

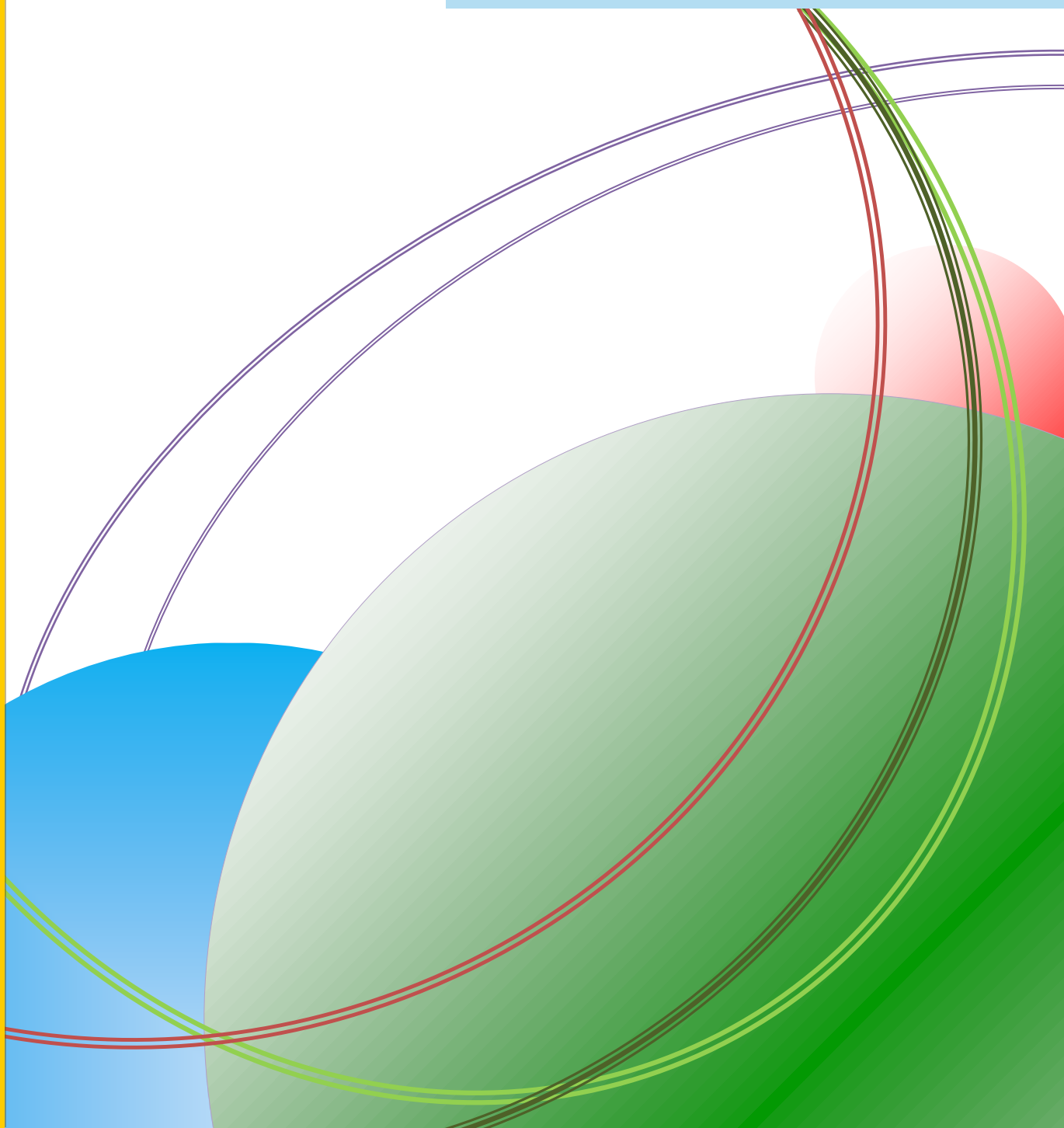
One for All, All for One

SAIKYOSAIREN

Japan Reinsurance Federation of Consumers' Cooperatives

FACT BOOK 2021

Report on FY2020 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 a reinsurance center for Japanese mutual aid cooperatives, Saikyosairen contributes to the stabilization and development of our members' business through cooperative reinsurance, facilitating fellow cooperatives to strengthen their relationships among 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.

This year marks 10 years since the Great East Japan Earthquake occurred. Under this adverse situation, we would like to express our sincere appreciation to all of those who have overcome tremendous difficulties and have dealt with rebuilding people's livelihoods and revitalizing towns and cities.

At this milestone, a relatively large-scale earthquake occurred off the coast of Fukushima Prefecture. Since this earthquake that struck the disaster area in the course of reconstruction from Great East Japan Earthquake under the COVID-19 pandemic is considered to be an aftershock of the Great East Japan Earthquake, I feel that it is a reminder that we should never forget the disaster and that we should not let our memories fade.

The convergence of the COVID-19 pandemic had not been foreseen and unexpected situations have been occurring one after another. This outbreak has brought various changes in people's livelihoods such as work styles, consumption, health and communication. In mutual aid cooperatives, we recognize that we must respond to major changes such as the linear precipitation zone that has frequently occurred in recent years and intensification of natural disasters.

In such an environment, Saikyosairen has formulated FY2021-2022 management plan with 4 visions laid out in our management plan to steadily enhance reinsurance corporate business. Through steady efforts to management policy issues, we will move forward to establish a firm position as a reinsurance center for Japanese mutual aid cooperatives.

We are pleased to announce the publication of our disclosure paper "Fact Book 2021" which provides an overview of our business and various activities in FY2020. We humbly ask for you to read the Fact Book and we hope that you reach a better understanding of Saikyosairen.

August, 2021

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

Tomoyasu Kato
President of Saikyosairen

SAIKYOSAIREN

Reinsurance Center for Japanese Cooperatives

Table of Contents

I.	Saikyosairen as a Cooperative	2
II.	Cooperative Reinsurance & International Affairs	7
III.	FY2020 Business Summary	9
IV.	Risk Management & Compliance	13
V.	Membership Support & SDGs Promotion	14

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 great efforts 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, Labor and Welfare
Members	: 65 members*
Membership Fund	: JPY 6.7 billion*
Staff	: 17 staff*
Business Conducted	: Saikyosai (Reinsurance specialized for cooperatives)

*As at 31st March 2021

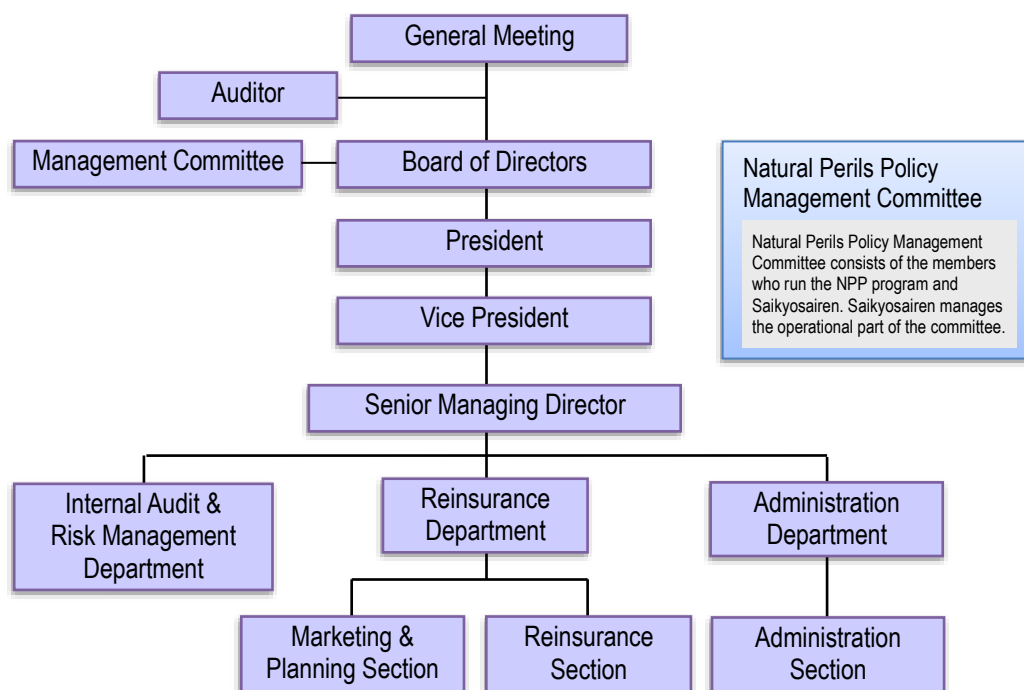
2. Organization Chart



Tomoyasu Kato
President



Hiroshi Suzuki
Senior Managing Director



3. Member Cooperatives

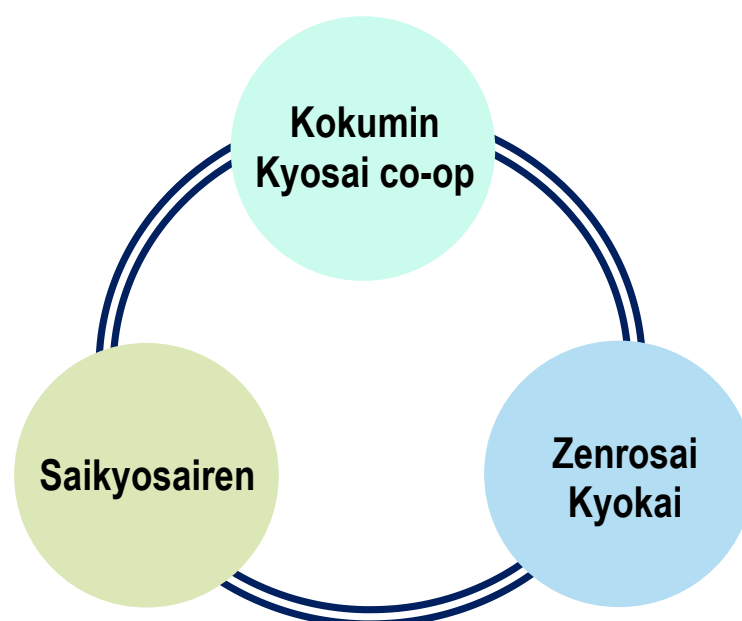
※Total 65 members (As at 31st March 2021)

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		4 members
Shuhan Seikyo	National Consumer Co-operatives for Liquor Stores	
Tobacco Hanbai Seikyo	The National Co-operation Society of Tobacco Retailers	
Zentoku Seikyo Kumiai	Zenkoku Yubin Kyokucho Seikatsu Kyodo Kumiai	
Boueisyoun Seikyo	Consumer Cooperative of Ministry of Defense	
Cooperatives Federation		2 members
Kokumin Kyosai co-op	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 Group

Saikyosairen is one of the entities in the Kokumin Kyosai co-op Group. The Kokumin Kyosai co-op 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 (Est. 29th September 1957)
(National Federation of Workers and Consumers Kyosai Cooperatives)

Kokumin Kyosai co-op 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 in 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 collaborates 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).
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 all 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, Labor 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 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.

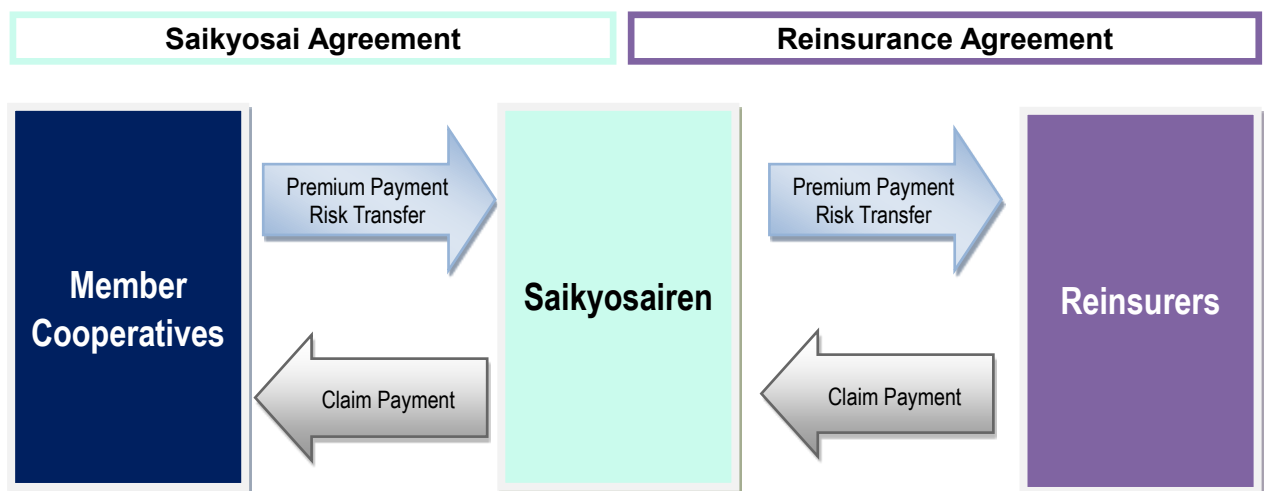
Saikyosai enables cooperatives to reduce risk retention, thus stabilizing its business and to provide variety of coverage for ever-diverse needs of their policyholders.

2. Ceding to the 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.





FY2020 Business Summary

1. Contract Status

The number of policies increased by 0.73 million (4.1%) to 18.8 million as a result of increases in Auto and other policies, which offset decreases in Fire, Traffic Accident, and Life policies from the previous fiscal year.

The total number of contract units decreased by 0.02% to 1.4 billion units.

	Fire	Natural Perils	Comprehensive	Traffic Accident	Life	Auto	CALI*	Consolidated Total
Number of Policies (Unit 10,000)	442.6	238.6	791.7	278.4	11.6	99.6	25.5	1,888.3
Variance from FY2019	-18.6	2.2	3.9	-6.3	-0.5	91.7	1.1	73.5
% Change	-4.0%	0.9%	0.5%	-2.2%	-4.2%	1,155.9%	4.6%	4.1%
Number of Units (Unit 10,000)	86,732	49,516	2,679	6,418	125	1,326	25.5	146,824
Variance from FY2019	-1,608	445	2	-189	-8	1,318	1	-38
% Change	-1.8%	0.9%	0.1%	-2.9%	-6.2%	16,625.3%	4.6%	-0.0%

*CALI = Compulsory Automobile Liability Insurance

2. Profit and Loss Performance

(1) Cooperative Reinsurance Sector ※CALI excluded

① Gross Reinsurance Premium

The total gross reinsurance premium income increased by JPY 2.41 billion (12.4%) year on year to JPY 21.84 billion as a result of higher income from Natural Perils and Fire, which offset lower income from Traffic Accident.

② Gross Reinsurance Claims

The total gross reinsurance claims were JPY 19.60 billion, an increase of JPY 0.71billion (3.8%) year-on-year, due to an increase in reinsurance premiums paid for Natural Perils policies, etc., despite a decrease in claims paid due to the absence of major natural disasters.

【Reinsurance Business Performance】

(Unit: JPY millions)

	Fire	Natural Perils	Comprehensive	Traffic Accident	Life	Auto	Reinsurance Total	CALI	Consolidated Total
Gross Reinsurance Premium *1	3,640	17,030	466	505	47	160	21,849	5,840	27,690
Variance from FY2019	289	2,372	107	-371	-1	14	2,411	-639	1,772
% Change	8.7%	16.2%	30.1%	-42.4%	-3.2%	10.3%	12.4%	-9.9%	6.8%
Gross Reinsurance Claims *2	3,463	15,086	361	591	37	64	19,605	5,708	25,313
Variance from FY2019	-327	1,446	-311	-164	6	64	714	-349	364
% Change	-8.6%	10.6%	-46.3%	-21.7%	21.1%	—	3.8%	-5.8%	1.5%
Operating Surplus *3	129	289	34	124	8	140	727	—	727
Change (Amounts)	-242	533	378	27	-29	16	685	—	685

(NB)

*1. Gross Reinsurance Premium = Reinsurance Premium + Ceded Reinsurance Premium (Received) + Ceded Reinsurance Claims(Recovered)

*2. Gross Reinsurance Claims = Reinsurance Claims + Ceded Reinsurance Claims(Paid) + Ceded Reinsurance Premium (Paid) etc.

*3. Operating Surplus = Gross Reinsurance Premium - Gross Reinsurance Claims + Investment Income - Investment Expenses - Operating Expenses
± Claim Reserves (Provision and Reversal) ± Liability Reserves(Provision and Reversal)

(2) Investment Income

Investment income decreased by JPY 34 million (-26.2%) year on year to JPY 97 million due to a decrease in interest income as a result of the continued low interest rate environment. As a result, the investment yield was 0.19%.

(3) Operating Expenses

As a result of a decrease in conference expenses due to the impact of the COVID-19 pandemic, and a decrease in property expenses due to a decrease in communication and transportation expenses as a result of the cancellation of the overseas reinsurance conference, the expense of the overall business decreased by JPY 3 million (-0.9%) to JPY 333 million.

(4) Surplus

① Ordinary Surplus

Ordinary surplus was JPY 813 million, which is JPY 652 million (405.6%) higher than the previous year, reflecting an increase in income from insurance premiums and other premiums due to an increase in premiums received, despite an increase in reinsurance premiums paid. After accounting for corporate taxes and corporate taxes adjustment, the surplus was JPY 590 million, which is JPY 481 million (441.9%) higher than the previous year.

② Unappropriated Surplus for the Period

Unappropriated surplus for the period, after adding JPY 0.01 billion of surplus carried forward from the beginning of the fiscal year, resulted in JPY 0.60 billion (an increase of JPY 0.11 billion from the previous year).

3. Financial Statements ※FY2020 ending on March 31, 2021

(1) Balance Sheet

(Unit: JPY thousands)

	FY 2019	FY 2020	Differences	% Change
I. Assets				
1. Cash and deposits	24,456,001	27,965,553	3,509,552	14.4
2. Money-in-trust	-	-	-	-
3. Money due	6,000,000	5,500,000	-500,000	-8.3
4. Securities	21,712,004	20,061,353	-1,650,650	-7.6
5. Loans	-	-	-	-
6. Reinsurance accounts receivables	699,414	745,537	46,122	6.6
7. Other business assets	3,484,924	3,785,292	300,367	8.6
8. Advance payment provisions	11,322	12,378	1,056	9.3
9. Uncollected profits	21,191	15,980	-5,211	-24.6
10. Other assets	32,268	31,838	-430	-1.3
11. Fixed assets for business operation	5,787	16,380	10,592	183.0
12. Fund	88,026	88,026	-	-
13. Deferred tax asset	6,024,319	5,892,361	-131,958	-2.2
14. Allowance for bad debts	-	-	-	-
Total Assets	62,535,261	64,114,701	1,579,439	2.5
II. Liabilities	32,067,730	33,143,479	1,075,749	3.4
1. Policy reserves	29,729,211	31,059,242	1,330,030	4.5
2. Reinsurance accounts payables	653,137	596,618	-56,518	-8.7
3. Other insurance business liabilities	1,325,072	1,072,346	-252,725	-19.1
4. Expenses payables	5,361	7,545	2,183	40.7
5. Other liabilities	7,695	71,829	64,133	833.4
6. Allowance	115,425	90,553	-24,871	-21.5
7. Price fluctuation reserves	231,826	245,343	13,517	5.8
III. Net Assets	30,467,531	30,971,221	503,690	1.7
1. Members capital	30,247,657	30,786,512	538,855	1.8
(1) Membership fund	6,710,920	6,715,920	5,000	0.1
(2) Surplus	23,536,737	24,070,592	533,855	2.3
① Legal reserves	7,809,916	7,831,916	22,000	0.3
② Voluntary reserves	15,237,449	15,637,449	400,000	2.6
③ Unappropriated surplus for the period	489,371	601,226	111,855	22.9
(Surplus for the period)	108,894	590,063	481,169	441.9
2. Difference of value and etc.	219,873	184,708	-35,164	-16.0
Total Liabilities and Net Assets	62,535,261	64,114,701	1,579,439	2.5

(2) Profit and Loss Statement

(Unit: JPY thousands)

	FY 2019	FY 2020	Difference	% Change
Ordinary Income	26,740,456	28,368,010	1,627,553	6.1
1. Gross Reinsurance Premium *1	25,918,227	27,690,688	1,772,460	6.8
2. T transfer from policy reserves	687,418	577,147	-110,270	-16.0
3. Investment income	132,064	97,421	-34,642	-26.2
4. Other ordinary income	2,745	2,752	6	0.2
Ordinary Expenses	26,579,507	27,554,293	974,786	3.7
1. Gross Reinsurance Claims *2	24,948,775	25,313,623	364,847	1.5
2. T transfer to policy reserves	1,294,202	1,907,178	612,976	47.4
3. Investment expenses	-	-	-	-
4. Operating expenses	336,529	333,491	-3,037	-0.9
5. Other ordinary expenses	-	-	-	-
Ordinary surplus	160,949	813,717	652,767	405.6
Extraordinary income	-	-	-	-
Extraordinary loss	14,799	13,517	-1,282	-8.7
Surplus before taxes	146,150	800,200	654,049	447.5
Corporate and other taxes	1,209	64,557	63,347	5235.3
Adjustment of corporate and other taxes	36,046	145,579	109,533	303.9
Net surplus for the period	108,894	590,063	481,169	441.9
Retained earnings from prior period	36,042	11,163	-24,879	-69.0
Payments from voluntary reserves	344,434	-	-344,434	-100.0
Unappropriated surplus for the period	489,371	601,226	111,855	22.9

- The Profit and Loss Statement has been changed from a Net basis to a Gross basis. This change has no impact on the surplus, etc.

*1 Gross Reinsurance Premium = Reinsurance Premium + Ceded Reinsurance Premium (Received) + Ceded Reinsurance Claims (Recovered)

*2 Gross Reinsurance Claims = Reinsurance Claims + Ceded Reinsurance Claims (Paid) + Ceded Reinsurance Premium (Paid) etc.

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 providing training seminars and networking opportunities as well as facilitating lectures with topics related to cooperative insurance and reinsurance. They are tailored not only for the member cooperatives but also open for prospective members.



Online Seminar: "BCP Formulation and Disaster Prevention Measures for Organizations: Making the Unexpected Disaster Expectable"

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 of hot topics such as activity reports and business risks surrounding cooperative organizations.

3. SDGs Promotion

To fulfill our mission as a cooperative, we are working to promote the SDGs as an activity that contributes to the implementation of a sustainable society.

① **Activities to Mitigate Environmental Load**

We have implemented environmentally friendly policies, such as reducing consumption and recycling paper, as well as reducing energy consumption.

We have also promoted the purchase of environmentally conscious office products.

② **Environmental Conservation Program**

As a member of the Public Interest Incorporation Association, we have continued to support the “Mt. Fuji Reforestation Project” which started as a 20th anniversary project in 2007.

③ **Purchase of “SDGs Bonds”**

As a part of our asset management strategy, we purchased “SDGs bonds” (social and sustainability bonds) that are appropriate for businesses that contribute to SDGs.



SAIKYOSAIREN

Japan Reinsurance Federation of Consumers' Cooperatives

2-12-10, Yoyogi

Shibuya-ku, Tokyo 151-8531, JAPAN

<https://www.saikyosairen.or.jp/english/index.html>