

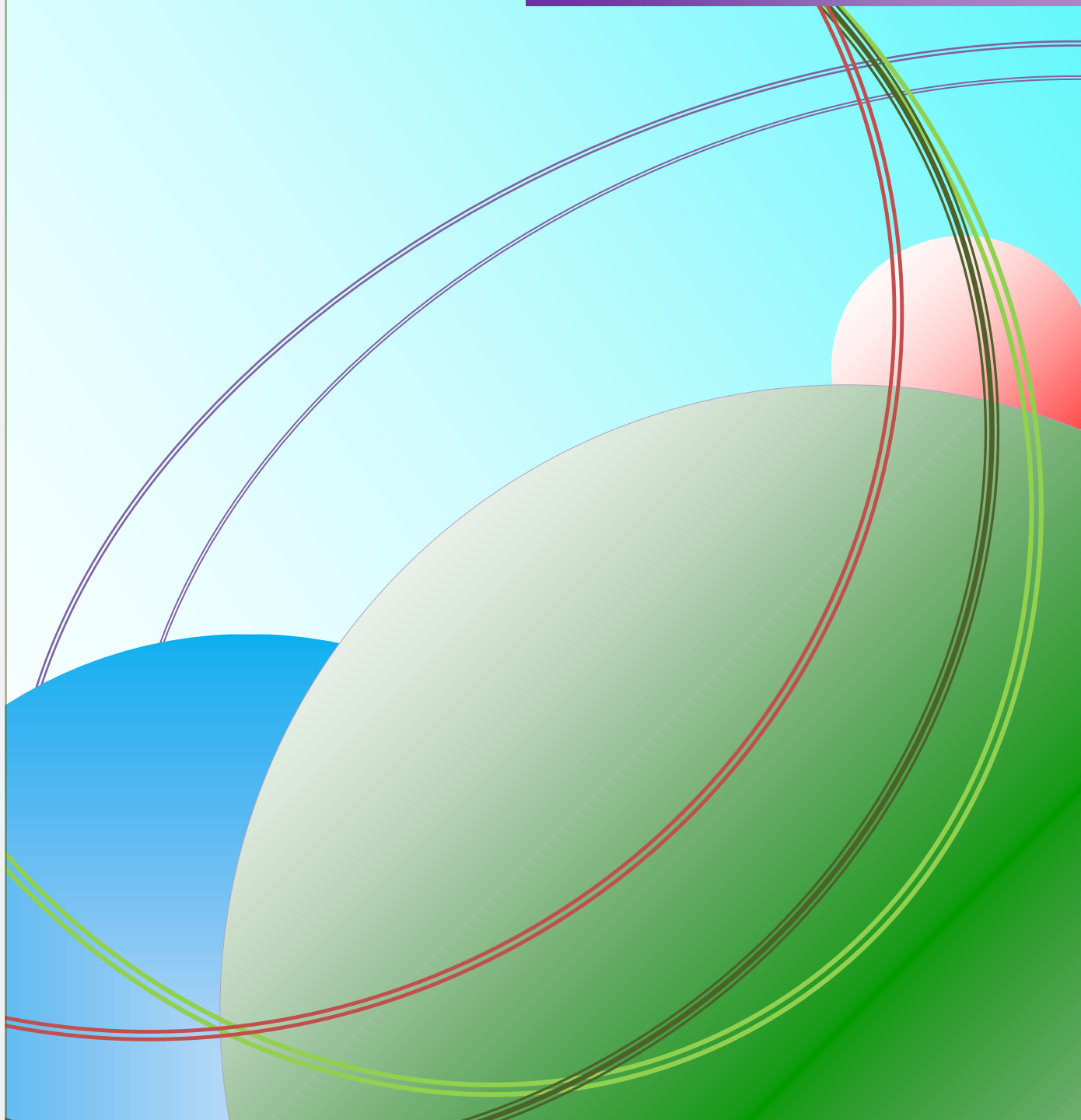
SAIKYOSAIREN

Japan Reinsurance Federation of Consumers' Cooperatives

One for All, All for One

FACT BOOK 2016

Report on FY2015 Results



President's Statement



Firstly, I would like to express my sincere gratitude for continued support and cooperation to the business operations of Saikyosairen.

Based on the cooperative principles of “One for All, All for One,” as a specialized entity on cooperative reinsurance, Saikyosairen contributes to stabilization and development of the original members’ business through provision of cooperative reinsurance, facilitating fellow cooperatives to reinforce relationships amongst each other.

FY 2015 marked the final year of the Mid-term Management Plan launched in 2011. Our main objectives were to grow in number of memberships and assumed reinsurance volumes, to enrich our member support services and to ensure the efficiency in securing further protection of our programs. As a result of the five-year management plan, we have made a significant progress as a cooperative reinsurance center for Kyosai sector, by realizing 4 new memberships and reaching our target capital. To further celebrate the success, Saikyosairen has launched a renewed three-year Mid-term Management Plan started in FY2016.

Nonetheless, our environments continue to challenge us with aging population combined with low birth rate, rapid population decrease, along with economic stagnation. Moreover, ever since Tohoku Earthquake, natural disasters such as earthquake, volcanic eruption and flooding have been occurring consecutively, often in larger-scale. Many concerns are brought out about potential loss and what the future holds. In such environments, as a cooperative reinsurance center for Kyosai sector, Saikyosairen is determined to function as a security measure for the entire sector and fulfill our role to stabilize and develop Kyosai business, reassuring our policyholders.

We are pleased to announce herein the publication of our disclosure paper “Fact Book 2016” to demonstrate our business overview and main activities of FY 2015. We humbly ask for your better understanding about Saikyosairen.

August, 2016

A handwritten signature in cursive script that reads "Tomoyasu Kato". The signature is written in black ink and is positioned above the printed name.

Tomoyasu Kato
President of Saikyosairen

SAIKYOSAIREN

Reinsurance Center for Japanese Cooperatives

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Saikyosairen as a Cooperative

1. About Saikyosairen

Saikyosairen is the only consumer cooperative that specializes in reinsurance business for cooperatives. Through Fire, Natural Perils, Life, Traffic Accident and Automobile reinsurance business, we make a contribution to the “stabilization of the management of member cooperatives and sound development of their business operations.” At the same time, we also make a great effort to fulfill our functions “to reinforce the collaboration between those members and other cooperatives” and “to support the business thereof.”

(1) Outline

Formal Name	: Japan Reinsurance Federation of Consumers' Cooperatives (abbr. Saikyosairen)
Established	: 13th January 1975
President	: Tomoyasu Kato
Regulated Law	: The Consumers' Livelihood Cooperative Society Law
Authority	: The Ministry of Health, Labour and Welfare
Members	: 63 members*
Membership Fund	: JPY 6.7 billion*
Staff	: 17 staff*
Business Conducted	: Saikyosai (reinsurance specialized for cooperatives)

*data as of 31st March 2016

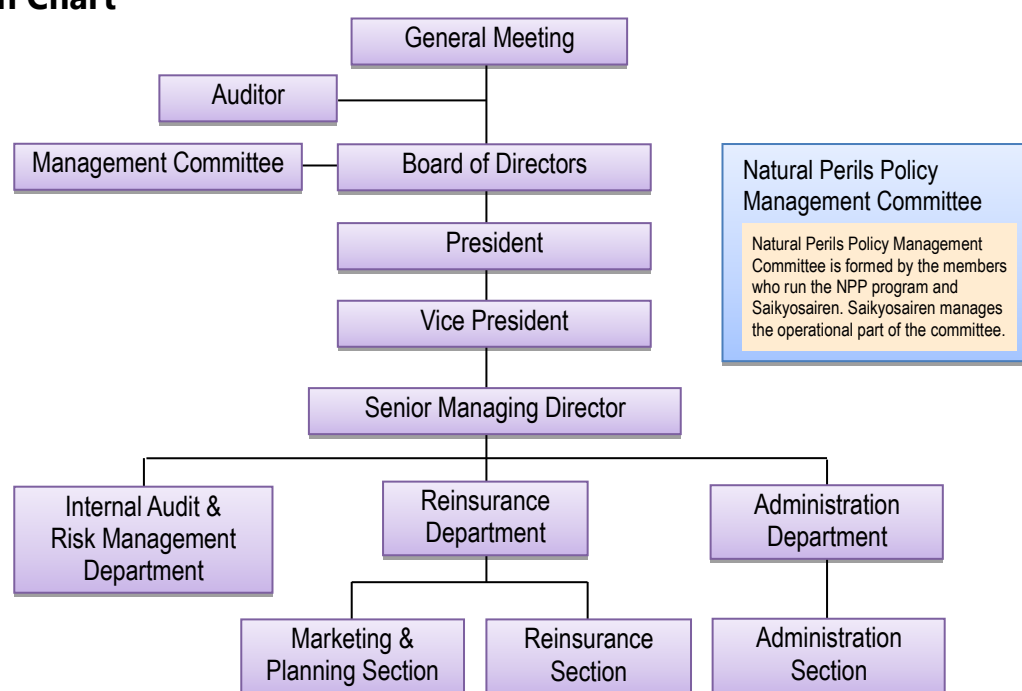
(2) Organization Chart



Tomoyasu Kato
President



Ryugo Tabata
Senior Managing Director



(3) Member Cooperatives ※Total 63 members (as of 31st March 2016)

Workers Cooperatives based on Prefecture: 47 members

Federation of Prefectural and Workers Cooperatives (members not listed)

Nationwide Workers Cooperatives based on Occupation: 8 members

Shinrin Rohren Kyosai	Japan All Forest Relating Industry Workers' Insurance Cooperative Society
Jichiro Kyosai Seikyo	All Japan Prefectural and Municipal Workers' Cooperative Society
Zensuido Kyosai	All Japan Water Supply Mutual Aid Cooperative Society
Zentobacco Seikyo	All Japan Tobacco Workers' Cooperative Society
Kyousyokuin Kyosai Seikyo	Teachers Mutual Aid Cooperative Society
Zenkoku Koun Kyosai Seikyo	National Traffic Industry Workers' Mutual Aid Cooperative Society
Dentsu Kyosai Seikyo	Telecommunications, Electronic Information and Allied Workers' Insurance Cooperative
JP Kyosai Seikyo	Mutual Aid Cooperative for Postal Workers

Cooperatives based on Occupation: 2 members

Tobacco Hanbai Seikyo	The National Co-operation Society of Tobacco Retailers
Boueisyoun Seikyo	Consumer Cooperative of Ministry of Defense

Cooperatives Federation: 2 members

Zenrosai	National Federation of Workers and Consumers Insurance Cooperatives
CO-OP Kyosairen	Japan CO-OP Insurance Consumers' Cooperative Federation

Citizen's Cooperatives: 2 members

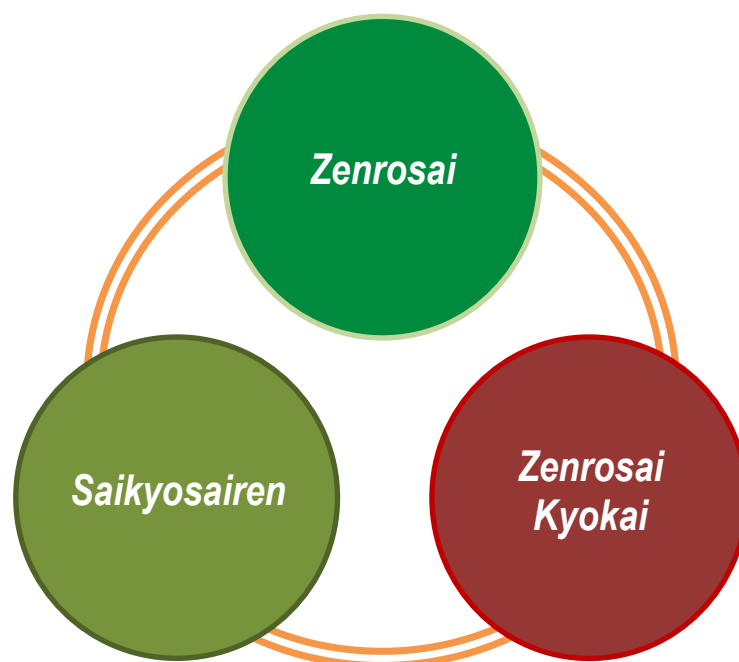
Kyoto Shimin Kyosai	Kyoto Citizens' Cooperative Society
Kobe Shimin Seikyo	Kobe Citizens' Cooperative Society

Small & Medium-sized Business Cooperatives: 2 members

Zenbeihan	Japan Rice Millers' and Distributors' Cooperative
Nikkaren	National Federation of Fire Insurance Co-operatives for Small Business

(4) About Zenrosai Group

Saikyosairen is one of the entity in the Zenrosai Group. The Zenrosai Group consists of three core organizations.



Zenrosai (Est. 29th September 1957)
(National Federation of Workers and Consumers Insurance Cooperatives)

Zenrosai is a national federation established under The Consumers' Livelihood Cooperative Society Law, in operation of Kyosai business. It consists of 47 prefecture-based cooperatives, 8 occupation-based cooperatives and 3 cooperative federations.

Saikyosairen (Est. 13th January 1975)
(Japan Reinsurance Federation of Consumers' Cooperatives)

As the only entity to arrange 'Saikyosai' (reinsurance specialized for cooperatives), Saikyosairen supports original members by providing 'Saikyosai' to assist securing the stability and development of their business operations as well as reinforcing the connection between each cooperative through its provision of 'Saikyosai.'

Zenrosai Kyokai (Est. 1st June 2004)
(National Association for Workers' Welfare and Cooperative Insurance)

Zenrosai Kyokai provides mutual aid services through the research and study of the life and welfare of workers. Services include municipality-associated Keicho insurance, fire and auto for corporative bodies, as well as provision of fire and auto insurance as insurance agency.

(5) Associated Organizations

Saikyosairen is in league with the following organizations for the purpose of developing insurance business for cooperatives and activities among cooperatives and workers' welfare.

The Japan Cooperative Insurance Association (JCIA)

JCIA promotes the sound development of the cooperative insurance business by contributing to stabilizing the lives and improving welfare of people engaged in the agriculture, forestry and fisheries industries through providing information, publicity and consultation activities in respect of cooperative insurance business to the members.

International Cooperative and Mutual Insurance Federation (ICMIF)

ICMIF is a global trade association representing cooperative and mutual insurers. It conducts various research and studies for the members. Saikyosairen joined ICMIF in September 2006 in order to further strengthen our relationship with cooperatives and mutual insurers around the world.

National Council of Workers Welfare (Chuo Rofukukyo)

National Council of Workers Welfare is a central organization of welfare. It comprises of prefectural labor organizations, workers' welfare organizations, national federations of consumer cooperatives and Workers Welfare organizations.



At the ICMIF Biennial Conference 2015 (Minneapolis, USA)

(6) History of Saikyosairen and Natural Perils Policy

Since 1975 when Saikyosairen was found as “Tansan Kyosai Rengokai,” it has gone through the organizational changes described as below. Saikyosairen now assumes a role of the current organization as the “Reinsurance Center.”

1975	“Tansan Kyosai Rengokai” (Precedent organization of Saikyosairen) was formed to operate auto insurance business.
1980	Reestablished as “Jidosha Kyosairen,” due to business expansion and unification with Rosairoren (Now known as Zenrosai)
1987	<p>Reorganization as “Zenrosai Saikyosairen” Started to write reinsurance business for Automobile, Motorized Bicycle, Fire, Comprehensive (Keicho), Traffic Accident and Life in December 1987.</p> <p>Ceased to accept the insurance business for Automobile and Motorized Bicycle and transferred it to Zenrosai and each industrial cooperative member. Started to provide claims services and data processing for automobile insurance as a commissioned business.</p>
2000	<p>Natural Perils Policy Launch Started to write Natural Perils reinsurance business and placed the reinsurance for the group in the international reinsurance market.</p>
2004	<p>Consolidation of Automobile Insurance Business into Zenrosai and Founding of Specialized Organization for Reinsurance Consolidated automobile insurance business of Workers Kyosai Group into Zenrosai in 1st October 2004 and became the only Japanese organization that specialized in reinsurance business for cooperatives.</p>
2006	<p>Rebranding to “Saikyosairen” Renamed as “Japan Reinsurance Federation of Consumers’ Cooperatives” (abbr. Saikyosairen). Officially made a fresh start as “Reinsurance Center” for the entire Kyosai organizations.</p>



1. Reinsurance Sector

(1) Types of Reinsurance(Sai-kyosai) and Service

Saikyosairen offers the following seven types of reinsurance under license from the Ministry of Health, Labour and Welfare.

Type of Reinsurance	Type of Service
Fire	Quota Share, Surplus, Excess of Loss
Natural Perils	Quota Share, Excess of Loss
Comprehensive (Mutual Aid Benefit aka Keicho)	Quota Share, Surplus, Excess of Loss
Life	Quota Share, Surplus, Excess of Loss
Traffic Accident	Quota Share, Surplus, Excess of Loss
Automobile	Quota Share, Excess of Loss
Compulsory Automobile Liability Insurance	Assume reinsurance of CALI within the Zenrosai group. Provide an administrative service for mutual pooling and report to the government in accordance with the Automobile Liability Security Act.

(2) What is Saikyosai?

- ◇ Reinsurance provision for cooperatives (agreement between Saikyosairen and members)
- ◇ The purpose is to secure members' business stability through risk diversification

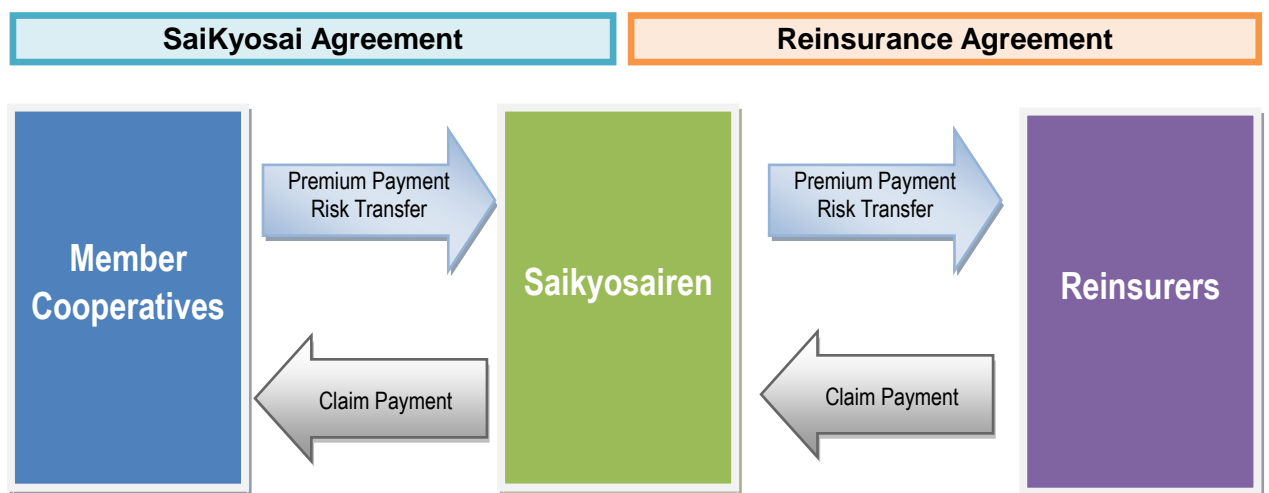
SaiKyosai is a method available to cooperatives who runs insurance business, to transfer all or part of their risks. In essence it functions as insurance coverage for cooperatives. In order for member cooperatives to offer long and stable coverage to their policyholders, the large potential losses must be accounted for, especially those of earthquake and windstorms.

SaiKyosai enables cooperatives to reduce risk retention, thus stabilizing its business and to provide variety of coverage for ever-diverse needs of their policyholders.

2. Ceding to Global Reinsurance Market

In order to maintain its sound business operation, Saikyosairen utilizes global reinsurance markets to divert part of the assumed risks internationally. Specifically, we recognize securing the way to transfer earthquake and windstorm aggregated risks as our mission of importance. Therefore, we work with reinsurers to ensure the reinsurance provisions with long-term and stability based view, while we promote the values and principles of Japanese cooperatives to the reinsurers.

As its results, during Tohoku Earthquake, with speedy recovery on reinsurance claims from partner reinsurers, we were able to provide reinsurance claims to our members smoothly.





1. Underwriting Results

Although FY2015 underwriting results indicate the policy increase in Natural Perils and Traffic Accident from prior year, the total number of policies has decreased by 6.1 million, to 18.7 million as a result of a life portfolio closure. In conjunction to that, the total number of contracted units has decreased by 1.5 billion (-1.4%) units.

	Fire	Natural Perils	Comprehensive	Traffic Accident	Life	Auto	CALI*	Consolidated Total
Number of Policies (Unit:10,000)	487.9	224.4	802.7	318.2	14.3	2.9	19.3	1,870.1
Variance from FY2014	-11.3	1.1	-15.8	1.5	-588.7	0.8	0.9	-611.4
Growth (%)	-2.3%	0.5%	-1.9%	0.5%	-97.6%	41.0%	5.2%	-24.6%
Number of Units (Unit:10,000)	92,885	47,149	2,715	7,416	178	2	19	150,366
Variance from FY2014	-1,701	165	-35	-3	-593	0.8	0.9	-2,166
Growth (%)	-1.8%	0.4%	-1.3%	-0.05%	-76.9%	41.0%	5.2%	-1.4%

*CALI = Compulsory Automobile Liability Insurance

2. Profit and Loss Performance

(1) Cooperative Reinsurance Sector ※CALI excluded

① Net Reinsurance Premium

The premium revision and policy increase on Natural Perils and Traffic Accident have nullified the income reduction for Fire and Life, with the results of net reinsurance premium of JPY 7.7 billion, increased by JPY 19 million (+0.3%) from prior year.

② Net Reinsurance Claims

Net Reinsurance Claims marked JPY 4.1 billion, with JPY 0.9 billion decrease compared to prior year, due to reduced impact of snow loss in Fire and Natural Perils. On one hand, the claims reserve was increased by JPY 1.0 billion, reflective of compliance with new IBNR standard, resulted in overall accumulation of JPY 5.2 billion with JPY 219 million increase (+4.4%) from prior year.

【Reinsurance Business Performance】

(Unit: JPY thousands)

	Fire	Natural Perils	Comprehensive	Traffic Accident	Life	Auto	Reinsurance Total	CALI	Consolidated Total
Net Reinsurance Premium	3,501	2,910	318	955	55	46	7,788	1,699	9,487
Variance from FY2014	-18	269	30	97	-372	12	19	90	110
Growth (%)	-0.5%	10.2%	10.7%	11.4%	-87.1%	38.2%	0.3%	5.6%	1.2%
Net Reinsurance Claim	2,656	970	260	1,183	87	88	5,247	1,554	6,801
Variance from FY2014	-30	111	-6	269	-239	114	219	-8	211
Growth (%)	-1.1%	13.0%	-2.5%	29.5%	-73.1%	-438.1%	4.4%	-0.5%	3.2%
Operating Surplus	200	227	-0.5	-336	2	11	105	—	105
Growth (Amounts)	-752	-18	6	-280	-66	-26	-1,138	—	-1,138

(NB)

1. Net Reinsurance Premium = Reinsurance Premium - Ceded Reinsurance Premium (Paid) etc. + Ceded Reinsurance Premium (Received)
2. Net Reinsurance Claim = Reinsurance Claim - Ceded Reinsurance Claim(Recovered) + Provision of O/S Loss Reserve - Reversal of O/S Loss Reserve + Ceded Reinsurance Claim(Paid)
3. Operating Surplus = Net Reinsurance Premium - Net Reinsurance Claim + Investment Income - Investment Expenses - Operating Expenses ± Liability Reserves(Provision and Reversal)

(2) Investment Income

Reflective of the reduced interest rates and the completion of foreign bonds liquidation, the investment profit marked JPY 240 million with JPY 130 million decrease (-35.6%) from prior year. Simultaneously the return on investment marked 0.53% (FY2014: 0.85%).

(3) Operating Expenses

Due to internal revisions made last year, both personal and property expenses were cut by JPY 1 million and JPY 3 million respectively. Therefore, the total expenses resulted in JPY 350 million with JPY 4 million (-1.3%) decrease from prior year.

(4) Surplus

① Ordinary Surplus

Ordinary surplus decreased by JPY 1.2 billion (-79.9%) to JPY 314 million from prior year, resulting from various adjustments such as IBNR. After extraordinary loss and corporate tax related adjustments, Net surplus marked JPY 226 million, decreased by JPY 997 million (-81.5%) from prior year.

② Unappropriated Surplus for the Period

With FY2014 surplus of JPY 61 million carried over to FY2015, the unappropriated surplus for the period resulted as JPY 288 million.

3. Financial Statements ※FY2015 ending on March 31, 2016

(1) Balance Sheet

(Unit: JPY thousands)

	FY 2014	FY 2015	Difference	Growth (%)
I. Assets				
1. Cash and deposits	13,819,933	15,919,138	2,099,204	15.2
2. Money-in-trust	—	—	—	—
3. Money due	10,500,000	10,500,000	—	0.0
4. Securities	24,244,100	23,974,820	-269,280	-1.1
5. Loans	—	—	—	—
6. Reinsurance accounts receivables	452,031	533,895	81,863	18.1
7. Other business assets	2,253,344	3,407,295	1,153,950	51.2
8. Advance payment provisions	1,271	2,477	1,206	94.9
9. Uncollected profits	45,036	46,644	1,607	3.6
10. Other assets	35,755	33,868	-1,886	-5.3
11. Fixed assets for business operation	2,814	2,154	-660	-23.5
12. Fund	88,026	88,026	—	—
13. Deferred tax asset	4,967,657	4,891,280	-76,376	-1.5
14. Allowance for bad debts	—	—	—	—
Total Assets	56,409,973	59,399,602	2,989,629	5.3
II. Liabilities	28,128,466	30,690,368	2,561,901	9.1
1. Policy reserves	24,530,470	27,867,274	3,336,803	13.6
2. Reinsurance accounts payables	1,407,397	1,640,044	232,647	16.5
3. Other insurance business liabilities	887,905	907,207	19,301	2.2
4. Expenses payables	5,173	4,715	-458	-8.9
5. Other liabilities	1,092,744	38,440	-1,054,304	-96.5
6. Allowance	100,463	112,607	12,144	12.1
7. Price fluctuation reserves	104,311	120,079	15,768	15.1
III. Net Assets	28,281,506	28,709,233	427,727	1.5
1. Members capital	27,719,558	28,031,916	312,358	1.1
(1) Membership fund	6,250,310	6,705,920	455,610	7.3
(2) Surplus	21,469,248	21,325,996	-143,251	-0.7
① Legal reserves	6,912,716	7,157,716	245,000	3.5
② Voluntary reserves	13,265,000	13,880,000	615,000	4.6
③ Unappropriated surplus for the period	1,291,531	288,279	-1,003,251	-77.7
(Surplus for the period)	1,224,386	226,433	-997,953	-81.5
2. Difference of value and etc.	561,948	677,317	115,369	20.5
Total Liabilities and Net Assets	56,409,973	59,399,602	2,989,629	5.3

(2) Profit & Loss Account

(Unit: JPY thousands)

	FY 2014	FY 2015	Difference	Growth (%)
Ordinary Income	9,871,778	9,734,626	-137,152	-1.4
1. Premium and other income	9,377,588	9,487,757	110,169	1.2
2. Transfer from policy reserves	108,944	—	-108,944	-100.0
3. Investment income	378,788	243,765	-135,023	-35.6
4. Other ordinary income	6,455	3,102	-3,352	-51.9
Ordinary Expenses	8,304,087	9,420,025	1,115,937	13.4
1. Claims paid and other payments	6,699,664	5,730,110	-969,553	-14.5
2. Transfer to policy reserves	1,246,537	3,336,803	2,090,265	167.7
3. Investment expenses	171	—	-171	-100.0
4. Operating expenses	357,713	353,111	-4,601	-1.3
5. Other ordinary expenses	—	—	—	—
Ordinary surplus	1,567,690	314,601	-1,253,089	-79.9
Extraordinary income	—	—	—	—
Extraordinary loss	15,618	15,768	150	1.0
Surplus before taxes	1,552,072	298,832	-1,253,239	-80.7
Corporate and other taxes	1,110,125	40,710	-1,069,414	-96.3
Adjustment of corporate and other taxes	-782,439	31,688	814,128	—
Net surplus for the period	1,224,386	226,433	-997,953	-81.5
Retained earnings from prior period	67,144	61,846	-5,298	-7.9
Payments from voluntary reserves	—	—	—	—
Unappropriated surplus for the period	1,291,531	288,279	-1,003,251	-77.7

1. Risk Management

Saikyosairen identifies various risks surrounding organization management and business operations to execute appropriate risk management according to the characteristics of each risk.

We strive to strengthen our risk management to secure sound and adequate business operations as the top priority of our management.

Based on the Risk Management Policy formed by the Board of Directors per risk, each respective department establishes their own risk management regulations and procedures to implement on risk management. The Internal Audit and Risk Management Department sets a controlling office of risk management in order to implement a comprehensive and inter-department management.

2. Compliance

In recognition of Saikyosairen's public mission and social responsibility, we value our day-to-day work in compliance with laws and regulations to gain respect and trust among members through our fair and sound business operations.

In this respect, through ethical and legal compliance, as well as devotion of the utmost effort to serve members as a general rule, we have established 'Directors & Employees Code of Conduct' to encourage honesty and responsibility. That is then conveyed among our employees.

Moreover, we have established a Compliance Committee to promote compliance, train employees and take measures for the breaches of the rules. The committee also designs a compliance manual to thoroughly ensure the understanding of our employees.

3. External / Internal Audit

We have appointed four auditors, including one full-time and three part-time auditors to verify the appropriateness of business operations, execution of business and accounting. This is done in cooperation with an independent auditor.

Internal Audit conducted by the Audit and Risk Management Department proposes suggestions and improvements by verifying and assessing the appropriateness of its implementation status on respective departments.



Membership Support & Social Responsibilities

1. Supporting Member Cooperatives

Saikyosairen utilizes various channels to provide business support to our member cooperatives. Our support activities include but not limited to; providing training seminars and networking opportunities as well as facilitating lectures with topics related to cooperative insurance and reinsurance. They are tailored not only to the member cooperatives but also open to prospective members.



Seminar, "Planning Remedies against Mega Earthquake"

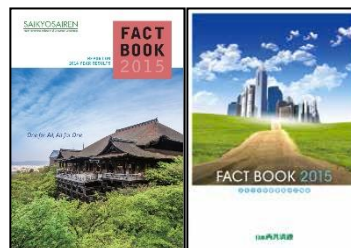
2. Disclosure

Saikyosairen discloses the following information for public viewing.

Website (www.saikyosairen.or.jp)



Fact Book



"Sairen Dayori" Quarterly News Letter



※available only in Japanese

3. Natural Conservation Project

Saikyosairen has actively been participating in the "Mount Fuji Reforestation Project," since 2007 both as volunteer work force and a financial contributor. About 3,600 saplings were planted in the first 5 years of the project. In May 2015, Saikyosairen staffs participated in planting volunteer.



Scenes from Mount Fuji Reforestation Project



SAIKYOSAIREN

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