

SAIKYOSAIREN

Japan Reinsurance Federation of Consumers' Cooperatives

FACT BOOK 2023

Report on FY2022 Results

One for All, All for One



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.

In 2022, political and economic instability continued worldwide due to the effects of Russia's invasion of Ukraine. Amid rapid inflation in many countries, Japan also experienced the first increase in the consumer price index in 41 years, which had a significant impact on our daily life.

Under such circumstances, natural disasters occurred, including a hailstorm in Kanto region in June and Typhoon Nanmadol in September. In addition, the risk of more frequent and severe natural disasters is increasing due to a series of natural disasters across Japan, such as earthquakes in the Noto region of Ishikawa Prefecture and southern Chiba Prefecture in May 2023.

Under the "Management Plan for FY2023-2024", which continues to be based on the pillars of four "Management Visions" through FY2022, Saikyosairen will strive to fulfill its role as a reinsurance center for Japanese mutual aid cooperatives and contribute to its member organizations and their members through cooperative reinsurance and reinsurance.

We are pleased to announce the publication of our disclosure paper "FACT BOOK 2023" which provides an overview of our business and various activities in FY2022. We humbly ask you to read the FACT BOOK and we hope that you reach a better understanding of Saikyosairen.

August, 2023

A handwritten signature in Japanese calligraphy, reading "野田 美穂" (Noda Minao).

Minao Noda
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 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	: Minao Noda
Regulated Law	: The Consumers’ Livelihood Cooperative Society Law
Authority	: The Ministry of Health, Labor and Welfare
Members	: 66 members*
Membership Fund	: JPY 6.7 billion*
Staff	: 15 staff*
Business Conducted	: Saikyosai (Reinsurance specialized for cooperatives)

*As at 31st March 2023

2. Organization Chart



Minao Noda
President



Hiroshi Suzuki
Senior Managing Director



3. Member Cooperatives

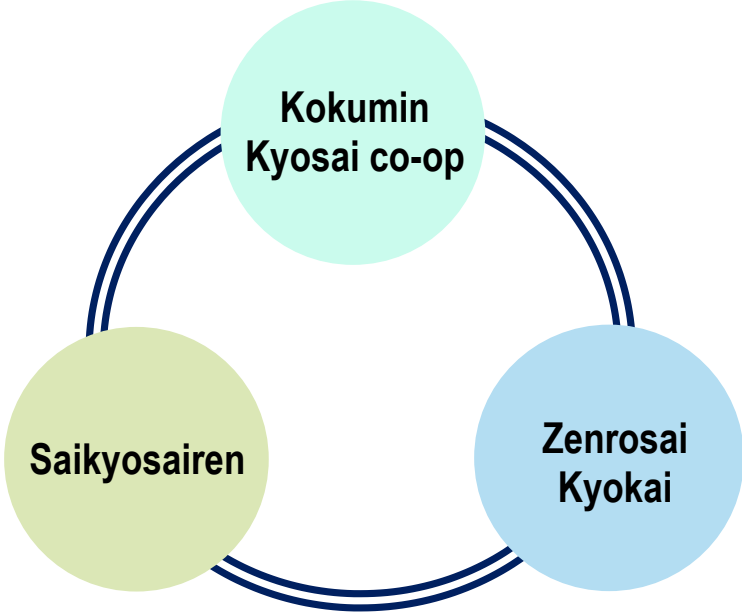
※Total 66 members (As at 31st March 2023)

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	Japan Teachers' Mutual Aid Co-operative 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	
Boeisy Seikyo	Consumer Co-operative 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 (Kyosai) Consumers' Co-operative 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		3 members
IHD Kyosai	International Human Development Mutual Aid Cooperative	
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.



**Mr. Noda, President with Mr. Shaun Tarbuck Chief Executive of ICMIF
at the ICMIF Centenary Conference in October 2022 (Rome, Italy)**

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 Rosairen (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.

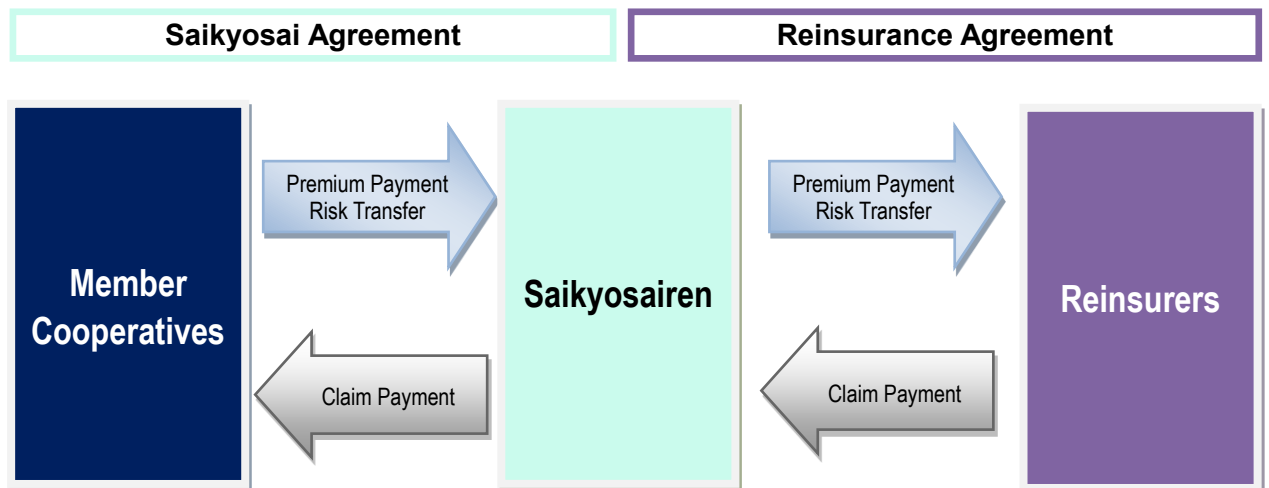
Saikyosai enables cooperatives to reduce risk retention, thus stabilizing its business and to provide variety of coverage for ever-diverse needs of their policyholders.

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.





1. Contract Status

The number of policies decreased by 2.75 million (-14.8%) to 15.92 million as a result of decreases in Comprehensive, Fire, Traffic Accident, and Life policies from the previous fiscal year which offset increases in Auto and other policies.

The total number of contract units decreased by 5.0% to 1.3 billion units from the beginning of the fiscal year.

	Fire	Natural Perils	Comprehensive	Traffic Accident	Life	Auto	CALI*	Consolidated Total
Number of Policies (Unit:1,000)	4,326	2,392	7,668	107	105	1,057	272	15,929
Variance from FY2021	-75	-1	-130	-2,586	-1	31	5	-2,758
% Change	-1.7%	-0.1%	-1.7%	-96.0%	-1.3%	3.0%	2.0%	-14.8%
Number of Units (Unit:1,000)	845,796	496,583	26,101	1,735	902	14,247	272	1,385,639
Variance from FY2021	-13,425	216	-311	-60,200	-132	599	5	-73,250
% Change	-1.6%	0.0%	-1.2%	-97.2%	-12.8%	4.4%	2.0%	-5.0%

*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 decreased by JPY 0.65 billion year on year to JPY 21.78 billion as a result of lower income from Fire and Traffic Accident which offset higher income from Comprehensive, Natural Perils, Life and Auto.

② Gross Reinsurance Claims

The total gross reinsurance claims were JPY 19.85 billion, an increase of JPY 0.28 billion year on year, as a result of higher claims from Natural Perils and Auto.

【Reinsurance Business Performance】

(Unit: JPY millions)

	Fire	Natural Perils	Comprehensive	Traffic Accident	Life	Auto	Reinsurance Total	CALI	Consolidated Total
Gross Reinsurance Premium *1	2,861	17,892	544	75	57	351	21,783	5,454	27,238
Variance from FY2021	-824	312	2	-345	13	187	-653	-35	-689
% Change	-22.4%	1.8%	0.4%	-82.1%	30.2%	114.6%	-2.9%	-0.7%	-2.5%
Gross Reinsurance Claims *2	2,620	16,323	296	230	51	334	19,855	5,308	25,164
Variance from FY2021	-577	663	49	-125	20	254	285	-86	199
% Change	-18.1%	4.2%	20.2%	-35.2%	66.3%	321.9%	1.5%	-1.6%	0.8%
Operating Surplus *3	246	276	5	110	-7	121	753	—	753
Change (Amounts)	113	-38	-1	-7	-20	30	77	—	77

(NB)

*1. Gross Reinsurance Premium = Reinsurance Premium + Reinsurance Premium for CALI (Received) + Reinsurance Claim (Recovered)

*2. Gross Reinsurance Claim = Reinsurance Claim + Reinsurance Claim for CALI (Paid) + Ceded Reinsurance Premium (Paid) etc.

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

(2) Investment Income

Investment income decreased by JPY 7 million (-9.3%) year on year to JPY 74 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 0.14%.

(3) Operating Expenses

Personnel expenses increased by JPY 25 million from the previous year due to an increase in staff salaries and part-time staff salaries. Other expenses increased by JPY 22 million from the previous year due to an increase in training and recruiting expenses and conference expenses. As a result, overall expenses increased by JPY 48 million (16.1%) to JPY 340 million.

(4) Surplus

① Ordinary Surplus

Ordinary surplus increased by JPY 70 million (9.4%) year on year to JPY 819 million, due to a decrease in transfer policy reserves under ordinary expenses despite a decrease in gross reinsurance premiums. After accounting for corporate taxes and corporate taxes adjustment, the surplus for the period was JPY 582 million, which is JPY 33 million (6.2%) higher than the previous year.

② Unappropriated Surplus for the Period

Unappropriated surplus for the period, after adding JPY 28 million of surplus carried forward from the beginning of the fiscal year to the surplus for the period of JPY 582 million, resulted in JPY 610 million, which is JPY 32 million (5.6%) higher than the previous year.

3. Financial Statements ※FY2022 ending on March 31, 2023

(1) Balance Sheet

(Unit: JPY thousands)

	FY 2021	FY 2022	Differences	% Change
I. Assets				
1. Cash and deposits	31,904,268	34,391,696	2,487,427	7.8
2. Money-in-trust	-	-	-	-
3. Money due	6,000,000	6,000,000	-	-
4. Securities	17,471,413	16,187,766	-1,283,647	-7.3
5. Loans	-	-	-	-
6. Reinsurance accounts receivables	705,566	951,167	245,600	34.8
7. Other business assets	4,025,421	3,860,843	-164,578	-4.1
8. Advance payment provisions	13,634	22,345	8,711	63.9
9. Uncollected profits	13,449	12,830	-619	-4.6
10. Other assets	31,677	32,654	977	3.1
11. Fixed assets for business operation	16,023	11,736	-4,286	-26.8
12. Fund	88,026	88,026	-	-
13. Deferred tax asset	6,203,422	6,739,144	535,722	8.6
14. Allowance for bad debts	-	-	-	-
Total Assets	66,472,905	68,298,212	1,825,307	2.7
II. Liabilities	35,090,797	36,481,604	1,390,806	4.0
1. Policy reserves	33,060,632	34,046,768	986,135	3.0
2. Reinsurance accounts payables	507,629	548,937	41,307	8.1
3. Other insurance business liabilities	740,966	831,865	90,899	12.3
4. Expenses payables	5,864	7,090	1,226	20.9
5. Other liabilities	484,411	755,906	271,495	56.0
6. Allowance	34,273	23,540	-10,733	-31.3
7. Price fluctuation reserves	257,019	267,495	10,476	4.1
III. Net Assets	31,382,107	31,816,608	434,500	1.4
1. Members capital	31,261,410	31,755,739	494,329	1.6
(1) Membership fund	6,720,920	6,720,920	-	-
(2) Surplus	24,540,490	25,034,819	494,329	2.0
① Legal reserves	7,950,916	8,060,916	110,000	1.4
② Voluntary reserves	16,011,449	16,363,449	352,000	2.2
③ Unappropriated surplus for the period	578,124	610,453	32,329	5.6
(Surplus for the period)	548,275	582,192	33,917	6.2
2. Difference of value and etc.	120,697	60,868	-59,828	-49.6
Total Liabilities and Net Assets	66,472,905	68,298,212	1,825,307	2.7

(2) Profit and Loss Statement

(Unit: JPY thousands)

	FY 2021	FY 2022	Difference	% Change
Ordinary Income	28,392,888	27,315,813	-1,077,074	-3.8
1. Gross Reinsurance Premium *1	27,928,204	27,238,619	-689,584	-2.5
2. Transfer from policy reserves	379,721	-	-379,721	-100.0
3. Investment income	82,356	74,738	-7,618	-9.3
4. Other ordinary income	2,606	2,456	-150	-5.8
Ordinary Expenses	27,643,892	26,496,234	-1,147,657	-4.2
1. Gross Reinsurance Claims *2	24,964,887	25,164,164	199,276	0.8
2. Transfer to policy reserves	2,381,111	986,135	-1,394,976	-58.6
3. Investment expenses	-	-	-	-
4. Operating expenses	297,892	345,935	48,042	16.1
5. Other ordinary expenses	-	-	-	-
Ordinary surplus	748,996	819,578	70,582	9.4
Extraordinary income	-	-	-	-
Extraordinary loss	11,676	10,476	-1,200	-10.3
Surplus before taxes	737,320	809,102	71,782	9.7
Corporate and other taxes	475,312	739,457	264,145	55.6
Adjustment of corporate and other taxes	-286,266	-512,547	-226,280	-
Net surplus for the period	548,275	582,192	33,917	6.2
Retained earnings from prior period	29,849	28,260	-1,588	-5.3
Payments from voluntary reserves	-	-	-	-
Unappropriated surplus for the period	578,124	610,453	32,329	5.6

*1. Gross Reinsurance Premium = Reinsurance Premium + Reinsurance Premium for CALI (Received) + Reinsurance Claim (Recovered)

*2. Gross Reinsurance Claim = Reinsurance Claim + Reinsurance Claim for CALI (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.

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.

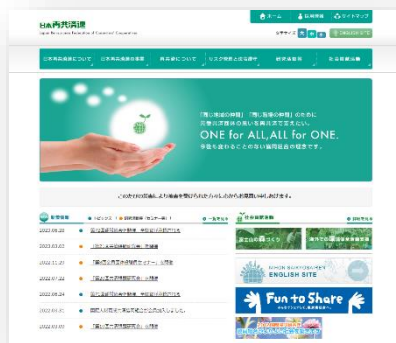


Online Seminar "Fundamentals of Economic Value-Based Solvency"

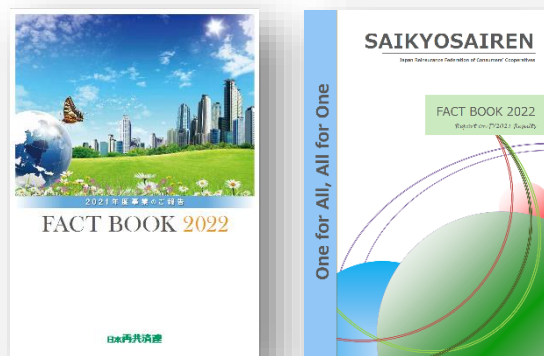
2. Disclosure

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.



“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.

※available only in Japanese

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 that incorporates an ESG perspective, we purchased “SDGs bonds”.





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