

One for All, All for One

SAIKYOSAIREN

Japan Reinsurance Federation of Consumers' Cooperatives

FACT BOOK 2017

Report on FY2016 Results

President's Statement



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

Based on the core principle of mutual cooperatives and its spirit in supporting each other ("One for All, All for One"), as an entity specializing in cooperative reinsurance, Saikyosairen contributes to the stabilization and development of our original members' business through the provision of cooperative reinsurance, facilitating fellow cooperatives to reinforce relationships amongst each other.

The environment surrounding us is increasingly getting severe and uneasy by the changes and rising threats in the global natural environment, societal changes due to the aging population along with low birth rate and the unstable political and economic circumstances etc. However, in such circumstances, we believe the role of cooperative insurance business based on the principle of supporting each other and mutual aid will be of even greater importance.

Saikyosairen commits to play a firm role as a "Reinsurance Center" and contribute to the stabilization and development of not only our member cooperatives but also of many other cooperatives.

FY 2017 marks the middle year of the "Mid-term Management Plan". According to the three basic policies outlined in our Mid-term Management Plan, we aim for 2017 to be a year to enhance our efforts further and advance toward the business targets and we are working on each issue closely.

We are pleased to announce herein the publication of our disclosure paper "Fact Book 2017" to demonstrate our business overview, financial condition and main activities of FY 2016. We hope that by reading this Fact Book you reach a better understanding of Saikyosairen as an organization and humbly ask for your continued cooperation.

August, 2017

A handwritten signature in black ink, reading "Tomoyasu Kato". The signature is fluid and cursive, with the first name and last name clearly distinguishable.

Tomoyasu Kato
President of Saikyosairen

SAIKYOSAIREN

Reinsurance Center for Japanese Cooperatives

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Saikyosairen as a Cooperative

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	: 64 members*
Membership Fund	: JPY 6.7 billion*
Staff	: 16 staff*
Business Conducted	: Saikyosai (Reinsurance specialized for cooperatives)

*As of 31st March 2017

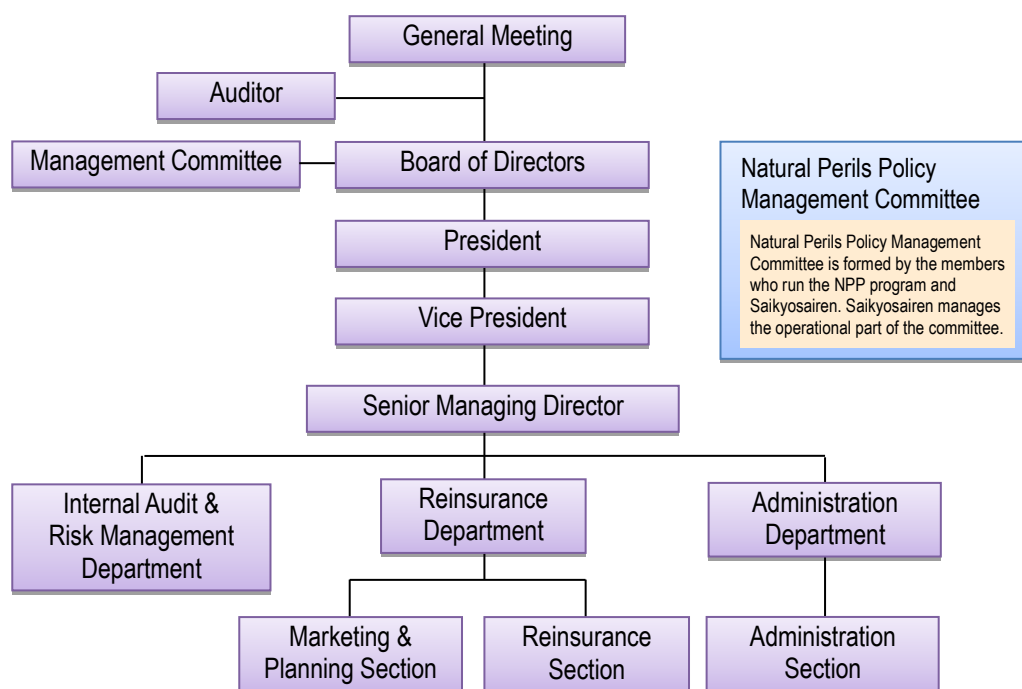
2. Organization Chart



Tomoyasu Kato
President



Katsumi Abeta
Senior Managing Director



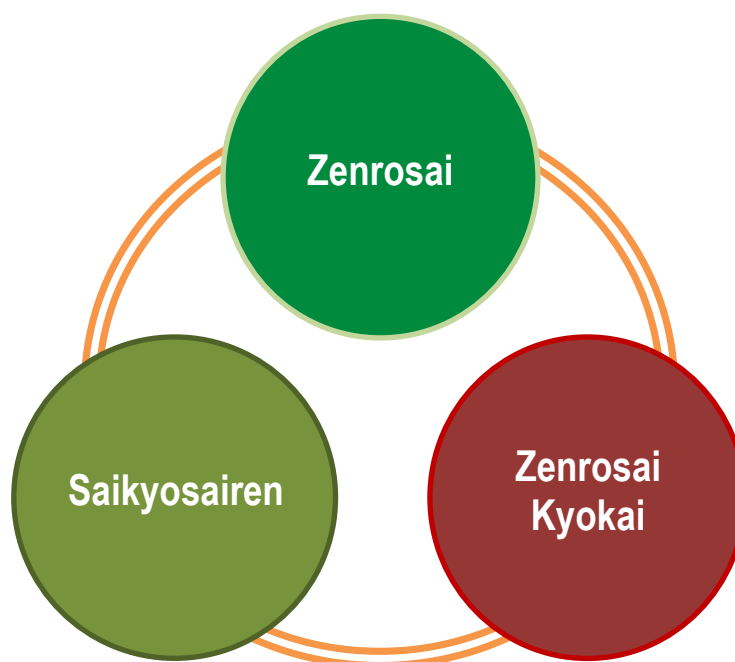
3. Member Cooperatives

※Total 64 members (As of 31st March 2017)

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		3 members
Shuhan Seikyo	National Consumer Co-operatives for Liquor Stores	
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 entities 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 insurance for corporative bodies, as well as provision of Fire and Auto insurance as an 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 the 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 its 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 its members. Saikyosairen joined ICMIF in September 2006 in order to further strengthen the 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.

6. History of Saikyosairen and Natural Perils Policy

Since 1975 when Saikyosairen was founded as “Tansan Kyosai Rengokai,” it has gone through the organizational changes described as below. Saikyosairen now assumes a role in 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 Rosaioren (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 Automobiles 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 (Saikyosai) and Services

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.

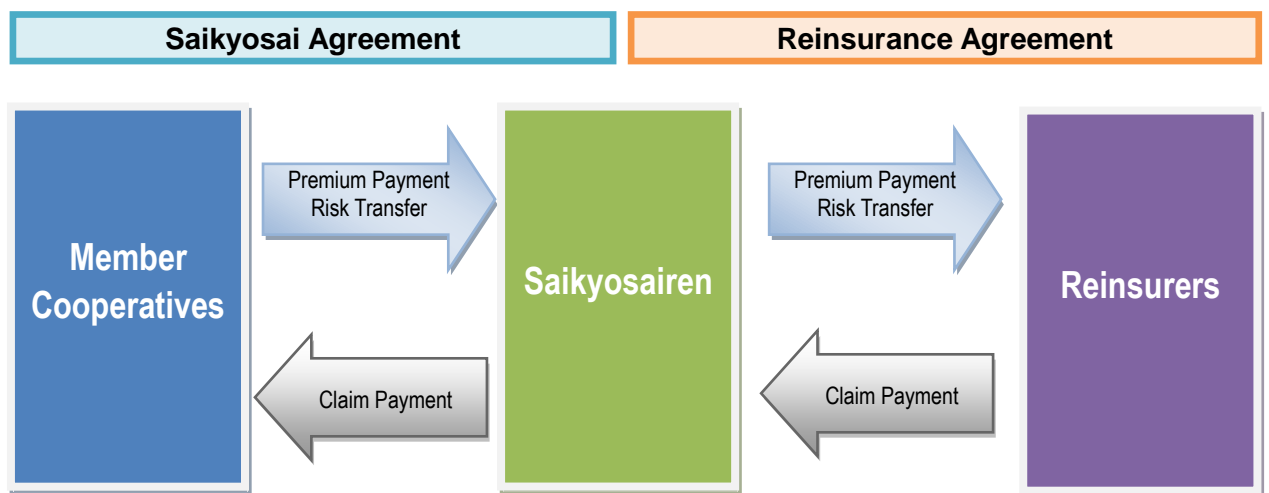
Saikyosai enables cooperatives to reduce risk retention, thus stabilizing its business and to provide variety of coverage for ever-diverse needs of their policyholders.

2. Ceding to Global Reinsurance Market

In order to maintain sound business operations, Saikyosairen utilizes global reinsurance markets to divert part of the assumed risks internationally.

Specifically, we recognize securing ways to transfer Earthquake and Windstorm aggregated risks to be our primary mission. Therefore, we work with reinsurers to establish reinsurance provisions that will ensure stability for the long term, whilst also promoting the values and principles of Japanese cooperatives to the Reinsurance market.

As a result, during the Tohoku Earthquake, due to the speedy recovery of reinsurance claims from our reinsurance partners, we were able to smoothly process reinsurance claims payments to our members.





FY2016 Business Summary

1. Underwriting Results

Although FY2016 underwriting results indicate the policy increase in Natural Perils and Auto from prior year, the total number of policies has decreased by 0.2 million, to 18.4 million as a result of reduction in the lines of business such as Fire, Comprehensive, Traffic Accident. In conjunction to that, the total number of contracted units has decreased by 0.7% to 1.4 billion units.

	Fire	Natural Perils	Comprehensive	Traffic Accident	Life	Auto	CALI*	Consolidated Total
Number of Policies (Unit:10,000)	478.3	226.4	793.0	308.5	13.7	5.4	20.7	1,846.4
Variance from FY2015	-9.5	1.9	-9.6	-9.6	-0.6	2.5	1.3	-23.6
Growth (%)	-2.0%	0.9%	-1.2%	-3.0%	-4.4%	86.1%	7.2%	-1.3%
Number of Units (Unit:10,000)	91,639	47,635	2,689	7,187	163	5	20	149,341
Variance from FY2015	-1,245	485	-26	-228	-15	2	1	-1,025
Growth (%)	-1.3%	1.0%	-1.0%	-3.1%	-8.5%	86.1%	7.2%	-0.7%

*CALI = Compulsory Automobile Liability Insurance

2. Profit and Loss Performance

(1) Cooperative Reinsurance Sector ※CALI excluded

① Net Reinsurance Premium

The premium revision on Natural Perils has nullified the income reduction for Fire, with results of net reinsurance premium of JPY 8.1 billion, an increase of JPY 400 million (+5.2%) from prior year.

② Net Reinsurance Claims

Although there was a reduction in the line of business such as Fire and Traffic Accident, the Net Reinsurance Claims marked JPY 6.6 billion, with JPY 1.3 billion increase compared to prior year as a result of the policy increase in Natural Perils increase following the Kumamoto Earthquake.

【Reinsurance Business Performance】

(Unit: JPY millions)

	Fire	Natural Perils	Comprehensive	Traffic Accident	Life	Auto	Reinsurance Total	CALI	Consolidated Total
Net Reinsurance Premium	3,435	3,320	335	955	54	86	8,189	1,767	9,956
Variance from FY2015	-66	410	17	0.04	-0.9	40	401	67	469
Growth (%)	-1.9%	14.1%	5.5%	0.01%	-1.8%	87.3%	5.2%	4.0%	4.9%
Net Reinsurance Claim	2,387	3,054	215	900	45	24	6,628	1,545	8,173
Variance from FY2015	-268	2,083	-45	-283	-42	-63	1,381	-9	1,371
Growth (%)	-10.1%	214.7%	-17.3%	-23.9%	-48.6%	-71.7%	26.3%	-0.6%	20.2%
Operating Surplus	948	264	16	27	8	-17	1,248	—	1,248
Growth (Amounts)	747	37	16	364	5	-29	1,142	—	1,142

(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, the investment profit marked JPY 220 million with JPY 10 million decrease (-6.7%) from prior year. Simultaneously the return on investment was 0.46% (FY2015: 0.53%).

(3) Operating Expenses

Both personal and property expenses were cut by JPY 22 million and JPY 12 million respectively. Therefore, the total expenses resulted in JPY 310 million with JPY 35 million (-10.0%) decrease from prior year.

(4) Surplus

① Ordinary Surplus

Ordinary surplus increased by JPY 1.1 billion (+357.5%) to JPY 1.4 billion from prior year, resulting from an increase of Net Reinsurance Claims and a decrease of policy reserve provision. Net surplus for the period after adjusting corporate and other taxes marked an increase by JPY 820 million (+365.5%) to JPY 1.0 billion from prior year.

② Unappropriated Surplus for the Period

With FY2015 surplus of JPY 10 million carried over to FY2016, the unappropriated surplus for the period resulted in JPY 1.0 billion.

3. Financial Statements ※FY2016 ending on March 31, 2017

(1) Balance Sheet

(Unit: JPY thousands)

	FY 2015	FY 2016	Differences	Growth (%)
I. Assets				
1. Cash and deposits	15,919,138	23,569,357	7,650,218	48.1
2. Money-in-trust	-	-	-	-
3. Money due	10,500,000	6,000,000	-4,500,000	-42.9
4. Securities	23,974,820	23,234,067	-740,753	-3.1
5. Loans	-	-	-	-
6. Reinsurance accounts receivables	533,895	576,197	42,301	7.9
7. Other business assets	3,407,295	3,315,078	-92,216	-2.7
8. Advance payment provisions	2,477	8,949	6,471	261.2
9. Uncollected profits	46,644	38,897	-7,747	-16.6
10. Other assets	33,868	31,983	-1,884	-5.6
11. Fixed assets for business operation	2,154	1,670	-484	-22.5
12. Fund	88,026	88,026	-	-
13. Deferred tax asset	4,891,280	5,451,995	560,714	11.5
14. Allowance for bad debts	-	-	-	-
Total Assets	59,399,602	62,316,223	2,916,620	4.9
II. Liabilities	30,690,368	32,796,061	2,105,693	6.9
1. Policy reserves	27,867,274	29,072,223	1,204,949	4.3
2. Reinsurance accounts payables	1,640,044	1,500,808	-139,236	-8.5
3. Other insurance business liabilities	907,207	1,110,169	202,962	22.4
4. Expenses payables	4,715	4,610	-104	-2.2
5. Other liabilities	38,440	815,379	776,939	2,021.2
6. Allowance	112,607	107,194	-5,413	-4.8
7. Price fluctuation reserves	120,079	185,676	65,597	54.6
III. Net Assets	28,709,233	29,520,161	810,927	2.8
1. Members capital	28,031,916	28,996,072	964,155	3.4
(1) Membership fund	6,705,920	6,710,920	5,000	0.1
(2) Surplus	21,325,996	22,285,152	959,155	4.5
① Legal reserves	7,157,716	7,203,016	45,300	0.6
② Voluntary reserves	13,880,000	14,012,000	132,000	1.0
③ Unappropriated surplus for the period	288,279	1,070,135	781,855	271.2
(Surplus for the period)	226,433	1,054,096	827,663	365.5
2. Difference of value and etc.	677,317	524,088	-153,228	-22.6
Total Liabilities and Net Assets	59,399,602	62,316,223	2,916,620	4.9

(2) Profit & Loss Account

(Unit: JPY thousands)

	FY 2015	FY 2016	Difference	Growth (%)
Ordinary Income	9,734,626	10,186,843	452,217	4.6
1. Premium and other income	9,487,757	9,956,927	469,169	4.9
2. T transfer from policy reserves	-	-	-	-
3. Investment income	243,765	227,451	-16,313	-6.7
4. Other ordinary income	3,102	2,464	-637	-20.6
Ordinary Expenses	9,420,025	8,747,497	-672,527	-7.1
1. Claims paid and other payments	5,730,110	7,224,906	1,494,796	26.1
2. T transfer to policy reserves	3,336,803	1,204,949	-2,131,853	-63.9
3. Investment expenses	-	-	-	-
4. Operating expenses	353,111	317,641	-35,470	-10.0
5. Other ordinary expenses	-	-	-	-
Ordinary surplus	314,601	1,439,346	1,124,745	357.5
Extraordinary income	-	-	-	-
Extraordinary loss	15,768	65,597	49,829	316.0
Surplus before taxes	298,832	1,373,749	1,074,916	359.7
Corporate and other taxes	40,710	816,790	776,080	1906.3
Adjustment of corporate and other taxes	31,688	-497,138	-528,827	-1668.8
Net surplus for the period	226,433	1,054,096	827,663	365.5
Retained earnings from prior period	61,846	11,814	-50,031	-80.9
Payments from voluntary reserves	-	-	-	-
Unappropriated surplus for the period	288,279	1,070,135	781,855	271.2

IV Risk Management & Compliance

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 for 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, in order to raise awareness for Compliance, we set the "Compliance Month" every year and conduct trainings for all employees continually.

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.

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, "Frequent occurrence of active fault earthquakes in Japan
~ How to utilize the information effectively to prevent disasters ~"

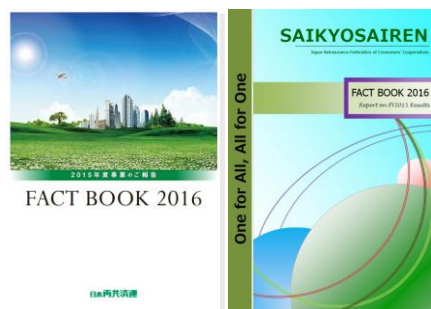
2. Disclosure

Saikyosairen discloses the following information for public viewing

Website (www.saikyosairen.or.jp)



Fact Book



You can see the Fact Book via our website both in Japanese and English.



※available only in Japanese

"Sairen Dayori" Quarterly News Letter

"Sairen Dayori" is issued quarterly informing our member cooperatives hot topics such as activity reports and business risks surrounding cooperative organizations.

3. Social Responsibility

We cooperated on the activities which our member cooperatives requested such as fund-raising activities for the 2016 Kumamoto Earthquake, blood donation and so on.



SAIKYOSAIREN

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