16.8 | 2,549.2 |
| Comparison to last year | -6.6 | 5.9 | -2.2 | -11.8 | -1.5 | -0.4 | -16.9 | 0.4 | -16.4 |
| Growth (%) | -1.4% | 2.9% | -0.3% | -3.0% | -0.3% | -1.5% | -0.7% | 2.8% | -0.6% |
| Number of units (unit:10,000) | 89,660 | 39,961 | 2,739 | 8,528 | 588 | 32 | 141,511 | 16 | 141,528 |
| Comparison to last year | -293 | 1,591 | -4 | -280 | -40 | -0.4 | 971 | 0.4 | 971 |
| Growth (%) | -0.3% | 4.1% | -0.2% | -3.2% | -6.5% | -1.5% | 0.7% | 2.8% | 0.7% |
| Premium income | 3,965 | 7,910 | 579 | 971 | 375 | 101 | 13,904 | 1,688 | 15,592 |
| Growth (Amounts) | -57 | 292 | -31 | -46 | -32 | -2 | 122 | 74 | 196 |
| Growth (%) | -1.4% | 3.8% | -5.1% | -4.5% | -7.9% | -2.8% | 0.9% | 4.6% | 1.3% |
| Incurred claims | 2,375 | 4,439 | 230 | 1,021 | 375 | 77 | 8,519 | 1,043 | 9,563 |
| Growth (Amounts) | 62 | 4,184 | -107 | -32 | -112 | 63 | 4,057 | 77 | 4,135 |
| Growth (%) | 2.7% | 1645.1% | -31.7% | -3.1% | -23.1% | 462.5% | 91.0% | 8.0% | 76.2% |
| Loss Ratio (%) | 59.9% | 164.7% | 45.0% | 105.1% | 99.9% | 109.9% | 99.2% | — | 99.2% |
| Net Premium Surplus | 872 | -404 | 244 | -17 | -1 | 0 | 693 | — | 693 |
| Growth (Amounts) | -113 | -404 | 82 | 0 | 56 | 0 | -377 | — | -377 |
| Growth (%) | -11.5% | — | 51.2% | -4.6% | — | — | -35.2% | — | -35.2% |
| Catastrophe Reserve balance | 2,920 | 9,814 | 171 | 84 | 12 | 85 | 13,090 | — | 13,090 |

(NB) 1. Reinsurance Premium = Premium written before reinsurance cession 2. Claims = Claims (including O/S) before reinsurance recovery
3. Net Premium Surplus = after reinsurance cession

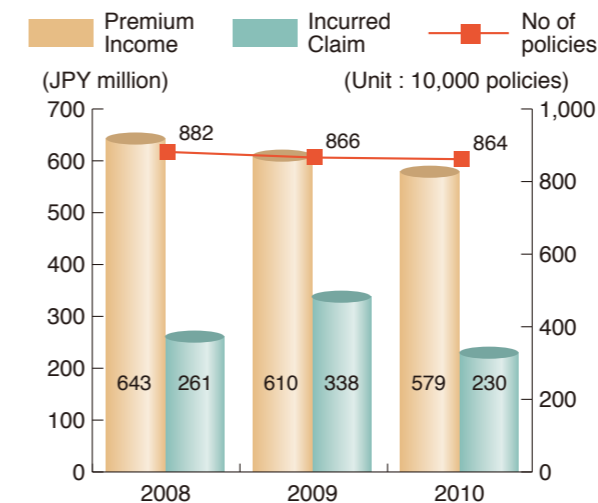
[Fire Reinsurance]



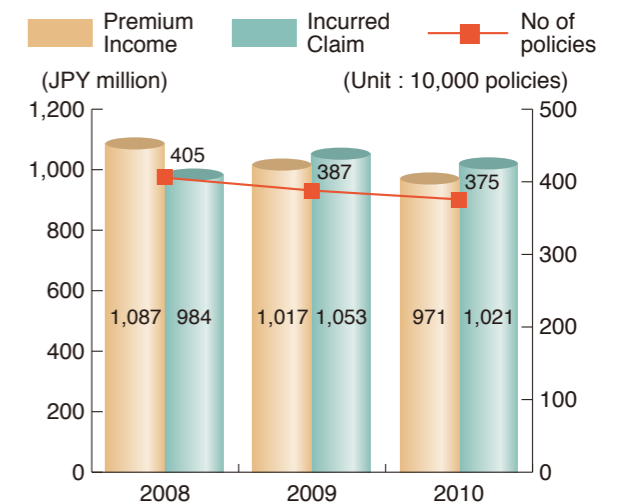
[Natural Peril Reinsurance]



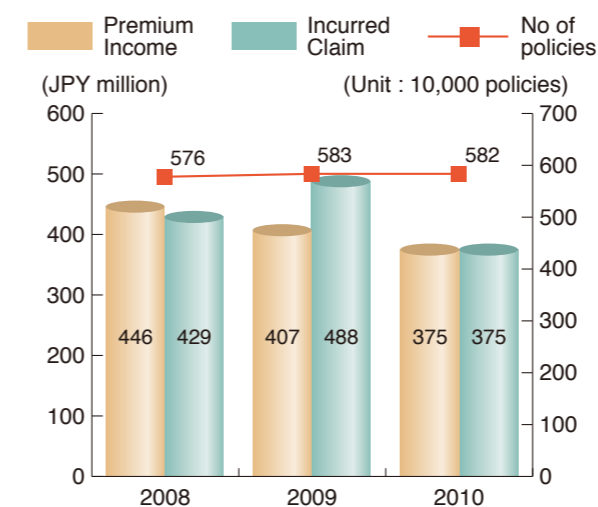
[Comprehensive Reinsurance (Keicho)]



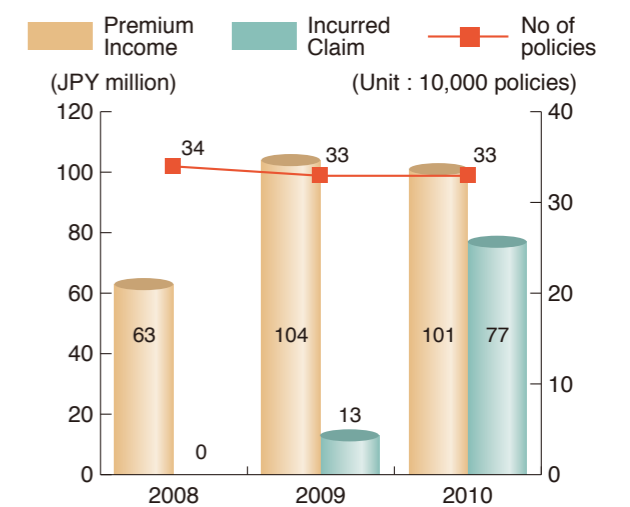
[Traffic Accident Reinsurance]



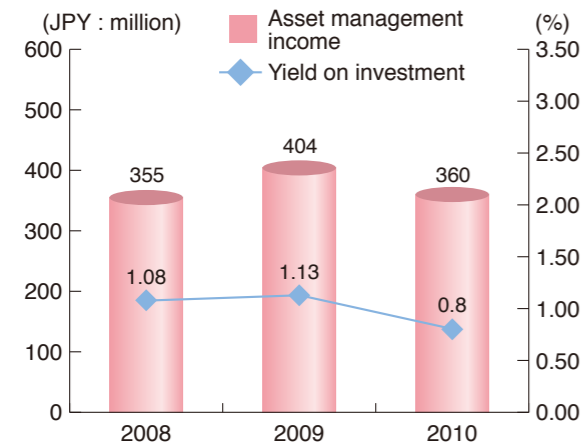
[Life Reinsurance]



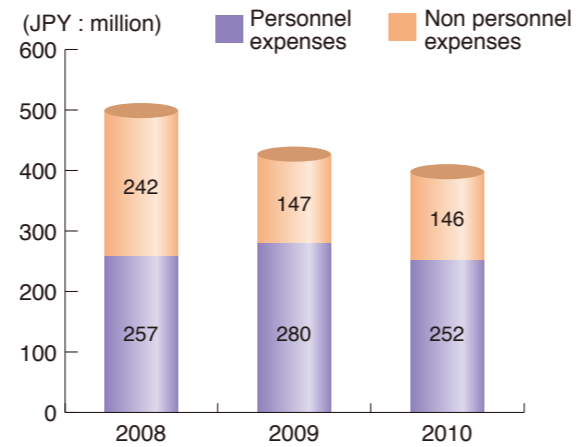
[Automobile Reinsurance]



(4) Investment Income



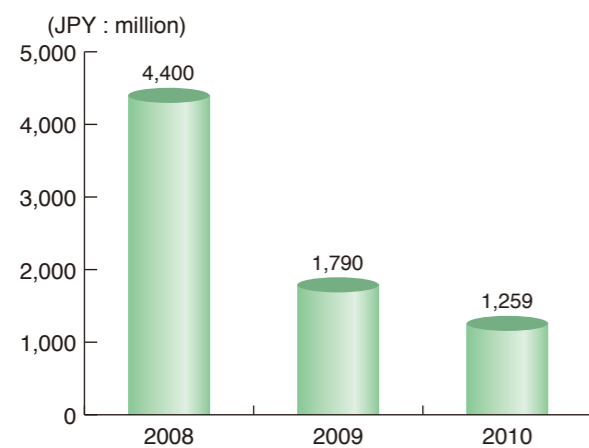
(5) Operating Expenses



(6) Surplus

- In spite of an increase in net premium income, the ordinary surplus decreased by JPY400 million (or 20.5%) compared with last year to JPY1.57 billion as a result of the increase in outstanding loss reserves for the Great East Japan Earthquake.
- Net surplus for the year after deduction of extraordinary losses, corporate tax and corporate tax adjustments etc. stands at JPY1.09 billion (a reduction of JPY420 million or 27.9% compared with the year before).
- Unappropriated surplus for the year, after payments from voluntary reserves, stands at JPY1.25 billion.

[Development of Unappropriated Surplus]

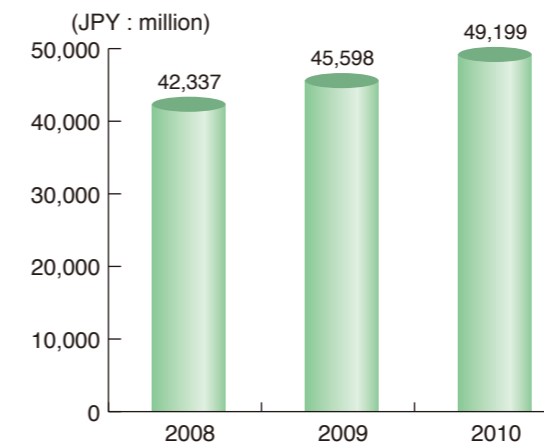


3 Financial Overview

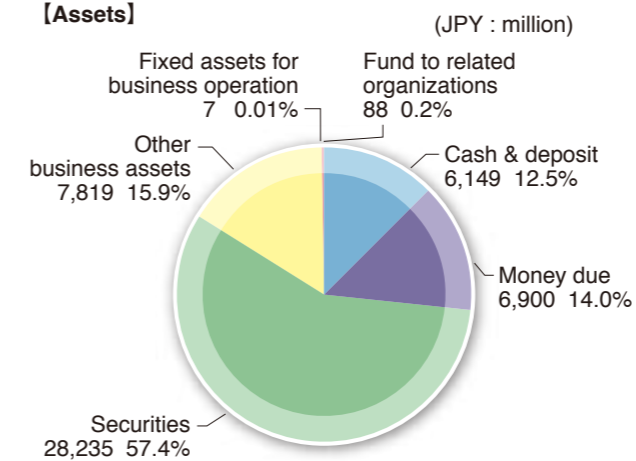
(1) Total Assets

Total assets have increased by JPY3.6 billion (or 7.9%) since the end of last year and stand at JPY49.19 billion. This mainly comprises invested assets of JPY41.2 billion and deferred tax assets of JPY5.3 billion.

[Total Assets]



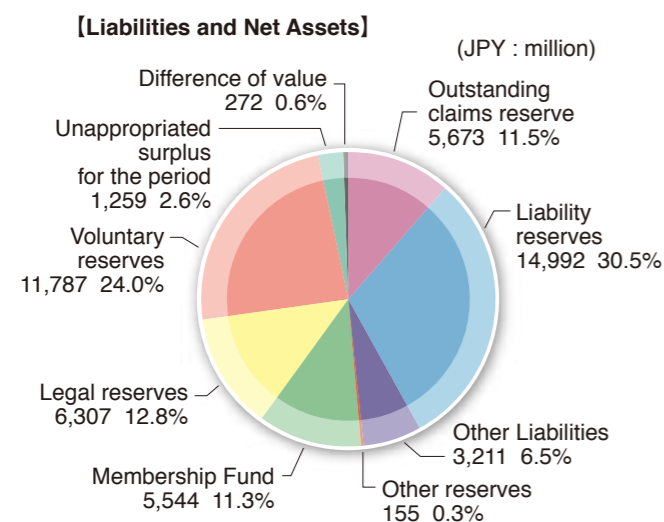
[Assets]



(2) Liabilities and Net Assets

- Liabilities stand at JPY24.03 billion (an increase of JPY2.87 billion since the end of last year). This mainly comprises outstanding loss reserves of JPY5.6 billion, an increase of JPY4.4 billion since the end of last year due to the Great East Japan Earthquake. Catastrophe reserves stand at JPY13 billion (a reduction of JPY1.6 billion).

② Net assets stand at JPY25.16 billion (an increase of JPY720 million or 3.0% since the end of last year). This comprises membership funds of JPY5.5 billion which have increased by JPY120 million through the transfer of a refund to the membership fund, surplus funds (voluntary reserve, statutory reserve etc.) of JPY19.3 billion (an increase of JPY560 million), and difference of value in securities by JPY 270 million.



(3) Capital

Adjusted capital including catastrophe reserves has decreased by JPY600 million to JPY38.02 billion and the adjusted capital ratio stands at 77.3%. With the solvency margin ratio at 764.8% (829.9% for the year before), we have a more than adequate solvency margin.

(Note) Solvency margin is calculated based on the Enforcement Regulation for Consumers Cooperative Law etc. As Saikyosairen is unique in operating both life and non-life business, it is not possibly simply to compare their solvency margin ratio with those of insurance companies.

4 Refund to the Members

With respect to comprehensive reinsurance and fire reinsurance business, the total refund of JPY230 million was made to the members and 0.8% dividend was paid to the members in proportion to their contribution to the member fund.

1 Outline of Saikyosairen

(1) Outline

Name: Japan Reinsurance Federation of Consumers' Cooperatives (**Saikyosairen**)

President: Shusaku Tsunoda

Regulated law: The Consumers' Livelihood Cooperative Society Law

Authority: The Ministry of Health, Labour and Welfare

No. of members: 60

Membership fund: JPY 5,544 million

No. of staffs: 20

Established: 27th November 1987

(2) Members (60)

ZENROSAI = National Federation of Workers and Consumers Insurance Cooperatives
(Federation of Prefectural and Workers Cooperatives: 48 members)

JICHIRO KYOSAI = All Japan Prefectural and Municipal Workers' Cooperative Society

DENTSU KYOSAI SEIKYO = Telecommunications, Electronic Information and Allied Workers' Insurance Cooperative

JP KYOSAI = Mutual Aid Cooperative for Postal Workers

ZENKOKU KOUN KYOSAI SEIKYO = National Traffic Industry Workers' Mutual Aid Cooperative Society

SHINRIN ROHREN KYOSAI = Japan All Forest Relating Industry Workers' Insurance Cooperative Society

ZENTOBACCO SEIKYO = The Japan Tobacco Workers Cooperative Society

ZENSUIDO KYOSAI = All Japan Water Supply Mutual Aid Cooperative Society

KYOUSYOKUIN KYOSAI = Teachers Mutual Aid Cooperative Society

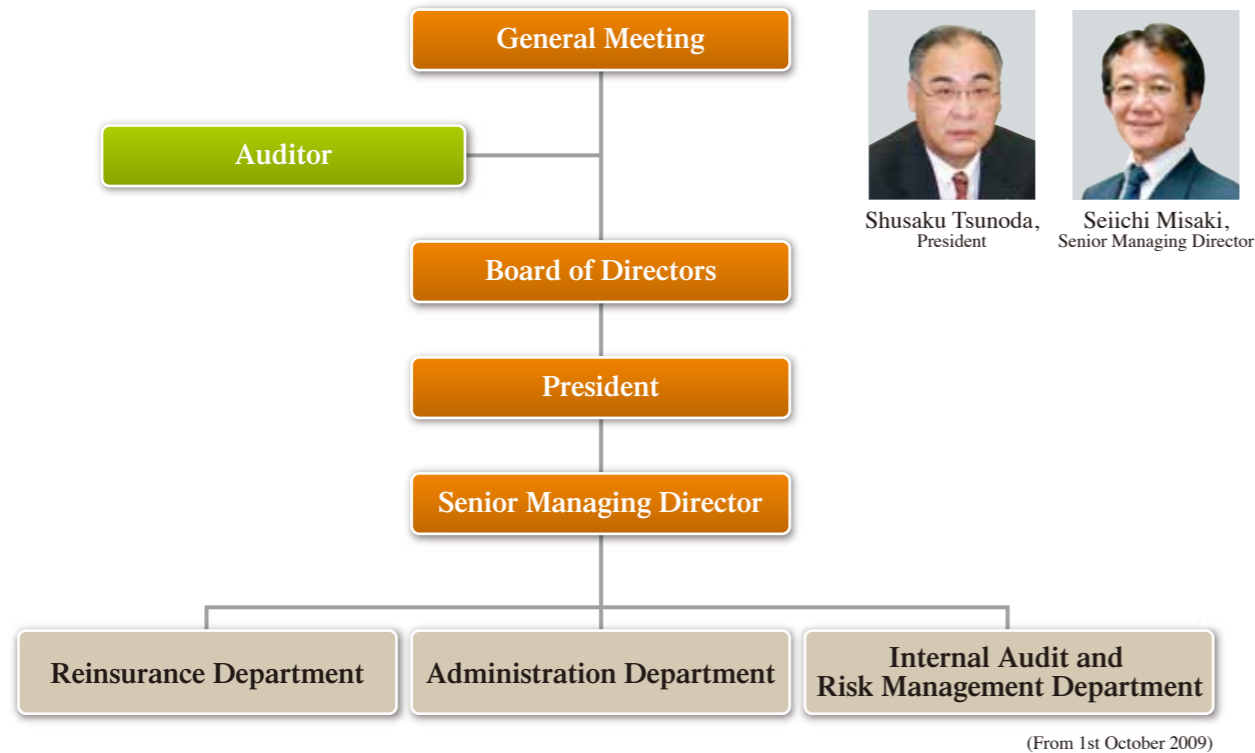
CO·OP KYOSAIREN = Japan CO-OP Insurance Consumers' Cooperative Federation

KOBE SHIMIN SEIKYO = Kobe Citizens' Cooperative Society

ZENBEIHAN = Japan Rice Millers' and Distributors' Cooperative

NIKKAREN = National Federation of Fire Insurance Co-operatives for Small Business

(3) Organization Chart



(4) Alignment with the Japan Cooperatives Insurance Association

Saikyosairen is a member of the Japan Cooperative Insurance Association. The Japan Cooperative Insurance Association engages in activities which stabilize the life and improve the welfare of agriculture, forestry and fishery personnel and workers, through the development of cooperative insurance business.

(5) ICMIF (International Cooperative and Mutual Insurance Federation)

Saikyosairen is a member of the ICMIF. We applied for membership in order to strengthen further our relationship with cooperative and mutual insurers around the world. The ICMIF is headquartered in Manchester in the UK. It is an international federation for cooperative and mutual insurers which consists of 212 corporate members from 71 countries (as at 30th September 2010).

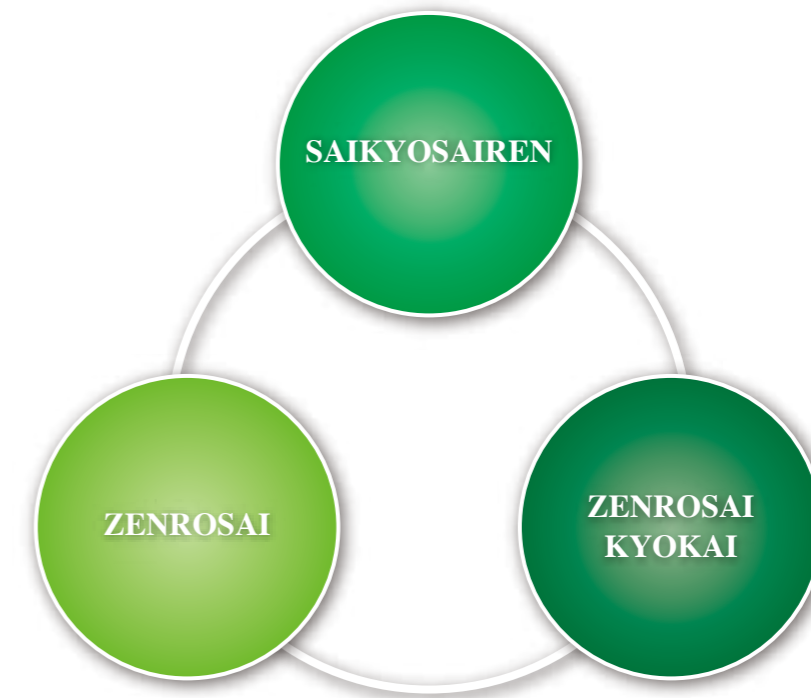
(6) National Council of Workers Welfare (Chuo Rofukukyo)

Saikyosairen is a member of the Chuo Rofukukyo to promote activities in workers' welfare and to introduce the function and role of reinsurance to labor unions and workers in Japan.

2 Outline of the Zenrosai Group

[Zenrosai Group]

The Zenrosai Group consists of three core organizations.



Saikyosairen (Japan Reinsurance Federation of Consumers' Cooperatives)

Established on 27th November, 1987

As the sole reinsurance organization arranging 'Sai-Kyosai' (reinsurance), Saikyosairen support original members by providing 'Sai-Kyosai' which helps maintain the stability and development of their business operations and also helps strengthen the relationship between each cooperative.

Zenrosai (National Federation of Workers and Consumers Insurance Cooperatives)

Established on 29th September, 1957

Zenrosai consists of 58 members which are Consumers' Insurance Cooperatives from each prefecture. It underwrites insurance, runs trust businesses and provides nursing care services etc.

Zenrosai Kyokai (National Association for Workers' Welfare and Cooperative Insurance)

Established on 1st June, 2004

Zenrosai Kyokai provides guidance, coordination and liaison services for workers' welfare and cooperative insurance.

3 History of Saikyosairen

| | | | |
|---|---|--|---|
| <p>1987 Reorganization of Jidosha Kyosairen, automobile cooperative insurer, to form Zenrosai Saikyosairen. Automobile cooperative insurance was authorized as their primary business. Started writing reinsurance business for Automobile, Fire, Comprehensive, Traffic Accident and Life insurances. Began to provide claims services and data processing for automobile insurance.</p> <p>Background history 1975 Kokuro Kyosai (currently Zenkoku Kouun Kyosai), Zentei Kyosai, Dentsu Kyosai, Zenrinya Kyosai (currently Shinrinroren Kyosai) and Zensembai Kyosai (currently Zentobacco Seikyo) formed Tansan Kyosai Rengokai (Federation of Industrial Cooperative Insurance Societies) in 1974 and started writing automobile insurance. 1980 Zenrosai joined these companies and Nikkyosai Seikyo (currently Kyoshokuin Kyosai) and Jichiro Kyosai joined on the operational side (later they also started writing insurance business). Tansan Kyosai Rengokai was renamed Jidosha Kyosairen. 1983 Zensuido Kyosai joined the Group.</p> | <p>1987 Reorganization of Jidosha Kyosairen, automobile cooperative insurer, to form Zenrosai Saikyosairen. Automobile cooperative insurance was authorized as their primary business. Started writing reinsurance business for Automobile, Fire, Comprehensive, Traffic Accident and Life insurances. Began to provide claims services and data processing for automobile insurance.</p> | <p>1998 Zenrosai Saikyosairen was given a ministerial commendation during the 50th anniversary of the Consumers' Livelihood Cooperative Society Law.</p> | |
| | <p>1991 Zenrosai, eight industrial cooperative insurance societies and Saikyosairen established the 'Conference to Promote CALI' (Compulsory Automobile Liability Insurance) and applied for a license to underwrite CALI business.</p> | <p>1999 Industrial cooperative members started writing Automobile Physical Damage Insurance and Saikyosairen supported them by providing reinsurance.</p> | <p>2000 Zenrosai Saikyosairen started to write Natural Peril Reinsurance business and began placing international reinsurance for the group.</p> |
| | <p>1993 Nihon Seikyoren (Japanese Consumers' Cooperative Union) also became a member and began to reinsure with Zenrosai Saikyosairen.</p> | <p>2004 Zenrosai Saikyosairen transferred Automobile Insurance Business to Zenrosai on 1st October and reorganized as the entity specializing in reinsurance business.</p> | <p>2006 Zenrosai Saikyosairen was renamed Saikyosairen at April 1st 2006. Saikyosairen became a member of International Cooperative and Mutual Insurance Federation (ICMIF) and National Council of Workers' Welfare al Conference (Chuo Rofukukyo).</p> |
| | <p>1996 Zenrosai Saikyosairen became a member of The Japan Cooperative Insurance Association. Kobe Shimin Seikyo (Kobe Citizens' Cooperative Society) also became a member and began to reinsure with Zenrosai Saikyosairen. Zenrosai started writing Automobile Physical Damage Insurance.</p> | <p>2007 Zenbeihan (Japan Rice Millers' and Distributors' Cooperative) became a member and began to reinsure with Saikyosairen.</p> | <p>2008 Saikyosairen ceased to accept the reinsurance business of Motor Physical Damage Insurance. Saikyosairen re-started to accept the reinsurance business of Motor insurance. Saikyosairen obtained the approval for changing the articles of the federation according to introduction of the revised consumers' cooperatives law at 10th July.</p> |
| | <p>1997 The Group started writing CALI business. Zenrosai Saikyosairen joined as a support organization of The National Road Safety Promotion Campaign. As part of their 10th year anniversary campaign, Zenrosai Saikyosairen started to support the fostering of guide dogs for various guide dog associations, such as The Japan Guide Dog Association.</p> | <p>2009 Due to organizational changes as a result of the introduction of the revised consumers' cooperative law, NIHON SEIKYOREN (Japanese Consumers' Cooperative Union) withdrew and CO-OP KYOSAIREN (Japan CO-OP Insurance Consumers' Cooperative Federation) newly became a member on 19th March.</p> | <p>2010 Cooperative reinsurance business codes were revised in accordance with Revised Consumer Cooperative Law and Revised Insurance Law.</p> |
| | | <p>2010 Cooperative reinsurance business codes were revised in accordance with Revised Consumer Cooperative Law and Revised Insurance Law.</p> | <p>2011 National Federation of Fire Insurance Co-operatives for Small Business (NIKKAREN) newly became a member on 25th March.</p> |

1 Current reinsurance business

Saikyosairen continues to offer reinsurance support to cooperative members for the following classes of insurance business:

| Class of business | Outline |
|------------------------------------|--|
| Fire | Coverage against damage to homes and contents caused by fire, lightning, storm etc. |
| Natural Perils | Coverage against damage to homes and contents caused by earthquake, storm, flood, etc. It can only be purchased as an addition to the fire policy. |
| Comprehensive (Mutual Aid Benefit) | Coverage against death, disability and hospitalization and damage to homes and contents. |
| Life | Coverage against death, disability and hospitalization. |
| Traffic Accident | Coverage against death, disability and hospitalization of the insured caused by traffic accidents. |
| Automobile | Protection supplementary to CALI that covers third party liability in respect of death or bodily injury caused by the policyholder. Third party property damage and motor hull are also covered. |
| CALI | Compulsory Automobile Liability Insurance and administration of CALI Reinsurance Pool. |



Saikyosairen's Activities

1 Research Activities

Saikyosairen holds various seminars and workshops to share the knowledge amongst cooperatives. In 2010, five seminars and workshops were held.



2 Regeneration of the Natural Environment Project

(1) Activity in Japan

Since 2007, Saikyosairen has participated in a project called the 'Re-forestation on Mt. Fuji' which is organized by the OISCA Incorporated Foundation.

Saikyosairen's employees took part in the first event on 19th May 2007 and our member companies' employees joined with us for the second event.

Furthermore, Saikyosairen also participates in the 'Re-forestation on Mt. Fuji' Promotion Association' which involves attending local studies and network meetings. In a four year period, we have planted 2,830 trees on Mt Fuji. In 2011 we prioritized our support to the East Japan Great Earthquake and so did not participate in the re-forestation project. However, we continued our support by bearing the cost of regeneration forestry. Through these activities Saikyosairen is closely involved with society.

| | Date | Participants |
|-----------------|---------------------------|--|
| 1 st | 19 th May 2007 | Employees, their families and employees of affiliated organizations (41 people in total) |
| 2 nd | 31 st May 2008 | Employees and employees of our members (47 people in total) |
| 3 rd | 16 th May 2009 | Employees and employees of our members (53 people in total) |
| 4 th | 15 th May 2010 | Employees and employees of our members (54 people in total) |



The Promotion Group for the Re-forestation on Mt. Fuji Project (including some Saikyosairen employees) typically attend some environmental exhibitions. At these exhibitions, we demonstrate the activities of the Promotion Group, such as restoring the diversified wood through the expansion of indigenous plants around Mt. Fuji. We also demonstrate our knowledge on adaptive management, our technical expertise and our research achievements obtained through collaboration with corporations, organizations, the government, forestry related parties and research institutes.

20th Anniversary Celebration Project

To celebrate its 20th anniversary, Saikyosairen defined the concept of the project as a 'social contribution founded on the spirit of mutual help' and decided to participate proactively in the regeneration of the natural environment, in liaison with members, co-operatives and staff.

Re-forestation on Mt. Fuji Project

This project, organized by OISCA Incorporated Foundation, promotes activities (including tree planting) to promote Mount Fuji's regeneration at Nurusawa Village in Yamanashi Prefecture, where there is a concern about environmental destruction.

The Promotion Group for Re-forestation on Mt. Fuji Project

The Promotion Group was established on 5th March 2008, with aims to enhance the understanding of the project and its objectives, to promote awareness of the importance of the wood and forest industries and to share the know-how and expertise obtained through the re-forestation project (24 members comprising of corporations, organizations, government and research institutes).

(2) Activities Overseas

Saikyosairen commenced environmental conservation activities in overseas countries through OISCA. We are implementing our three year plan to support the regeneration of forests in Nueva Vizcaya, Luzon, Philippines and also to support environmental education in the region.

| Year | Support activity |
|------|---|
| 2009 | Bearing the cost of maintaining regeneration |
| 2010 | Bearing the cost of maintaining regeneration Sending volunteered staff |
| 2011 | Bearing the cost of maintaining regeneration |

[Support Activity in 2010]

1. Sending volunteer staff

Our volunteered staff visited Nueva Vizcaya, Luzon, Philippines from 18th to 23rd July, 2010 and planted 1,000 nursery trees.



2. Support of regeneration of forest

We also supported local project managers who do the propagation, maintenance of the forest site, tree planting, mowing, fertilizing, fire prevention etc. through supporting part of the cost of the project.

In 2010, through collaboration of various support-groups in Japan, 9,500 native and non-native nursery trees (including 1,000 planted by our volunteered staff) were planted.



3. Environment education in the region

We bore the cost of on-site education named "Environment Work Camp" held in the Nueva Vizcaya regeneration area. 70 people attended, including students and teachers, in schools where the "Children's Wood Project" is held.

The theme of the camp was "biodiversity" and "preservation of and coexistence with nature". It was intended to promote an awareness of environmental preservation through lectures and on-site activities (planting tree exercise, fire fighting exercise against wild fire, formulation of action plans to be applied in the region etc.).



FACT BOOK —2011—

Data

1. Business Highlights

[Highlights of Operating Results]

2. Business Performance

[Reinsurance Business]

3. Financial Statement

[Balance Sheet]

[Profit and Loss Account]

1 Business Highlights

[Highlights of Operating Results]

(Unit : JPY million)

| | | 2008 | 2009 | 2010 | Growth (%) | |
|--------------------|---|---------|---------|---------|------------|-------|
| | | | | | 2009 | 2010 |
| Number of policies | Number of policies (unit : 10,000) | 2,593.1 | 2,565.7 | 2,549.2 | 98.9 | 99.4 |
| | Amounts reinsured (unit : JPY trillion) | 122.4 | 122.1 | 121.3 | 99.8 | 99.3 |
| Profit & Loss | Ordinary income | 10,097 | 9,951 | 11,942 | 98.5 | 120.0 |
| | Net premium income | 9,611 | 9,543 | 9,686 | 99.3 | 101.5 |
| | Investment income | 355 | 404 | 360 | 113.8 | 89.2 |
| | Ordinary expenses | 7,899 | 7,973 | 10,369 | 100.9 | 130.1 |
| | Net paid claims | 5,582 | 5,317 | 5,483 | 95.3 | 103.1 |
| | Operating expenses | 499 | 427 | 398 | 85.5 | 93.2 |
| | Ordinary surplus | 2,198 | 1,977 | 1,573 | 90.0 | 79.5 |
| Balance Sheet | Total assets | 42,337 | 45,598 | 49,199 | 107.7 | 107.9 |
| | Membership fund | 5,296 | 5,419 | 5,544 | 102.3 | 102.3 |
| | Net Assets | 23,479 | 24,440 | 25,168 | 104.1 | 103.0 |

2 Business Performance

[Reinsurance Business]

| | | Fire | Natural Peril | Comprehensive | Traffic Accident | Life | Automobile | Total |
|--------------------|---|-------------|---------------|---------------|------------------|-----------|------------|---------------|
| Number of policies | The year ended March 31, 2011 | 4,692,499 | 2,085,302 | 8,641,229 | 3,756,013 | 5,821,677 | 327,694 | 25,324,414 |
| | Net growth | -66,873 | 59,123 | -22,711 | -118,118 | -15,650 | -4,939 | -169,168 |
| | Growth (%) | 98.6 | 102.9 | 99.7 | 97.0 | 99.7 | 98.5 | 99.3 |
| Unit | The year ended March 31, 2011 | 896,609,399 | 399,610,439 | 27,397,549 | 85,283,363 | 5,883,989 | 327,694 | 1,415,112,433 |
| | Net growth | -2,931,798 | 15,910,456 | -45,589 | -2,804,582 | -409,111 | -4,939 | 9,714,437 |
| | Growth (%) | 99.7 | 104.1 | 99.8 | 96.8 | 93.5 | 98.5 | 100.7 |
| Reinsured amounts | The year ended March 31, 2011 (unit: JPY million) | 13,024,378 | 4,059,511 | 1,152,627 | 2,146,287 | 1,764,371 | 99,184,670 | 121,331,846 |
| | Share (%) | 10.7 | 3.3 | 0.9 | 1.8 | 1.5 | 81.7 | 100.0 |
| | Net growth (Unit: JPY million) | -45,749 | 295,187 | 13,071 | -72,751 | 64,795 | -1,107,520 | -852,965 |
| Premium income | 2010 Result (Unit: JPY million) | 3,966 | 7,911 | 579 | 972 | 376 | 102 | 13,904 |
| | Share (%) | 28.5 | 56.9 | 4.2 | 7.0 | 2.7 | 0.7 | 100.0 |
| | Growth (%) | 98.6 | 103.8 | 94.9 | 95.5 | 92.1 | 97.2 | 100.9 |
| Paid claims | 2010 Result (Unit: JPY million) | 2,267 | 235 | 235 | 1,012 | 365 | 5 | 4,119 |
| | Share (%) | 55.0 | 5.7 | 5.7 | 24.6 | 8.9 | 0.1 | 100.0 |
| | Growth (%) | 109.5 | 105.9 | 82.0 | 104.8 | 83.4 | — | 103.4 |

3 Financial Statement

[Balance Sheet]

(Unit : JPY million)

| | | 2008 | 2009 | 2010 | Difference | Growth(%) |
|----------------------------|-------------------------------------|---------------|---------------|---------------|--------------|------------|
| A S S E T S | Cash & Deposits | 7,141 | 6,249 | 6,149 | | |
| | Money-in-trust | 0 | 0 | 0 | 0 | — |
| | Money due | 6,000 | 6,000 | 6,900 | 900 | 15.0 |
| | Securities | 23,282 | 26,691 | 28,235 | 1,543 | 5.8 |
| | Loans | 0 | 0 | 0 | 0 | — |
| | Reinsurance accounts receivables | 284 | 361 | 363 | 1 | 0.5 |
| | Fee service accounts receivables | 0 | 0 | 0 | 0 | — |
| | Other business assets | 1,947 | 1,964 | 2,015 | 50 | 2.6 |
| | Advance payment provisions | 0 | 0 | 0 | 0 | -100.0 |
| | Uncollected profits | 50 | 54 | 49 | -5 | -9.5 |
| | Other assets | 72 | 47 | 44 | -2 | -5.7 |
| | Fixed assets for business operation | 10 | 7 | 7 | 0 | -1.2 |
| | Fund | 88 | 88 | 88 | 0 | — |
| | Deferred tax asset | 3,460 | 4,133 | 5,346 | 1,212 | 29.3 |
| | Total Assets | 42,337 | 45,598 | 49,199 | 3,601 | 7.9 |

(Unit : JPY million)

| | | 2008 | 2009 | 2010 | Difference | Growth(%) |
|---|---------------------------------------|---------------|---------------|---------------|--------------|-------------|
| L I A B I L I T I E S | Policy reserves | 15,902 | 18,124 | 20,664 | | |
| | Reinsurance accounts payables | 854 | 825 | 475 | -349 | -42.4 |
| | Outsourced service accounts payables | 0 | 0 | 0 | 0 | — |
| | Fee income service accounts payables | 0 | 0 | 0 | 0 | — |
| | Other insurance business liabilities | 845 | 878 | 988 | 110 | 12.5 |
| | Expenses payable | 9 | 9 | 22 | 12 | 134 |
| | Other liabilities | 1,106 | 1,129 | 1,681 | 551 | 48.9 |
| | Allowance | 125 | 161 | 154 | -7 | -4.3 |
| | Price fluctuation reserves | 13 | 27 | 43 | 15 | 55.5 |
| | Total Liabilities | 18,858 | 21,157 | 24,030 | 2,873 | 13.6 |
| N E T A S S E T S | Membership fund | 5,296 | 5,419 | 5,544 | 124 | 2.3 |
| | Legal reserves | 5,160 | 6,001 | 6,306 | 305 | 5.1 |
| | Voluntary reserves | 8,477 | 10,995 | 11,786 | 791 | 7.2 |
| | Unappropriated surplus for the period | 4,400 | 1,790 | 1,259 | -531 | -29.7 |
| | (Surplus for the period) | 4,205 | 1,521 | 1,096 | -424 | -27.9 |
| | Difference of value | 144 | 233 | 271 | 38 | 16.4 |
| | Total Net Assets | 23,479 | 24,440 | 25,168 | 727 | 3.0 |
| Total Liabilities and Net Assets | 42,337 | 45,598 | 49,199 | 3,601 | 7.9 | |

[Profit and Loss Account]

(Unit : JPY million)

| | 2008 | 2009 | 2010 | | |
|---------------------------------------|--------|-------|--------|------------|-----------|
| | | | | Difference | Growth(%) |
| Ordinary income | 10,097 | 9,951 | 11,942 | 1,991 | 20.0 |
| Premium and other income | 9,611 | 9,543 | 9,686 | 143 | 1.5 |
| Transfer from policy reserves | 37 | 0 | 1,892 | 1,892 | — |
| Investment income | 355 | 404 | 360 | -43 | -10.8 |
| Other ordinary income | 94 | 3 | 2 | 0 | -18.5 |
| Ordinary expenses | 7,899 | 7,973 | 10,369 | 2,396 | 30.1 |
| Claims paid and other payments | 5,582 | 5,317 | 5,483 | 166 | 3.1 |
| Transfer to policy reserves | 1,725 | 2,222 | 4,432 | 2,209 | 99.4 |
| Investment expenses | 1 | 1 | 52 | 51 | 4,710.6 |
| Operating expenses | 499 | 427 | 398 | -29 | -6.8 |
| Other ordinary expenses | 91 | 5 | 3 | -2 | -45.6 |
| Ordinary surplus | 2,198 | 1,977 | 1,573 | -404 | -20.5 |
| Extraordinary income | 15 | 0 | 0 | 0 | — |
| Extraordinary loss | 22 | 14 | 15 | 1 | 8.2 |
| Surplus before tax | 2,190 | 1,963 | 1,557 | -406 | -20.7 |
| Corporate and other taxes | 1,040 | 1,155 | 1,690 | 535 | 46.4 |
| Surplus | -3,055 | -713 | -1,230 | -516 | 72.4 |
| Net surplus for the period | 4,205 | 1,521 | 1,096 | -424 | -27.9 |
| Retained earnings from prior period | 111 | 264 | 153 | -110 | -41.9 |
| Payments from voluntary reserves | 82 | 4 | 8 | 4 | 94.2 |
| Unappropriated surplus for the period | 4,400 | 1,790 | 1,259 | -531 | -29.7 |