

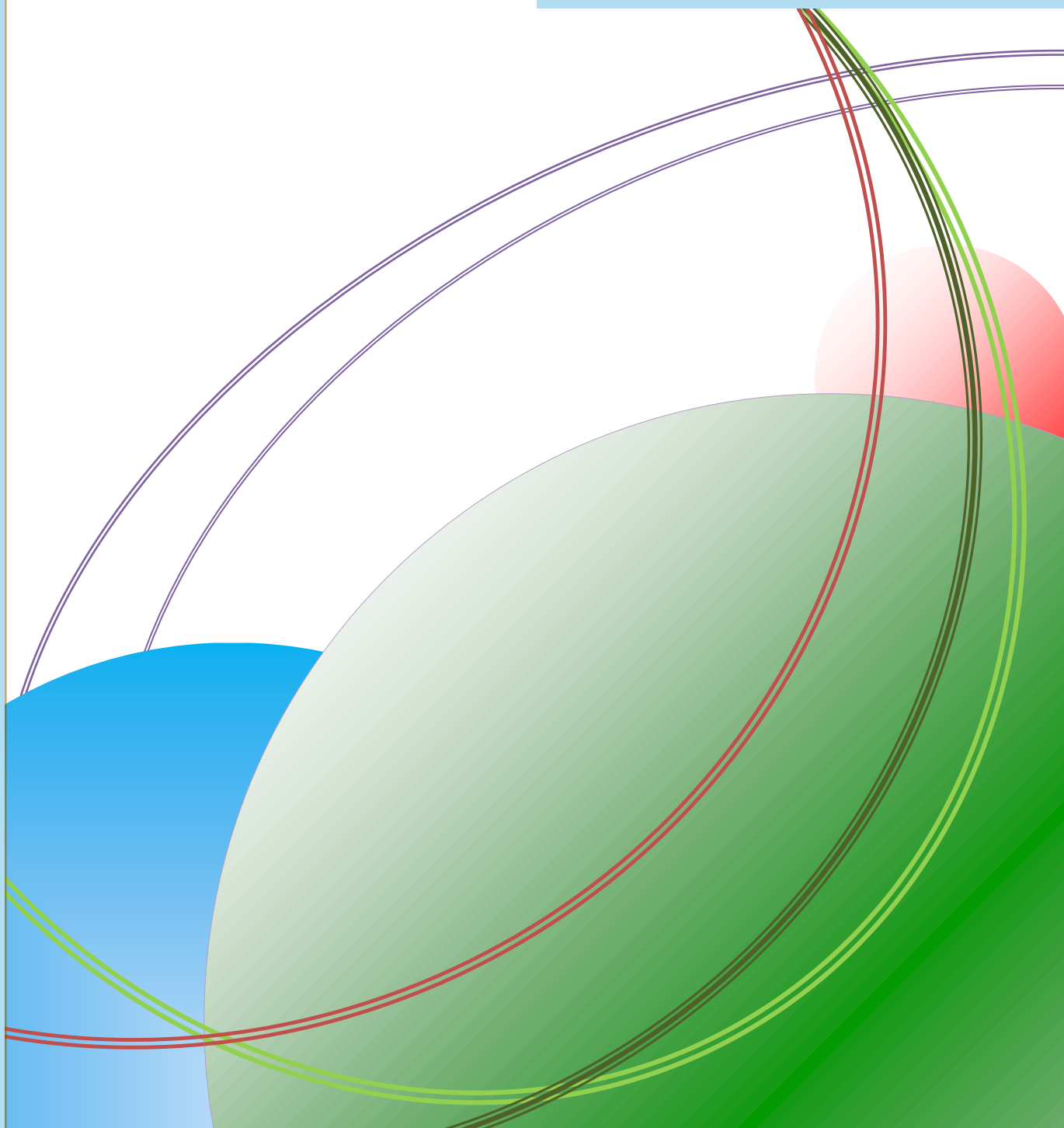
One for All, All for One

SAIKYOSAIREN

Japan Reinsurance Federation of Consumers' Cooperatives

FACT BOOK 2019

Report on FY2018 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.

As an entity specializing in cooperative reinsurance, Saikyosairen contributes to the stabilization and development of our original members' business, facilitating fellow cooperatives to strengthen their relationships amongst each other. This is in line with our corporate management philosophy "One for all, all for one," which is based on the core principle of mutual cooperatives and its spirit in supporting each other.

Last year was a record breaking year with consecutive large scale natural disasters such as the heavy rain in July, Typhoon Jebi (No. 21), the Hokkaido Eastern Iburi Earthquake and Typhoon Trami (No. 24) after the Osaka earthquake. We would like to express our sincere appreciation to all of the Kyosai groups who made every effort to respond to affected members. Although the disasters significantly impacted our FY2018 financial results which decreased retained earnings due to a large increase in reinsurance loss payment, Saikyosairen was able to successfully fulfill our role and mission as a safety net for our members through prompt and reliable reinsurance loss payments.

FY2019 marks the first year of our new management plan. We have set a new 2 year management plan between FY2019 and FY2020 based upon the 4 visions of: "To be a reinsurance center for all Japanese mutual aid cooperatives", "To be an organization that contributes to stability and development of the members' business", "To be a professional group of reinsurance" and "To contribute to realizing a sustainable society". Even though the market environment is difficult with increasing number of large scale disasters, accelerating depopulation and an aging society, Saikyosairen continues to engage in various activities as a reinsurance center for Japanese mutual aid cooperatives. We will continue to pursue our mission and fulfill this role in line with the 4 visions laid out in our management plan.

We are pleased to announce the publication of our disclosure paper "Fact Book 2019" to demonstrate our business overview, financial information and various activities in FY2018. We hope that by reading the Fact Book you reach a better understanding of Saikyosairen as an organization and humbly ask for your continued cooperation.

August, 2019

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 contribute 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 2019

2. Organization Chart



Tomoyasu Kato
President



Katsumi Abeta
Senior Managing Director



3. Member Cooperatives

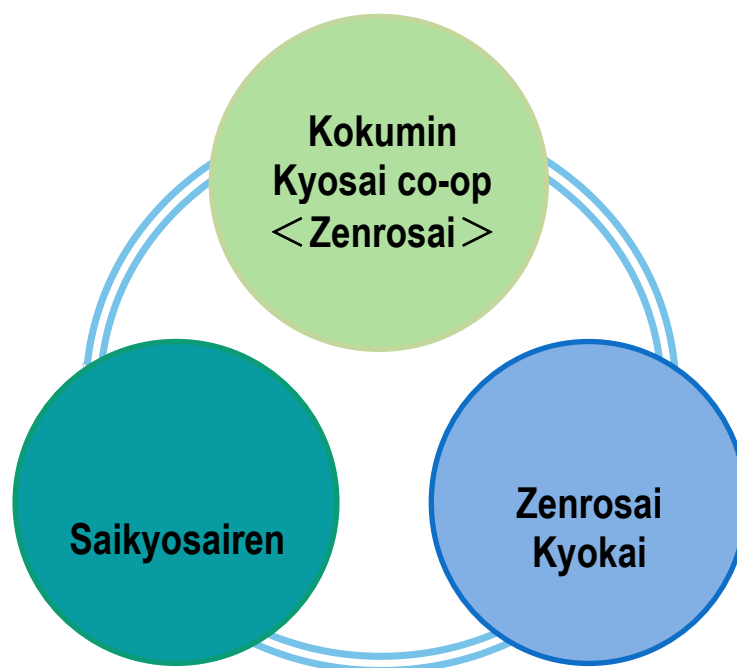
※Total 64 members (As of 31st March 2019)

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
Kokumin Kyosai co-op < Zenrosai >	National Federation of Workers and Consumers Kyosai 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 Kokumin Kyosai co-op <Zenrosai> Group

Saikyosairen is one of the entities in the Kokumin Kyosai co-op <Zenrosai> Group. The Kokumin Kyosai co-op <Zenrosai> Group consists of three core organizations.

※Zenrosai has newly established the name Kokumin Kyosai co-op from June 2019. The group name has also changed to Kokumin Kyosai co-op Group.



Kokumin Kyosai co-op <Zenrosai> (Est. 29th September 1957)
(National Federation of Workers and Consumers Kyosai Cooperatives)

Kokumin Kyosai co-op <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 collaboration 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.

Japan Cooperative Insurance Association Incorporated (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 Kokumin Kyosai co-op <Zenrosai>)
1987	<p>Reorganization as “Zenrosai Saikyosairen”</p> <p>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</p> <p>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</p> <p>Consolidated Automobile insurance business of Workers Kyosai Group into Zenrosai on 1st October 2004 and became the only Japanese organization that specialized in reinsurance business for cooperatives.</p>
2006	<p>Rebranding to “Saikyosairen”</p> <p>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 Kokumin Kyosai co-op < 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.

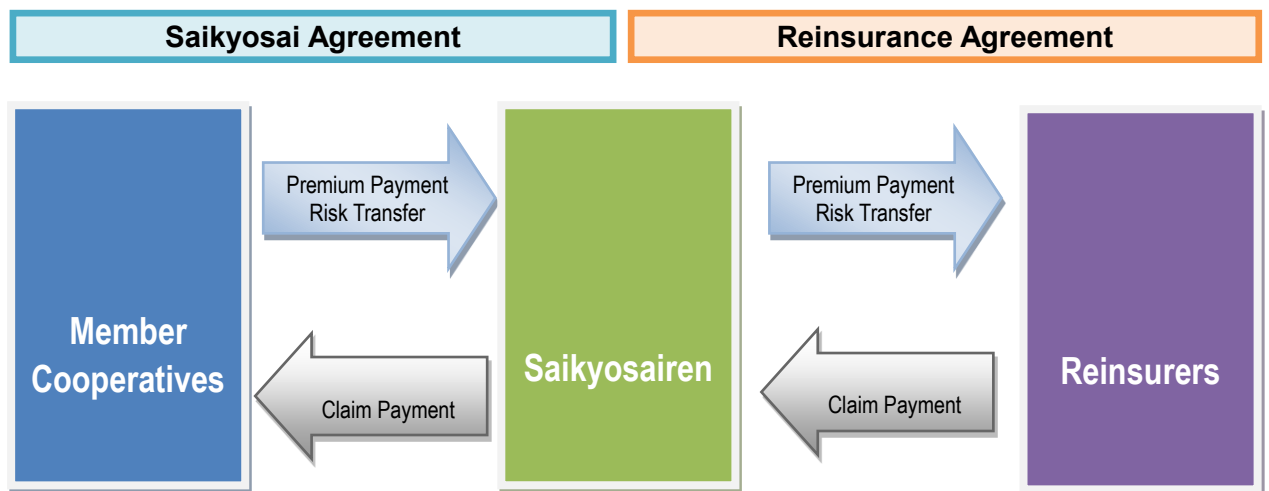
Saikyosai enables cooperatives to reduce risk retention, thus stabilizing its business and to provide variety of coverage for ever-diverse needs of their policyholders.

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, while 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.





FY2018 Business Summary

1. Underwriting Results

The number of Natural Perils and Auto policies has increased from the prior year. However, that of Fire and Traffic Accident decreased, so that the total number of policies has decreased by 0.07 million (-0.4%) to 18.2 million.

The total number of contract units decreased by 0.5% to 1.4 billion units.

	Fire	Natural Perils	Comprehensive	Traffic Accident	Life	Auto	CALI*	Consolidated Total
Number of Policies (Unit:10,000)	468.0	233.7	784.9	293.6	12.6	7.1	23.6	1,823.7
Variance from FY2017	-4.1	2.7	0.0	-8.0	-0.5	0.7	1.4	-7.8
Growth (%)	-0.9%	1.2%	0.0%	-2.7%	-4.1%	10.9%	6.7%	-0.4%
Number of Units (Unit:10,000)	89,656	48,567	2,647	6,804	142	7	23	147,850
Variance from FY2017	-1,040	495	1	-191	-8	0.7	1	-741
Growth (%)	-1.1%	1.0%	0.1%	-2.7%	-5.8%	10.9%	6.7%	-0.5%

*CALI = Compulsory Automobile Liability Insurance

2. Profit and Loss Performance

(1) Cooperative Reinsurance Sector ※CALI excluded

① Net Reinsurance Premium

While the net reinsurance premium income of Auto increased, that of Fire, Natural Perils, and Traffic Accident decreased. As a result, the total net reinsurance premium income decreased by JPY 150 million (-1.9%) to JPY 8.1 billion from the prior year.

② Net Reinsurance Claims

Total net reinsurance claims (including outstanding loss reserves) were impacted by several catastrophe events in the year, so that Fire and Natural Perils increased by JPY 3.6 billion and JPY 4.1billion respectively. As a result, the total net reinsurance claims increased by JPY 8.5 billion to JPY 11.4 billion compared to the prior year.

【Reinsurance Business Performance】

(Unit: JPY millions)

	Fire	Natural Perils	Comprehensive	Traffic Accident	Life	Auto	Reinsurance Total	CALI	Consolidated Total
Net Reinsurance Premium	3,376	3,359	342	911	50	130	8,170	1,867	10,037
Variance from FY2017	-30	-111	-5	-23	-2	13	-159	30	-129
Growth (%)	-0.9%	-3.2%	-1.6%	-2.5%	-4.0%	11.7%	-1.9%	1.6%	-1.3%
Net Reinsurance Claim	5,922	3,858	809	831	34	-	11,455	1,598	13,054
Variance from FY2017	3,691	4,173	588	54	6	55	8,569	32	8,602
Growth (%)	165.5%	-	266.3%	7.0%	23.2%	-	297.0%	2.1%	193.3%
Operating Surplus	378	267	-117	63	15	110	718	—	718
Growth (Amounts)	-589	47	-219	-21	-43	-15	-842	—	-842

(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

Investment income was reduced by JPY 30 million (-17.4%) to JPY 170 million from the prior year due to a decrease in interest income reflecting the continuous low interest rate environment. Investment return was 0.33%.

(3) Operating Expenses

Operating expenses decreased by JPY 69 million (-17.2%) to JPY 330 million compared to the prior year as a result of a decrease in personnel expenses associated with retirement benefit expenses.

(4) Surplus

① Ordinary Surplus

Ordinary surplus decreased by JPY 0.8 billion (-49.9%) to JPY 0.8 billion from the prior year which results from a decrease in the provision for policy reserve, while Net reinsurance claims increased. The surplus for the period decreased by JPY 0.7 billion (-53.5%) to JPY 0.6 billion from the prior year after posting and adjusting for corporate tax.

② Unappropriated Surplus for the Period

With the surplus of JPY 60 million carried over from the prior year, the unappropriated surplus for the period resulted in JPY 0.8 billion (a decrease of JPY 0.5 billion compared to the prior year).

3. Financial Statements ※FY2018 ending on March 31, 2019

(1) Balance Sheet

(Unit: JPY thousands)

	FY 2017	FY 2018	Differences	Growth (%)
I. Assets				
1. Cash and deposits	25,881,393	23,190,173	-2,691,220	-10.4
2. Money-in-trust	-	-	-	-
3. Money due	6,000,000	6,000,000	-	-
4. Securities	22,968,517	23,369,414	400,896	1.7
5. Loans	-	-	-	-
6. Reinsurance accounts receivables	616,943	702,435	85,491	13.9
7. Other business assets	3,133,275	3,515,991	382,715	12.2
8. Advance payment provisions	13,091	12,687	-404	-3.1
9. Uncollected profits	35,192	27,561	-7,631	-21.7
10. Other assets	31,541	31,687	145	0.5
11. Fixed assets for business operation	9,950	7,844	-2,106	-21.2
12. Fund	88,026	88,026	-	-
13. Deferred tax asset	5,552,848	6,015,311	462,462	8.3
14. Allowance for bad debts	-	-	-	-
Total Assets	64,330,782	62,961,132	-1,369,649	-2.1
II. Liabilities	33,913,314	32,407,224	-1,506,090	-4.4
1. Policy reserves	31,559,828	29,122,428	-2,437,400	-7.7
2. Reinsurance accounts payables	607,524	704,842	97,317	16.0
3. Other insurance business liabilities	935,099	1,541,997	606,898	64.9
4. Expenses payables	5,820	5,824	3	0.1
5. Other liabilities	445,552	674,617	229,065	51.4
6. Allowance	158,296	140,486	-17,809	-11.3
7. Price fluctuation reserves	201,192	217,027	15,835	7.9
III. Net Assets	30,417,467	30,553,908	136,440	0.4
1. Members capital	30,011,541	30,217,718	206,177	0.7
(1) Membership fund	6,710,920	6,710,920	-	-
(2) Surplus	23,300,621	23,506,798	206,177	0.9
① Legal reserves	7,413,916	7,683,916	270,000	3.6
② Voluntary reserves	14,487,000	15,011,883	524,883	3.6
③ Unappropriated surplus for the period	1,399,704	810,997	-588,706	-42.1
(Surplus for the period)	1,346,643	625,554	-721,088	-53.5
2. Difference of value and etc.	405,926	336,190	-69,736	-17.2
Total Liabilities and Net Assets	64,330,782	62,961,132	-1,369,649	-2.1

(2) Profit & Loss Account

(Unit: JPY thousands)

	FY 2017	FY 2018	Difference	Growth (%)
Ordinary Income	11,679,172	14,259,622	2,580,449	22.1
1. Premium and other income	10,166,828	10,037,716	-129,112	-1.3
2. T ransfer from policy reserves	1,297,869	4,044,104	2,746,235	211.6
3. Investment income	212,014	175,029	-36,984	-17.4
4. Other ordinary income	2,460	2,772	311	12.7
Ordinary Expenses	9,937,988	13,387,914	3,449,925	34.7
1. Claims paid and other payments	5,749,445	11,447,649	5,698,204	99.1
2. T ransfer to policy reserves	3,785,473	1,606,704	-2,178,769	-57.6
3. Investment expenses	-	-	-	-
4. Operating expenses	403,068	333,560	-69,508	-17.2
5. Other ordinary expenses	-	-	-	-
Ordinary surplus	1,741,184	871,708	-869,476	-49.9
Extraordinary income	-	-	-	-
Extraordinary loss	15,516	15,835	319	2.1
Surplus before taxes	1,725,668	855,873	-869,795	-50.4
Corporate and other taxes	434,107	665,769	231,661	53.4
Adjustment of corporate and other taxes	-55,083	-435,450	-380,367	-
Net surplus for the period	1,346,643	625,554	-721,088	-53.5
Retained earnings from prior period	53,060	68,326	15,266	28.8
Payments from voluntary reserves	-	117,116	117,116	-
Unappropriated surplus for the period	1,399,704	810,997	-588,706	-42.1

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 by all of our officers and employees, we have designated a "Month for promoting Compliance" every year and continue to carry out educational activities.

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, "The Insurance industry trends from progress in InsureTech"

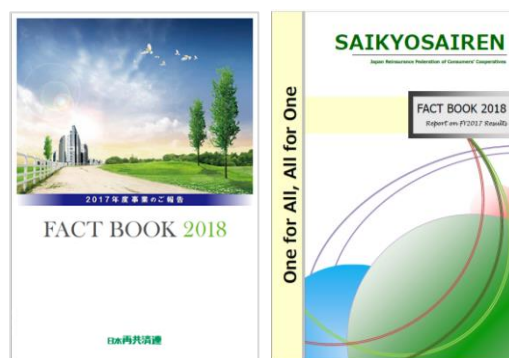
2. Disclosure

Saikyosairen discloses the following information for public viewing

Website (<https://www.saikyosairen.or.jp>)



Fact Book



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

In FY2018, Saikyosairen supported fund-raising activities organized by our member cooperatives for the 2018 Osaka Earthquake and West Japan heavy rain in July.

We have implemented environmentally friendly policies, such as reducing consumption

and recycling paper, as well as reducing energy consumption. We have also purchased environmentally conscious office products.



SAIKYOSAIREN

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