

2021 Annual Report

Kokumin Kyosai co-op

National Federation of Workers and Consumers Kyosai Cooperatives

A Message from the President

Diversity and Inclusion: Towards safe and affluent society through mutual aid



We would like to express our sincere gratitude for your continued patronage. We have prepared this year's annual report to inform you of our various activities, including our business and financial status. We hope that this report helps you understand our projects and activities.

Many people have been suffering from the COVID-19 pandemic. We express our sincere condolences and compassion for them and their families, and an utmost respect to the vital contribution of essential workers. During FY2020, all staff at Kokumin Kyosai Co-op group and its affiliated organizations worked hard to maintain operations such as making insurance payments and contract data processing, upholding our motto, "Kyoshin-Rikuryoku," Solidarity and Cooperative Power.

FY2020 was the third year of our four-year management plan. We sought to improve our business based on our principles, Putting Members First and Cooperation with Others. Additionally, we continued our efforts to make our new brand, Kokumin Kyosai Co-op, more familiar to citizens through various activities. Also, we aimed to provide programs and publicities and to support the community and we expanded the scope of our mutual aid as a leader in the cooperative movement in Japan. While 2021 marked the 10-year anniversary of the Great East Japan Earthquake, much work to reconstruct the affected area remains to be done. We have recommitted ourselves to further support our members through our project, Preventing and Mitigating Disasters for Our Futures, a part of our SDG-related efforts, formulated in FY2020.

FY2021 is the last year of our current four-year management plan. We are firmly determined to strengthen our business for our members through improving our communication and promotion systems including internet channels, expediting our digital transformation, and further training our staff to the level where they can support our members with Putting Members First and Cooperation with Other Parties. Also, we are going to establish our next four-year management plan in FY2021. In these times, often called The Era of VUCA (Volatility, Uncertainty, Complexity, Ambiguity), we need to reaffirm our business value to society and value to the environment.

In conclusion, we continue to put the utmost importance on the ideas of Diversity, to support all people in society, and Inclusion, to eliminate social division and isolation. Cooperatives have the potential to make huge positive impact on society. No matter what the future may bring, we will do everything we can to maintain our organization and business to ensure that our organization continues to make a relevant impact on society. We look forward to your continued support.

Kokumin Kyosai Co-op is a Cooperative

Kokumin Kyosai Co-op is a popular name of National Federation of Workers and Consumers Kyosai Cooperatives. It is a not-for-profit organization, owned, managed, and utilized by its members. Kokumin Kyosai Co-op provides both life and non-life insurance to improve members' security in life.

Mission Statement

“Towards a Safe and Affluent Society through Mutual Help”

Unchanging values that Kokumin Kyosai Co-op should share with its members. This reflects our fundamental spirit of “helping each other”.

New brand

Kokumin Kyosai co-op

We rebranded ourselves as “Kokumin Kyosai Co-op”, a popular name designed to allow more people to feel closer to us, and to convey our mission and values more easily. We started to use this new name since June 2019.

This name is directly derived from its Japanese version's sound and means that we are a cooperative organization to provide mutual aid for all citizens in Japanese.

1. **Kokumin** means for all citizens in Japan

We hope more people across Japan join our mutual aid movement.

2. **Kyosai** means providing mutual aid system and the spirit of helping each other

We provide mutual aid needed by more and more people according to their individual lives.

3. **Co-op** means Cooperative

We get people together and protect their lives with our mutual aid system.



Kokumin Kyosai Co-op head office

New-Zetwork

< Mid-term management plan for FY2018-2021 >

Given the recent circumstances, we have formulated New-Zetwork, our mid-term management plan for FY2018-2021, building on our achievements and challenging under Zetwork-60, our previous mid-term management plan (FY2014-2017). The new four-year plan is designed to fulfill our social mission to develop our movement and realize our philosophy, with cooperative insurance at its core.



This logo denotes new zenrosai, which made a new start at its 60th anniversary. The three C's-New-Communication, New-Cooperative, New-Culture-expresses our determination to support and further New-Zetwork.

Aim

By establishing and expanding Zetwork Style, we will achieve the sustainable growth of our business and the development of our movement.

What is Zetwork Style?

Zetwork Style is a model for new activities that we conduct for our business and movement with Helpful thinking and Co-creation activities to cope with various changes in the environment surrounding us in a flexible and agile way.

Special focus is placed on

1. The universal shape of Kokumin Kyosai Co-op's business and movement.
2. Practices to share and co-create new activities of our business and movement with members, affinity groups and even society at large.
3. The thinking and behavior of executives and full-time staff as well as part-time employees of the Kokumin Kyosai Co-op Group, who carry out new activities of our business and movement.

Putting Members First

Identifying the challenges and needs of our members, affinity groups, etc. at every opportunity to interact with them, working out solutions from their perspective that exceed their expectations, and then implementing these solutions.

Cooperation with Other Parties

Bringing together the strengths of our members and affinity groups as well as other cooperative entities and thus complementing one another to address various challenges that could not be solved by Kokumin Kyosai Co-op alone, thereby creating common values in the process.

Kokumin Kyosai Co-op's SDGs Action Pledge

Since its founding in 1957, Kokumin Kyosai Co-op has been working together with our members, affinity groups, labor unions, other cooperatives to expand our mutual aid furthering our mission "Towards a Safe and Affluent Society through Mutual Help". This activity is in line with UN's Sustainable Development Goals (SDGs), which aim to create a society where no one is left behind. Kokumin Kyosai Co-op reaffirms our role and responsibility in supporting our members and local communities impacted by harsh circumstances such as widening financial disparity, large-scale disasters, and the COVID-19 pandemic, and strives to contribute to the achievement of the SDGs.

1. Providing a sense of security through our mutual help



2. Environmental conservation efforts



3. Support for sound upbringing of children, including child rearing assistance, traffic safety projects, and health development programs



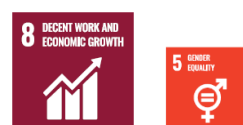
4. Disaster prevention and mitigation programs to protect our members from natural disasters such as typhoons and earthquakes



5. Collaboration with like-minded parties to build a vibrant society where people can work and live actively



6. Maintaining a competitiveness in the face of a fast changing business environment



Main Initiatives in FY2020

In the third year of "New-Zetwork" (a mid-term management plan ranging from FY2018 to FY2021), we proceeded with the construction and step-by-step implementation of "Zetwork Style" (a new business and cooperative movement based on the principles of "Putting Members First" and "Cooperation with Other Parties").

Efforts to implement the Zetwork style

- Launching a new brand

In order to become a more familiar and accessible organization, we started using the nickname "Kokumin Kyosai co-op" from June 2019, expressing our new image. Kokumin Kyosai Co-op developed various activities under the motto "Strengthening and expanding relationship through mutual aid."

- Providing attractive products and services

In response to members' feedback, Kokumin Kyosai Co-op updated our life insurance, and improved automobile insurance and personal liability insurance for its policyholders.

- Improvement in service

We began new communication method via the internet.

As a result of Covid-19 pandemic, our Branch offices across Japan started to communicate with our members via virtual meeting apps so that they can receive various advice and propositions about insurance coverage while staying home or in their offices.



Online study session with members at workplace



Consultation via web meeting app

Disaster prevention project, MOSHIMO PROJECT SHIBUYA

Kokumin Kyosai Co-op launched a disaster prevention project called “Moshimo Project Shibuya” through collaboration with Shibuya Future Design Institution and Shibuya Tourism Association, which is also supported by Shibuya City Office in March 2021. In this project, Kokumin Kyosai Co-op and two other organizations have provided those living in and visiting Shibuya, one of the busiest areas in Tokyo, educational and informative contents about disaster prevention. “Moshimo” means “What if any large disasters happen right now” in this campaign. Though this initiative, Kokumin Kyosai Co-op, a cooperative whose headquarters is located in this district, aims to reinforce resilience of Shibuya and to expand the scale of this initiative across Japan.



*A large signboard to show evacuation course in case of disasters

Initiatives to solve social issues

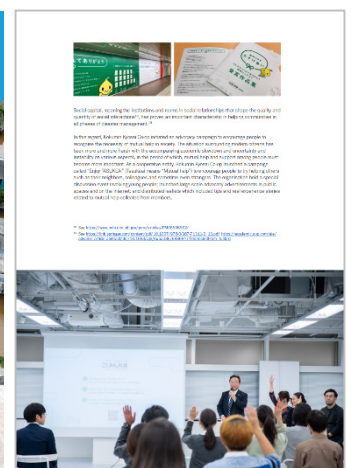
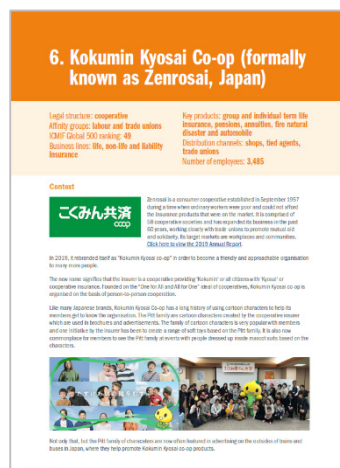
In order to protect children from traffic accidents, we implemented the "Traffic Safety Project for Children" and donated approximately 320 thousand road-crossing hand flags to child-care centers nationwide. Additionally, focusing on the widening gaps and decline of children's physical fitness, we provided useful and educational information for families with children and donated 51 thousand jump ropes child-care centers. A hand flag or a jump rope has been donated for an automobile and other insurance estimate made.



International Reputation

Our business and initiatives mainly related to our mutual aid and cooperative activities have been featured by some reports published by international organizations such as ICMIF, International Cooperative and Mutual Insurance Federation, and UNDRR, United Nation of Disaster Risk Reduction. See the links below.

- Marketing mutuality case studies (ICMIF) <https://www.icmif.org/publication/marketing-mutuality-case-studies/>
- From protection to prevention: The role of cooperative and mutual insurance in disaster risk reduction (ICMIF and UNDRR) <https://www.icmif.org/undrr-icmif-report/>



Responses to large-scale disasters

Main improvements in operation building on the experience of the previous fiscal year and responses

We introduced a new system that prints policyholders' contract data on claim documents in advance for the members to make non-life insurance claims more easily and conveniently. In the course of our assessment of damage reports and pictures, we carried the work out in the offices across Japan including the ones not located in the disaster-affected areas with new technology which enables us to process claims remotely.

Response against the disasters in FY2020

Multiple typhoons in 2020 amid the Covid-19 pandemic forced us to reconsider our damage assessment method where we visited and took care of affected members in person. We switched our on-site survey to document examination using damage estimates written by house repairers. After learning how to successfully operate typhoon claim settlement, we continued this method and expedited our insurance payments in the other disasters such as house damages caused by heavy snow in winter and an earthquake that happened in February 2021.

Efforts in the Covid-19 pandemic

- We have been taking the health and safety of our members and employees as the absolute priority, while fulfilling our responsibilities, such as insurance payments and processing and maintaining our members' data, to support their lives and their livelihood.
- Life Insurance Payments (from March 2020 to May 2021)
JPY 1.44 billion (USD 13 million*) *USD1 = JPY109.76 (as of May 31,2021)
- Launching the New Workstyle Strategy
We tried various working ways including remote working and staggered working hours to prevent infection, and many meetings and training sessions have also been conducted online. Making use of these experiences, we set up a new department in June 2020, one which specializes in studying and introducing new workstyle measures to encourage our employees' diverse and flexible working conditions for our employees.

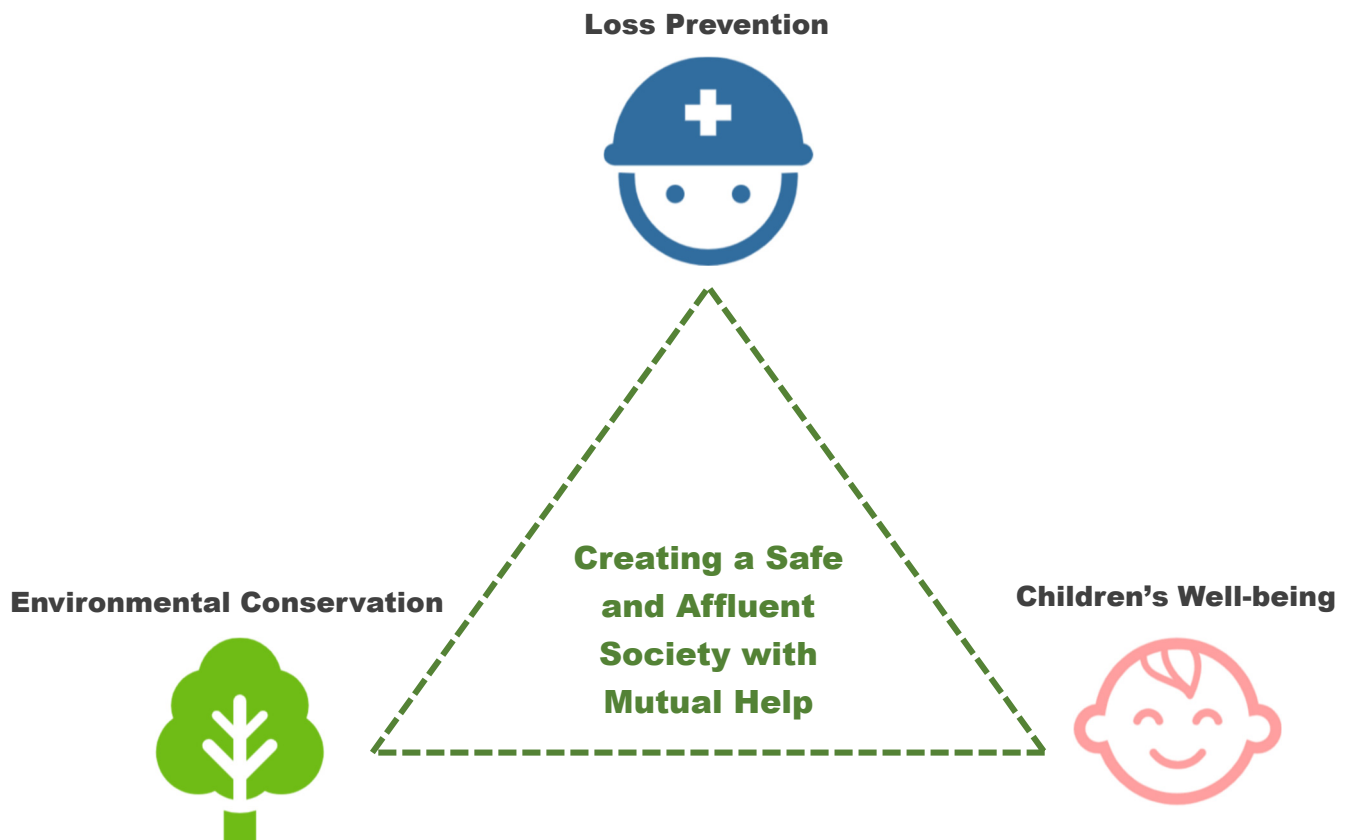
Putting Cooperative Ethos into Action

We launched a new project, "Mutual Aid in This Difficult Time", which provided various web articles, videos, and books to cheer those in depressing situations and to maintain their physical and mental well-being. This program also focused on raising public awareness of the need to help those suffering during the Covid-19 pandemic. In this project, Kokumin Kyosai Co-op and its staff made donations to two cooperatives* struggling to maintain medical and nursing services and to support students' livelihoods, 2.5 million yen for each. The two co-ops are the member organizations of JCCU (Japanese Consumers' Co-operative Union) with which Kokumin Kyosai Co-op is affiliated too. Also, Kokumin Kyosai Co-op has donated five million yen to National Council of Workers' Welfare who helps the unemployed and those whose businesses have been suspended in this viral outbreak situation.

* Japanese Health and Welfare Co-operative Federation and National Federation of University Co-operative Associations

Society Contribution Activities

Kokumin Kyosai Co-op has been carrying out activities to contribute actively to the community. The areas of "Loss Prevention Activity", "Environmental Preservation Activity", and "Children's Well-being Support Activity" are designated as priority areas for building and passing on a safe and affluent society.



1. Support Activities amid the Covid-19 Pandemic

- Donation to support medical and nursing care workers

The amount of the financial support, about JPY 9 million (about USD 90 thousand), was decided according to the number of new account pages registered by our members on our website.

- Publishing a book "Thank You Letters", a compilation of heartwarming thanks messages gathered through our collection program via Twitter
- Providing financial support to their local governments and other institutions by our prefectural branches

2. Disaster Prevention and Mitigation

- New project, Disaster Prevention and Mitigation Needed for The Future

We launched a new project to prevent and mitigate damages from disasters building on our experience and lessons through dealing with insurance payments and other support for past disaster victims. This project includes various contents such as educational TV programs, and YouTube videos.

- Kokumin Kyosai Co-op donated 13,200 tarpaulins covering the affected parts of the members' houses damaged by typhoons in collaboration with another cooperative, JCIF, Japan Co-op Insurance Consumers' Co-operative Federation.

3. Children's Well-being Support

- Our prefectural branches across Japan newly launched or continued various initiatives to support children's well-being, such as Picture book reading events, festivals for kids and mothers, donations for bereaved children losing their parents in traffic accidents, holding sports events, etc.

4. Others

- Financial support for various organizations

We donated to NPOs and social welfare groups whose activities are aimed at disaster prevention and mitigation, environmental conservation, children's well-being support, helping the disabled and the elderly. Also, we made a donation for ICMIF, International Cooperative and Mutual Insurance Federation, to support their initiatives called 5-5-5 Microinsurance Development Project that focuses on improvements of people's lives through providing mutual insurance in five developing countries, Colombia, India, Kenya, Philippines and Sri Lanka.

<https://www.icmif555.org/>



Our Features

Unique Origin

In the 1950s, ordinary workers were poor and vulnerable to risks, but they could not afford insurance products because it was too expensive for them. Therefore, they started to form mutual assistance activities among members taking precaution against risks in communities. Since then, it has developed into a modern security system — Insurance.

As a Cooperative

Based on the cooperative principle, Kokumin Kyosai Co-op provides insurance and mutual help for its members under the supervision of the Ministry of Health, Labour and Welfare and the Consumers' Livelihood Cooperative Society Law. Anyone can join the mutual and groups if they subscribe to this principle and pay the membership fee.



The birth place of cooperatives:
Rochedale Pioneers Museum (England)

Promoting Workers' Welfare

Kokumin Kyosai Co-op has been working hand in hand with trade unions for the workers' welfare movement. The movement in Japan is organized through the voluntary activities of workers based on their own philosophy of mutual aid and solidarity. Kokumin Kyosai Co-op was organized and has been run mainly by trade union members; however, its service extends to all workers in the community now.

Kokumin Kyosai Co-op Group

Kokumin Kyosai co-op

(National Federation of Workers and Consumers Kyosai Cooperatives) underwrites insurance contracts for individuals directly. It comprises 55 primary cooperatives and three cooperative federations.

Saikyosairen

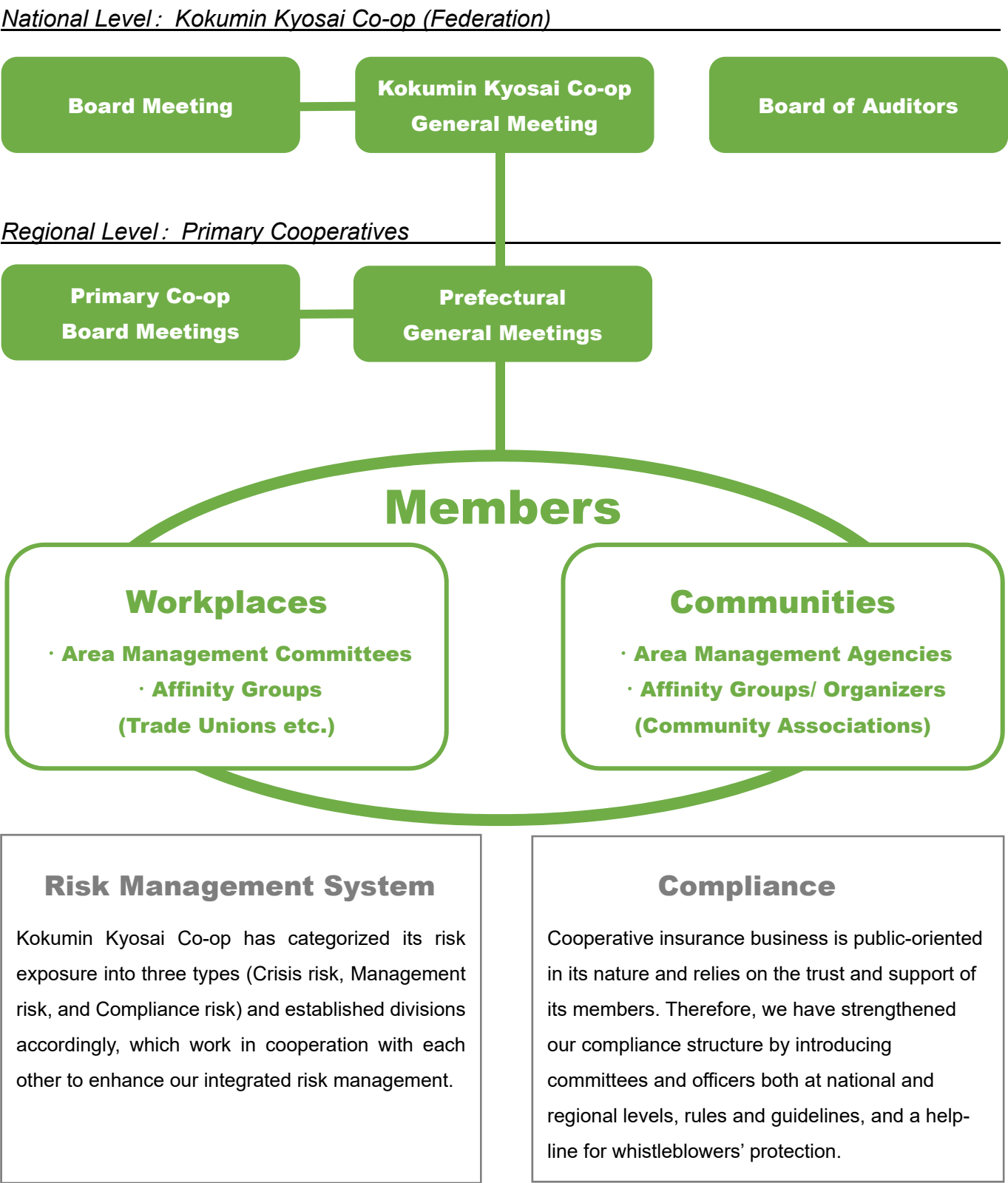
(Japan Reinsurance Federation of Consumers' Cooperatives) underwrites reinsurance for workers' and consumers' cooperatives as well as many other cooperatives in Japan.

Zenrosai Kyokai

(National Association for Workers Welfare and Cooperative Insurance) provides guidance, coordination and liaison work for workers' welfare and cooperative insurance.

Democratic Management Structure

Kokumin Kyosai Co-op is a national federation comprised of 58 cooperative societies. It is owned, managed and utilized by its members. As it is essential for us to maintain members’ participation in its management, we set up an integrated democratic structure. In order to conform to the members’ will, members form Area Management Committees /Agencies on a district basis. They send representatives to General Meetings at the prefectural and national levels.



Markets

Workplaces

Workers in affinity groups, mainly trade unions, become Kokumin Kyosai Co-op members.

Communities

Consumers (people) in local communities become Kokumin Kyosai Co-op members through various channels (Kokumin Kyosai Co-op shops, agencies, advisors, and our website etc).

Agencies

JCIF (Japan CO-OP Insurance Consumers' Co-operative Federation)

We provide our House Insurance, Long-term Individual Life Insurance, and Automobile Insurance to the members of JCIF and its member societies.

Labour Bank

Both Kokumin Kyosai Co-op and the Labour Bank promote the cooperative movement and the workers' welfare movement. The Labour Bank sells Kokumin Kyosai Co-op Fire Insurance, and Kokumin Kyosai Co-op discounts its premium for those who take out housing loans with the Labour Bank.

Car Repairers

Kokumin Kyosai Co-op provides compulsory automobile liability insurance to the members through its partnership with car repair shops.

Retail Offices

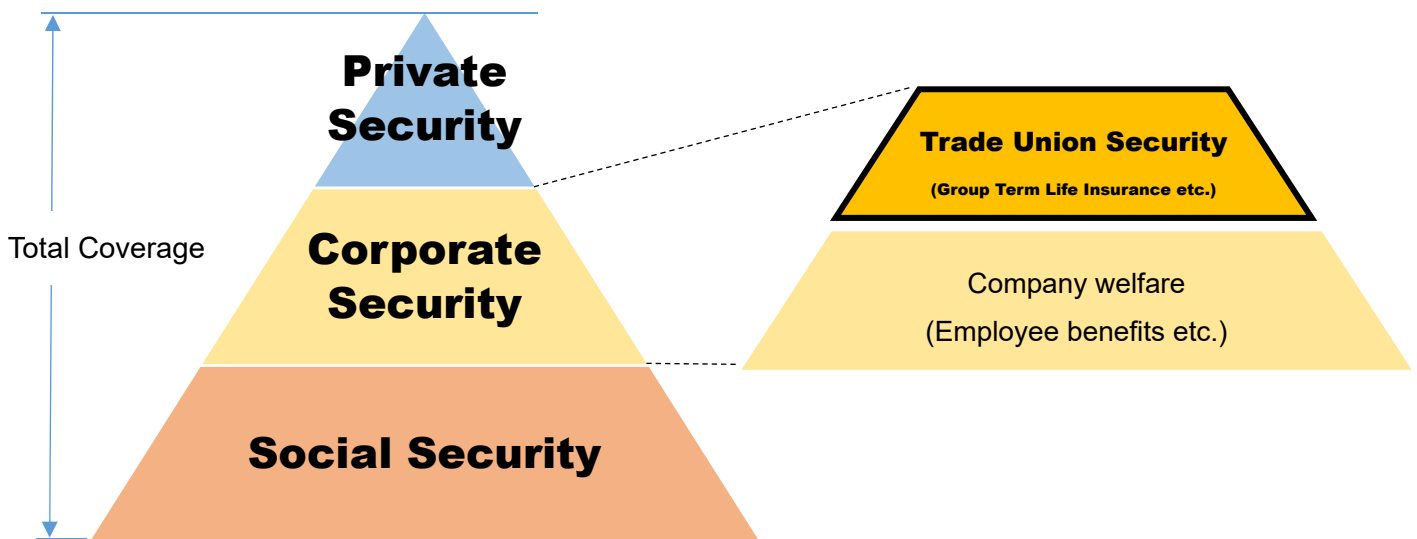
We have 200 retail offices, called "Shops", nationwide, in which both existing and future members can get advice on insurance, apply for contracts, and make claims.



Lifestyle Security Design Program

Kokumin Kyosai Co-op provides its members with, what we call, the Lifestyle Security Design Program.

It is important to prepare ourselves for risks by thinking about security, taking into consideration all the coverage we need. The goal of the program is to enhance security and reduce household expenditure, and through consultation with our members, consider the insurance coverage they truly need to prepare for uncertainties in a reasonable way, through planning and implementing a life plan suited to their own needs.



Social security

Social Security programs are provided by government. In Japan, we have comprehensive basic security, such as the national health insurance system, the public pension plan, and the national care insurance scheme for the elderly and disabled.

Corporate security

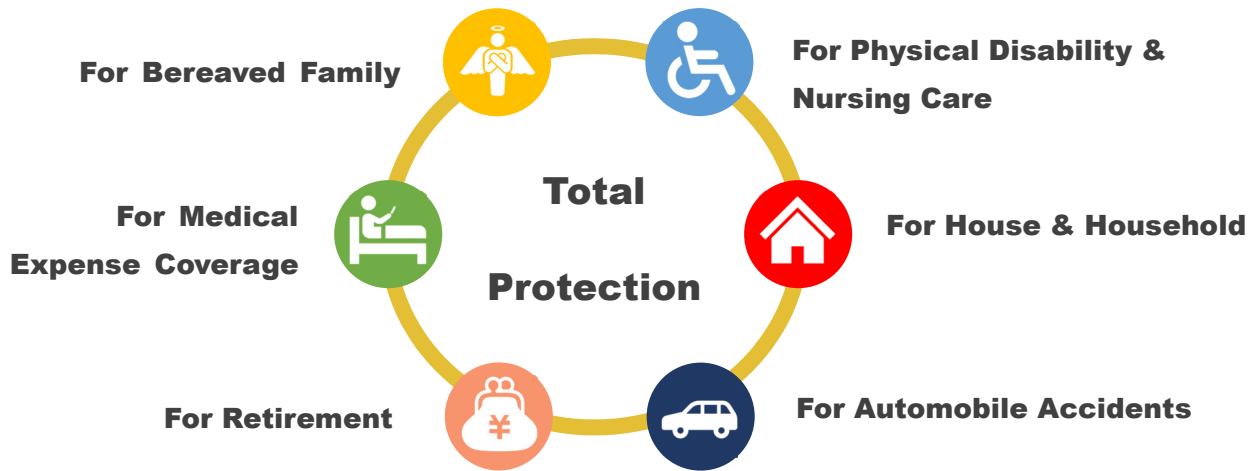
Corporate security can be provided by companies and/or their trade unions. Kokumin Kyosai Co-op promotes “Trade union security”, ensuring the lives and livelihoods of the members of trade unions through various products such as Group term life, Fire, and Automobile insurances.

Private security











Private security indicates insurance which is the amount of total coverage after deducting the amount of social and corporate securities.

Coverage

Kokumin Kyosai Co-op takes advantage of its cooperative characteristics, and provides total protection for the members, such as life, non-life, and liability insurances.

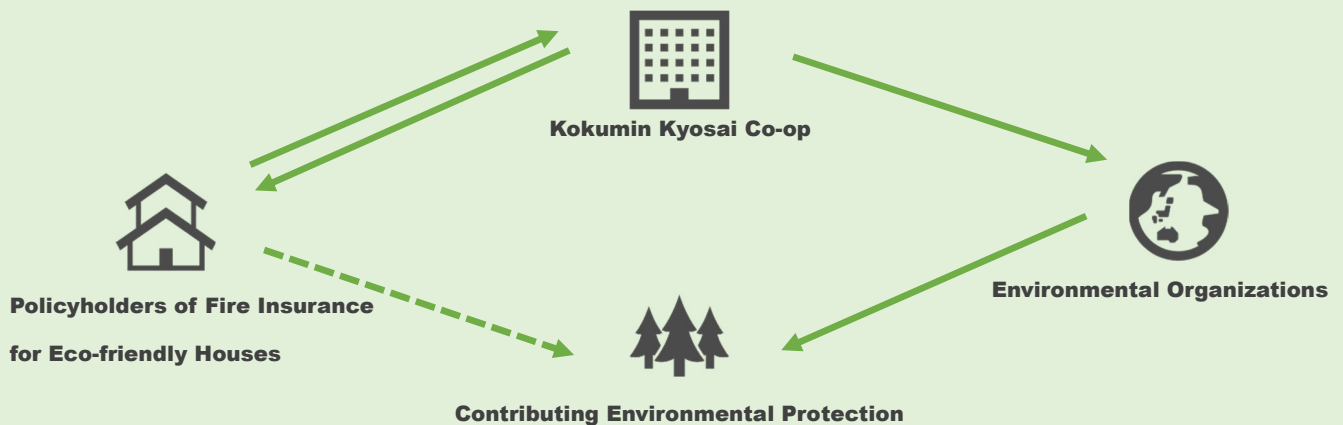


Cooperative Insurance by Major Lines

Life Insurance Group Term Life Insurance*	   	A wide range of coverage such as death, disability, nursing care, and medical expenses for all age groups
Pension & Annuity Group Pension Plan*	  	Savings for retirement with protection during its premium payment years
Fire Insurance		Protection for houses and households against damage caused by fire
Natural Disaster Insurance		Add-on option for Fire Insurance covering damage caused by earthquakes or other natural disasters
Automobile Insurance		Coverage of the driver and fellow passengers, liability for third parties, and vehicle damage

* Group insurance is provided through affinity groups to members in workplaces.

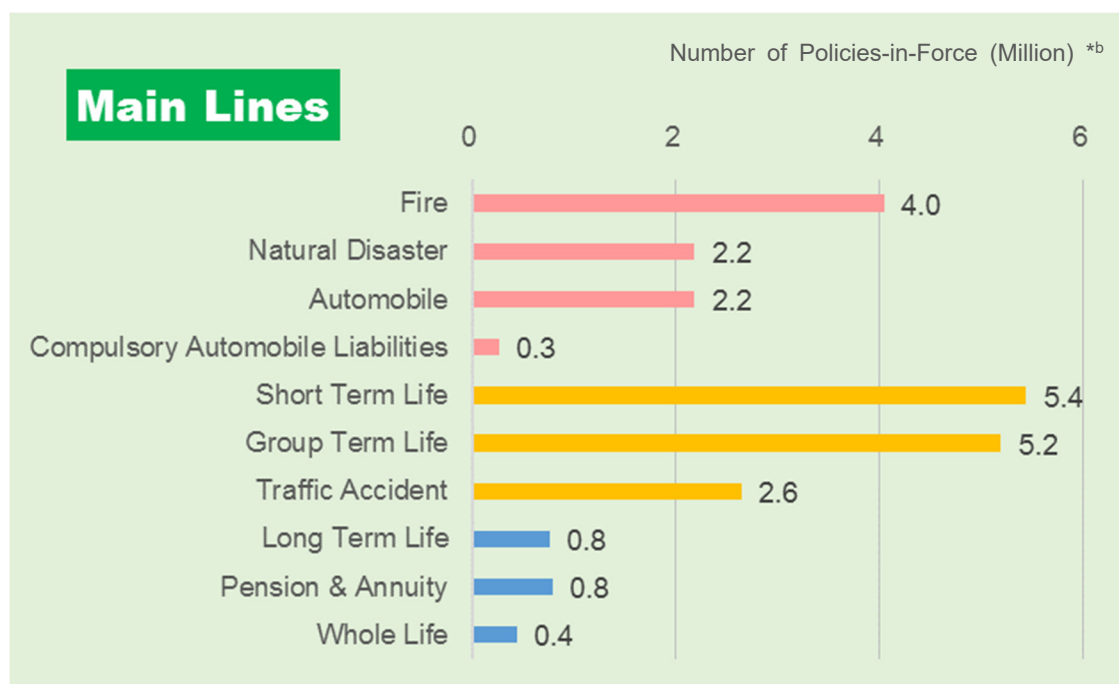
Featured product: Fire Insurance for Eco-friendly Houses



Reflecting increasing environmental awareness, more and more members are buying this product each year. It allows us, along with members, to contribute to environmental protection through our main business – Insurance. We provide Fire Insurance with discount premiums for ecological house owners, such as all-electric houses and solar powered houses. Based on the number of these policies and our financial outcomes, we also give donations to environmental organizations every year.

Key Figures

Number of Policies-in-Force ^{*a}		FY2019	FY2020
	Total	30.52 million	29.77 million
	General Ins.	16.49 million	16.39 million
	Short-term Life Ins.	9.74 million	9.59 million
	Long-term Life Ins.	2.59 million	2.57 million
	Contracted Business	1.70 million	1.22 million



Premiums Received ^{*b}	<u>JPY 560.3 billion</u>	<u>USD 5.10 billion</u>
General Ins.	JPY 219.2 billion	USD 1.99 billion
Short-term Life Ins.	JPY 190.0 billion	USD 1.73 billion
Long-term Life Ins.	JPY 151.2 billion	USD 1.37 billion

*USD1 = JPY109.76 (as of May 31,2021)

Claim Payments ^{*b}	<u>JPY 314.5 billion</u>	<u>USD 2.86 billion</u>
General Ins.	JPY 96.0 billion	USD 0.87 billion
Short-term Life Ins.	JPY 81.4 billion	USD 0.74 billion
Long-term Life Ins.	JPY 137.2 billion	USD 1.25 billion

*USD1 = JPY109.76 (as of May 31,2021)

^{*a} The figures are obtained by rounding down two decimal place.

^{*b} The figures are obtained by rounding off two decimal place.

Financial Highlights

Balance Sheet ^{*c}

	FY2020 (May 31, 2021)	
	JPY billions	USD millions*
Assets		
Cash and deposits	201	1,836
Money-in-trust and Monetary Claims	551	5,024
Securities	2,729	24,868
Loans	6	57
Investment real estate	2	19
Others	493	4,496
Total Assets	3,984	36,302
Liabilities		
Policy Reserves	3,288	29,964
Reinsurance accounts payables	3	34
Other insurance business liabilities	159	1,456
Others	28	255
Total Liabilities	3,480	31,710
Net Assets		
Co-operative share	183	1,671
Surplus	295	2,696
Valuation and translation adjustment	24	223
Total Net Assets	504	4,592
Total Liabilities and Net Assets	3,984	36,302

*USD1=JPY109.76(as of May 31,2021)

Income Statement ^{*c}

	FY2020 (May 31, 2021)	
	JPY billions	USD millions*
Income		
Premium and other income	570	5,195
Transfer from policy reserves	35	319
Investment income	53	485
Other ordinary income	1	13
Ordinary Income	660	6,014
Expenses		
Claims and Benefits	410	3,736
Transfer to policy reserves	39	360
Other ordinary expenses	132	1,210
Ordinary Expenses	582	5,308
Ordinary Surplus	77	706
Extraordinary Income	0	0
Extraordinary Expenses	8	80
Surplus before taxes	68	626
Corporate and other taxes and adjustments	9	89
Transfer to dividends reserves	34	313
Net surplus for the period	24	223
Other adjustment	1	13
Payment from voluntary reserves	8	80
Unappropriated surplus for the period	34	317

*USD1 = JPY109.76 (as of May 31,2021)

^{*c} The figures are obtained by rounding down one decimal place.

Asset Under Management ^{*b}

	FY2019	FY2020
Asset Under Management (JPY billions)	3,530.3	3,608.6
Cash and deposits	5.8%	5.6%
Monetary Claims	3.8%	3.9%
Securities	86.8%	87.0%
Bonds	74.9%	75.0%
Stocks	0.0%	0.0%
Foreign securities	8.6%	8.6%
Others	3.3%	3.4%
Loans	0.2%	0.2%
Investment Real Estate	0.1%	0.1%
Others	3.4%	3.3%
Investment Profit ^{*b} (JPY billions)	50.7	50.3
Yield on Investment ^{*d}	1.46%	1.42%

Management Index

	FY2019	FY2020
Basic Profit ^{*b} (JPY billions)	134.0	129.1
Solvency Margin Ratio ^{*b *e}	1,990.9%	2,117.3%
Adjusted Equity Capital ^{*b *f} (JPY billions)	981.8	1032.2
	25.2%	25.9%
Net Worth ^{*b *g} (JPY billions)	1,767.3	1785.8
	45.3%	44.8%

^{*b} The figures are obtained by rounding off two decimal place.

^{*d} The figures are obtained by rounding off three decimal place.

^{*e} Since Kokumin Kyosai Co-op provides both life and non-life insurance, our solvency margin ratio cannot be compared simply to those of other life or non-life insurers. For fiscal 2018 onward, the solvency margin ratio is calculated based on different criteria: the introduction of the amount corresponding to the cooperative insurance risk in the third-area cooperative insurance. These calculation criteria are thus different from those for fiscal 2017.

^{*f} Adjusted equity capital includes the followings; equity capital, contingency reserves and price fluctuation reserves.

^{*g} The net worth is the amount of equity broadly defined, including contingency reserves and other reserves, plus unrealized profit and loss. Put another way, it is the amount of total assets on a mark-to-market basis minus liabilities (not including those with the nature of capital, such as contingency reserves).



NATIONAL FEDERATION OF WORKERS AND CONSUMERS KYOSAI COOPERATIVES

Annual Report 2021

Kokumin Kyosai co-op

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Co-operative
enterprises build
a better world

“Idea and practice of organizing shared interests in cooperatives”
has been registered on UNESCO’s Intangible Cultural Heritage list.