

2022

Annual Report

Kokumin Kyosai co-op

National Federation of Workers and Consumers Kyosai Cooperatives

A Message from the President



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.

Looking back on 2021, various disasters occurred around the country, including an earthquake with an epicenter off the coast of Fukushima Prefecture with an intensity of 6 on the Japanese seismic scale, a series of rain storms and floods, heavy snowfall, and hailstorms.

In addition, the spread of COVID-19 has continued unabated, resulting in over 160,000 COVID-19 related claim payments in the last three years.

We would like to express our heartfelt compassion to those affected by these disasters, and sincerely wish for the earliest recovery and reconstruction of the affected areas, the rebuilding of their livelihoods, and their return to health. We are fully committed to fulfilling our role and responsibility to support our members.

FY2021, the last year of our medium-term management plan, "New-Zetwork", was a year when we vigorously strived to achieve the targets and goals set out in the plan.

Various measures were implemented with the aim of achieving not only sustainable business growth and program development, but also advocacy for our members who were affected by disasters and other hardships. This has resulted in outcomes such as obtaining a more stable operation structure and sound financial condition, as well as collaboration activities with CO・OP Kyosai (Japan CO-OP Insurance (Kyosai) Consumers' Co-operative Federation), auto repair shops across Japan, the Labour Bank, and other co-operative organizations.

Additionally, as an organization grounded in local communities, we were able to further promote initiatives to solve various social issues such as supporting children's well-being, raising public awareness of the value of mutual aid in crises, and disseminating information on how to prevent and mitigate disaster.

Based on the achievements and experience acquired through "New-Zetwork", as well as the various lessons learned from the COVID-19 pandemic, we have now formulated the next four-year management plan, "Medium-Term Management Plan 2025: Transformation and Creation", which started in FY2022. It was created from the perspective of diversity, inclusiveness and the SDGs, and was the result of discussions between our members, stakeholders and our staff. Within the next four years, we will bring the vision, "Three Visions through 10 Actions" to life. This vision consists of three principles: "Being closer to our members and consumers", "Building stronger partnerships with other co-operatives and partner organizations" and "Optimizing and advancing our operations and management". We firmly believe that these principles can contribute to society and people's lives. In addition, we will pursue "New Mutual Aid Service" by strategically utilizing and developing digital technology.

The words "Transformation and Creation" in the title of the new four year plan express our strong commitment to the bold reforms we are going to implement.

Kokumin Kyosai Co-op is fully determined to boldly transform ourselves to meet the needs of our members. All executives and staff will make best efforts to realize our philosophy of "Towards a Safe and Affluent Society through Mutual Help".

We look forward to your continued support.

Masami Hirota

廣田 政 巳

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”.

The meaning of “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

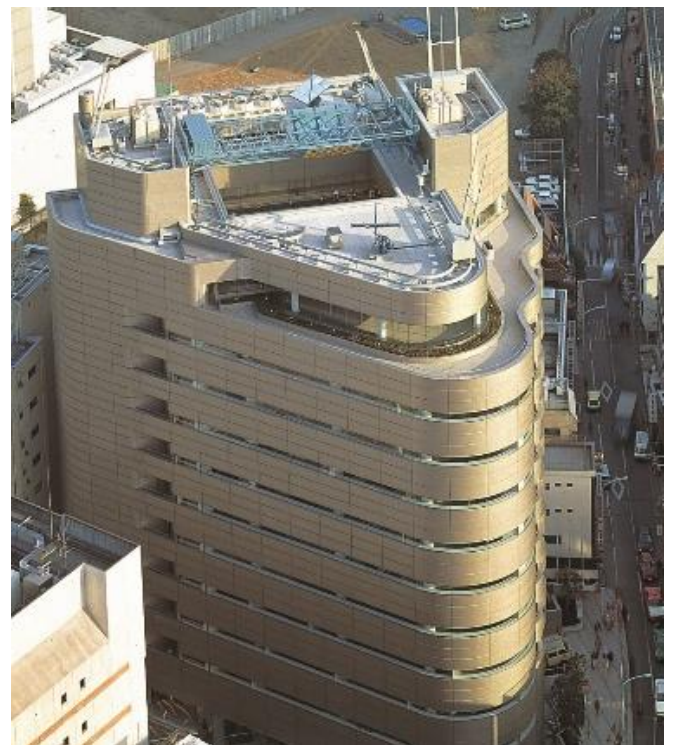
We hope more people across Japan join our mutual aid movement.

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

Medium-term Management Plan 2025:

Transformation and Creation

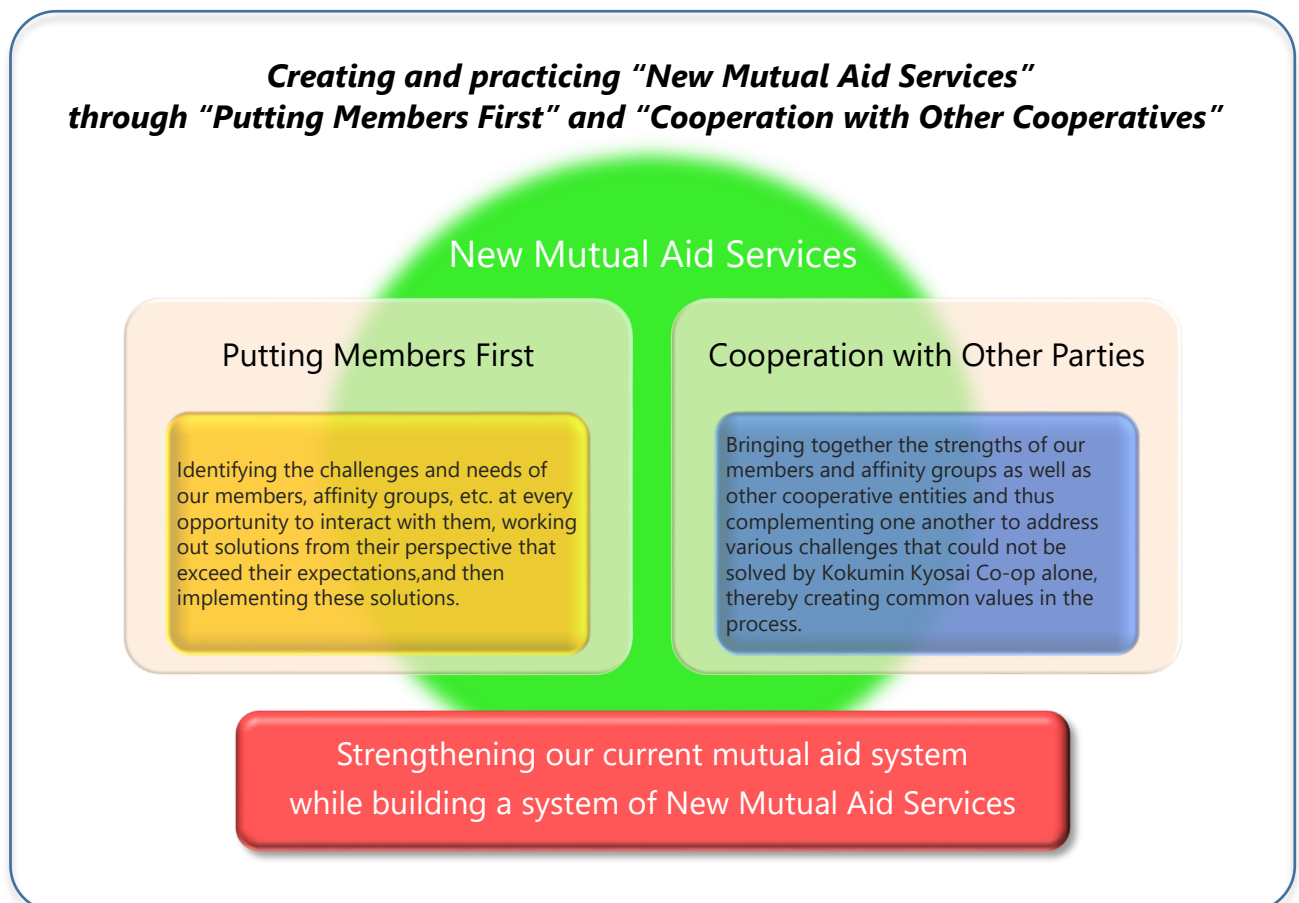
We have formulated a new four-year management plan, "Medium-term Management Plan 2025: Transformation and Creation", which started in FY 2022, and will continue to promote our efforts to further serve our members and to develop our mutual aid business.



1. New Mutual Aid Services

Thanks to the rapid development and spread of digital technology in recent years, web and online services have become more convenient. Because of this, we need to change and diversify our mutual aid services accordingly.

As society faces a variety of technology trends and changes, we will strive for sustainable business growth and the development of our co-operative efforts through taking on the challenge of creating and implementing new mutual aid services that incorporate digital technology into our business based on the principles of "Putting Members First" and "Cooperation with Other Parties" during the four years.



2. The shape of our vision

We have set out three visions and 10 actions as a specific vision of the “New Mutual Aid Services” we want to create and put into practice, and we will promote these initiatives while sharing them with our members, consumers, affinity groups, and partner organizations.

Our vision of our relationship with our members and consumers

1. Diversifying communication channels and tools to be a more accessible organization
2. Increasing the value of our business to our members by offering attractive products and great service
3. Expanding the scope of our mutual aid in society and increasing its value to society and the natural environment, by providing our members with opportunities to participate in our cooperative activities which aim to build understanding and support from the public

Our vision of our relationship with affinity groups and collaboration partners

4. Establishing a more efficient web-based interaction system based on the strength of our relationships with our members
5. Tackling shared issues with other organizations
6. Building mutual aid in local communities through partnerships with affinity groups and collaboration partners

Our vision of operations and management

7. Optimizing our organizational structure and roles utilizing digital technology and modern workstyles
8. Improving our data processing and claim payment systems through digital transformation
9. Updating personnel structures at our branch offices to concentrate communication and sales activities to align with the principle of Putting Members First
10. Ensuring financially sound and stable management

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 efforts in FY2021

In the last 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").

1. Example of our coverage updates

- Automobile Insurance

New coverage has been available since November 2021, which covers cases where, because of a duty to provide supervision, a relative is held to be responsible for an accident caused by a driver with dementia. This is a current social issue in our aging country.

2. Improving our sales channel to provide great service

- Collaboration efforts

Efforts have been made to establish strong service networks to provide our co-operative insurance through collaboration with our partner organizations such as the Labour Bank, consumer and other co-operatives, car repair shops, NPOs, and other related institutions. One of the biggest results in FY2021 was to begin providing our automobile insurance through CO・OP Kyosai and their member co-ops as consignment distributions.



Signing ceremony
between Kokumin Kyosai Co-op and CO・OP Kyosai

3. Response to major disasters

In response to typhoons, heavy rains, earthquakes and other disasters that occurred in FY2021, including the earthquake off the coast of Fukushima Prefecture in March 2022, we assessed the damage to homes using damage estimate reports written by house repairers instead of on-site surveys in order to reduce physical contact with our members amid the COVID-19 pandemic. When we visited the affected members who requested us to do so, we thoroughly implemented various measures to prevent infection. In all of these cases, we processed each claim to pay out insurance benefits for the affected members as soon as possible.

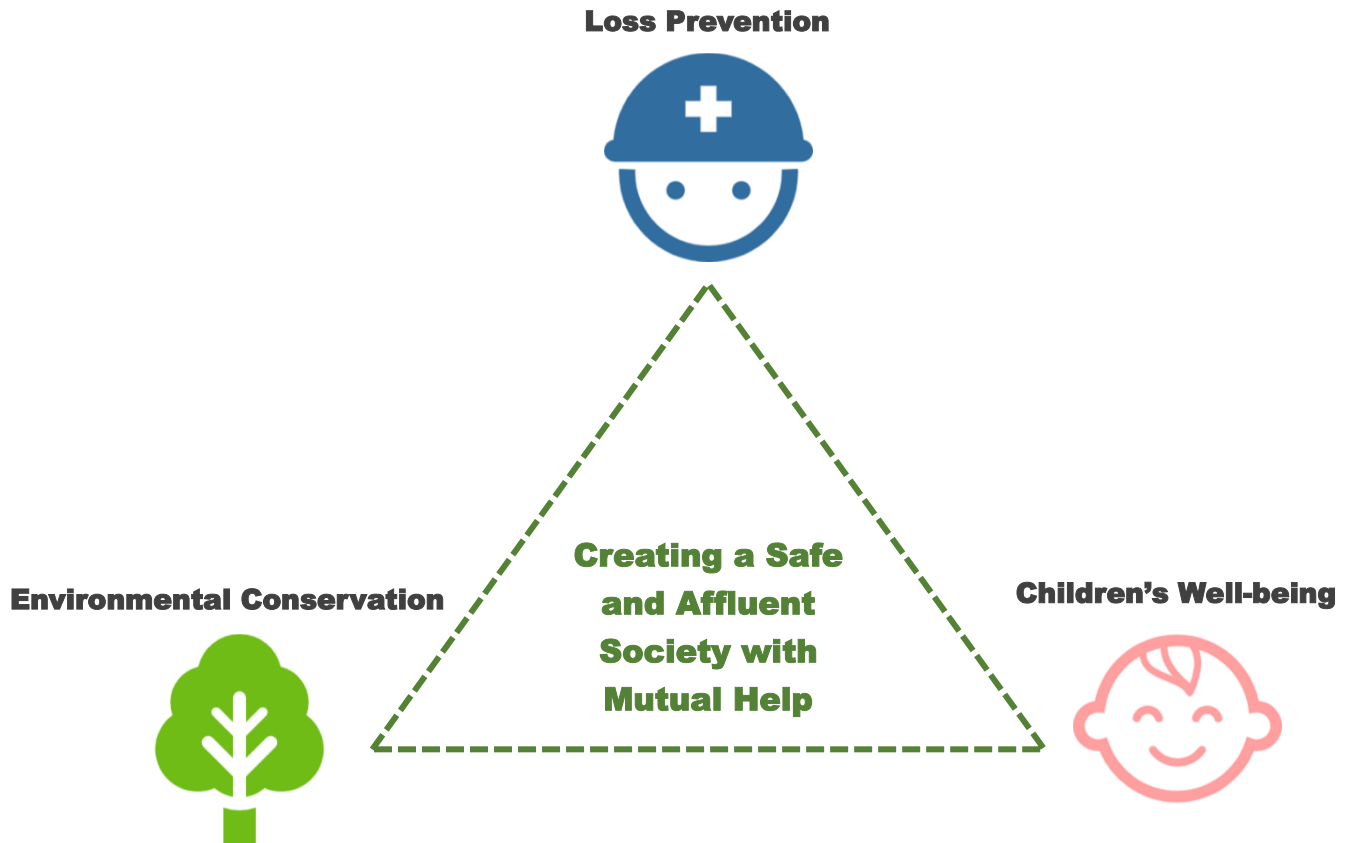
4. Efforts in the COVID-19 pandemic

As in FY2021, we continued to treat the health and safety of our members and employees as a priority, while fulfilling our responsibilities, such as prompt insurance payments and processing to support their lives and livelihoods. While there has been an Omicron variant upsurge since January 2022, we have been steadily working to serve our members.

Fiscal year	Total number of payments	Total amount paid	Payment period
FY2021	148,003 cases	JPY 8,451,600,875	1 June 2021 - 31 May 2022
Cumulative total	160,312 cases	JPY 9,893,030,657	9 March 2020 - 31 May 2022

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.



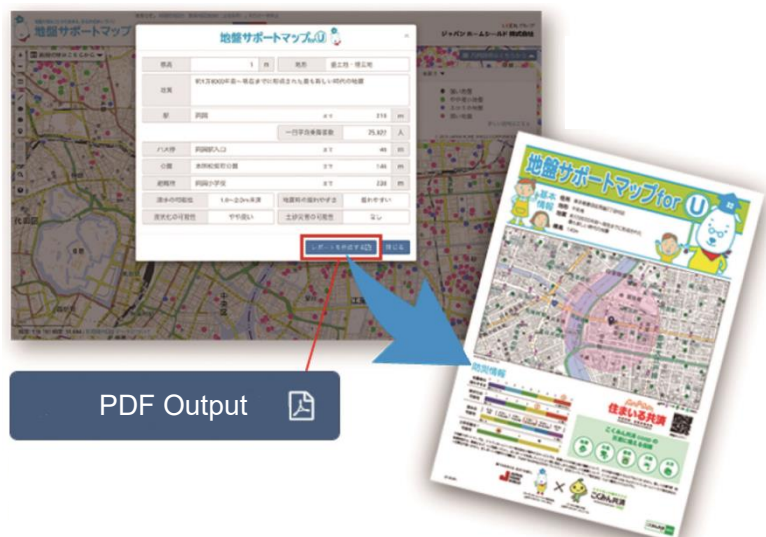
1. Initiatives in the area of disaster prevention and mitigation

(i) Disaster prevention and mitigation education program via the web

- Launched the "Natural Disaster Risk Awareness Map"

We launched a service to show how solid the ground where people live is in June 2021, with the aim of raising awareness of the risk of earthquakes, liquefaction, and floods, and encouraging preparation against those disasters.

Just entering their address, users can easily understand the disaster risk in their residential area in a single page report.



(ii) Educational activities through newspapers and the internet

On 11 March 2022, the 11th anniversary of the Great East Japan Earthquake, we disseminated a message through national newspapers (reaching 1.85 million households) and on our website to let the public know what we aim for through our mutual aid and disaster prevention/mitigation initiatives. In this message, we also shared the importance of preparing for crises before they actually occur and the value of our support for members after those crises, beyond financial protection.



Our message page on the newspapers



Feature topic on our website: How to prevent the damage of a big earthquake that can strike any minute

(iii) Disaster prevention and mitigation activities for/with children

- Collaboration with organizations we financially support through our Fire Insurance for Eco-friendly Houses program (See page 16.)

With "Junior Eco-Club", a children's environmental activity group, which is organized by the Japan Environment Association (JEA), we launched an event where children can simulate situations where daily life is disrupted due to disasters. Through this program, "the Bosai Eco CAMP at Home", they were able to safely learn from home how to survive in such disastrous situations. 2,410 children from 139 clubs participated.

Additionally, as many as 120 picture diaries focusing on disaster prevention were collected from children (from pre-schoolers to high school students), and an award ceremony was held during a national competition organized by the JEA on 20 March 2022.



Educational gathering for children



A picture diary describing the importance of food stock against disasters

2. Children's Well-being Support

(i) Traffic Safety Project for Children

The number of deaths and injuries of children, especially younger elementary students, due to traffic accidents is so high that we have promoted a broad range of activities to protect them from road accidents.

➤ Donation of road-crossing hand flags

As one of the initiatives to protect children from traffic accidents, We are donating one flag to child care centers, kindergartens, elementary schools, traffic safety associations and other organizations nationwide for every automobile insurance estimate we are requested to make.

In FY2021, we donated approximately 274,000 flags.

➤ Initiatives in various regions.

We have donated reflective key fobs and have conducted educational programs about road safety.



Road-crossing hand flags



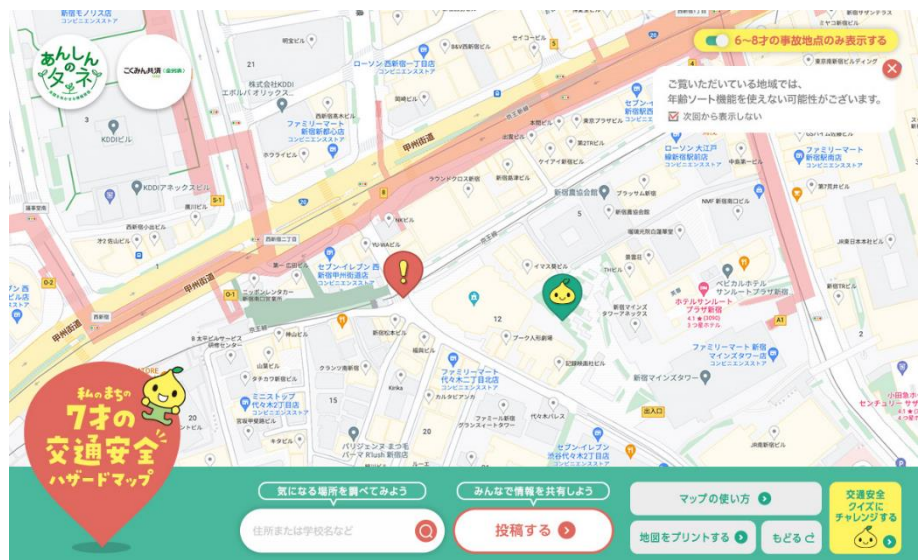
An educational program about road safety

➤ Joint research with Kanazawa University

- "Road Safety Hazard Map for Our Children"

In order to protect future generations from traffic accidents, joint research has been conducted with Kanazawa University.

We have developed the "Road Safety Hazard Map for Our Children", which displays on a map the locations where accidents have occurred in the past and shows at a glance where more attention should be paid.



(ii) Children's Well-being Support Project

We are working to solve social issues through our business, such as supporting children's well-being and families raising children.

➤ **Donation of jump ropes across Japan**

We have donated short and long jump ropes to child care centers and elementary schools nationwide for each purchase of our insurance products for children. We donated approximately 29,000 jump ropes in FY2021.

➤ **“NAWA-TOREH”, a recreational program using jump ropes**

In August 2022, we launched the NAWA-TOREH website for children. NAWA-TOREH, which means “rope training” in Japanese abbreviation, is a fun fitness activity using jump ropes. The children can improve their fitness while having fun.



Jump ropes



“NAWA-TOREH”

3. 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.

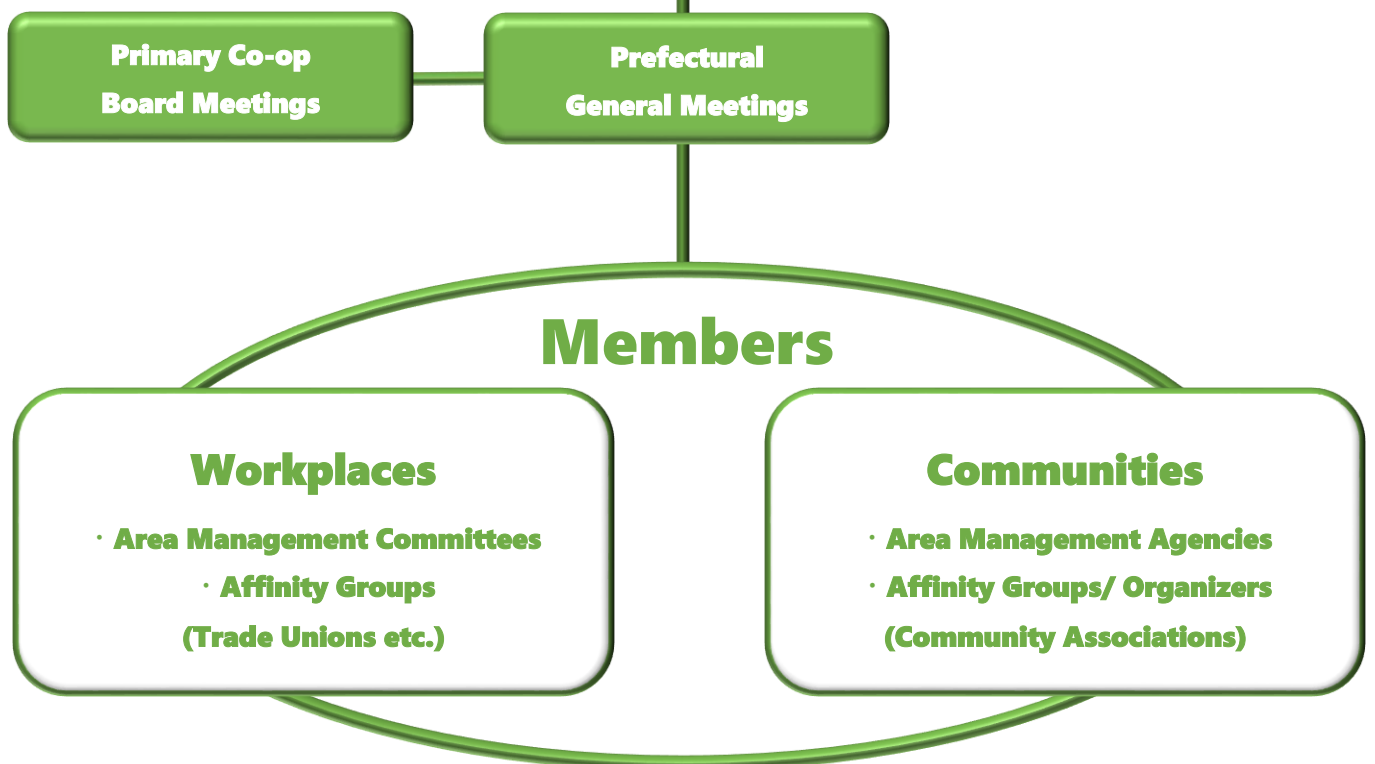
Democratic Management Structure

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.

National Level: Kokumin Kyosai Co-op (Federation)



Regional Level: Primary Cooperatives



Risk Management System

Kokumin Kyosai Co-op has categorized its risk exposure into three types (Crisis risk, Management risk, and Compliance risk) and established divisions accordingly, which work in cooperation with each other to enhance our integrated risk management.

Compliance

Cooperative insurance business is public-oriented in its nature and relies on the trust and support of its members. Therefore, we have strengthened our compliance structure by introducing committees and officers both at national and regional levels, rules and guidelines, and a help-line for whistleblowers' protection.

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

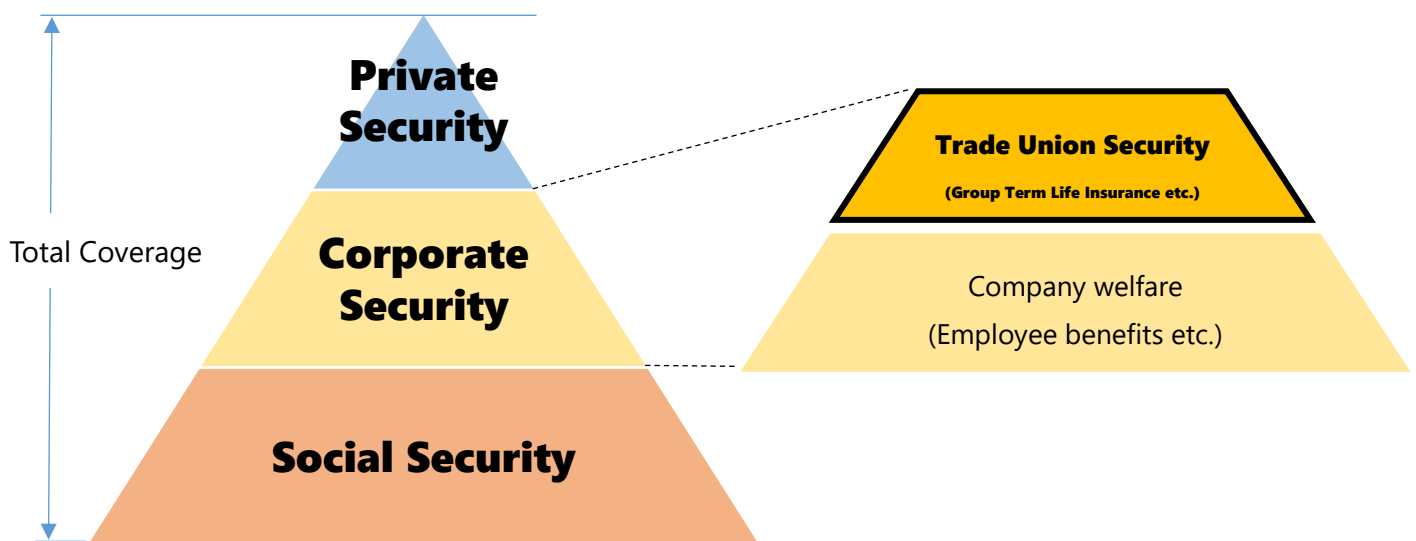
We have 200 retail offices, called "Shops", nationwide, in which both existing and future members can get advice on insurance, apply for contracts, and make claims.



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

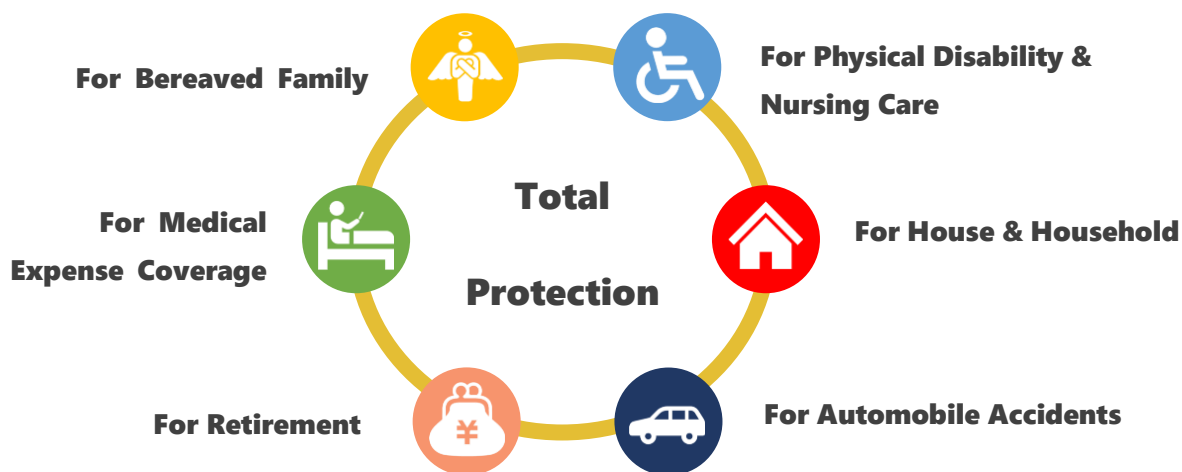
Corporate security can be provided by companies and/or their trade unions. Kokumin Kyosai Co-op promotes "Trade union security", ensuring the lives and livelihoods of the members of trade unions through various products such as Group term life, Fire, and Automobile insurances.

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.

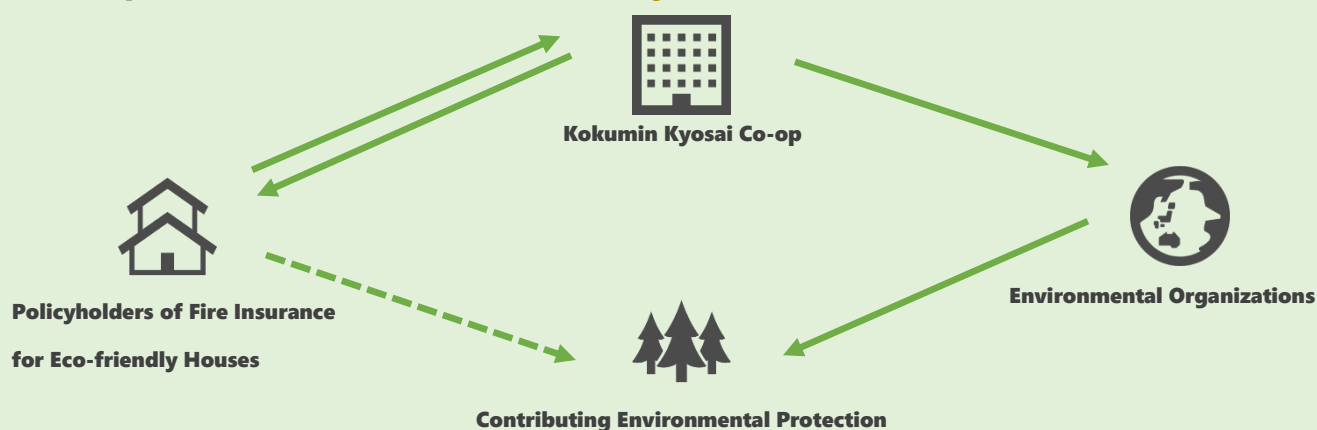


Cooperative Insurance by Major Lines

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.

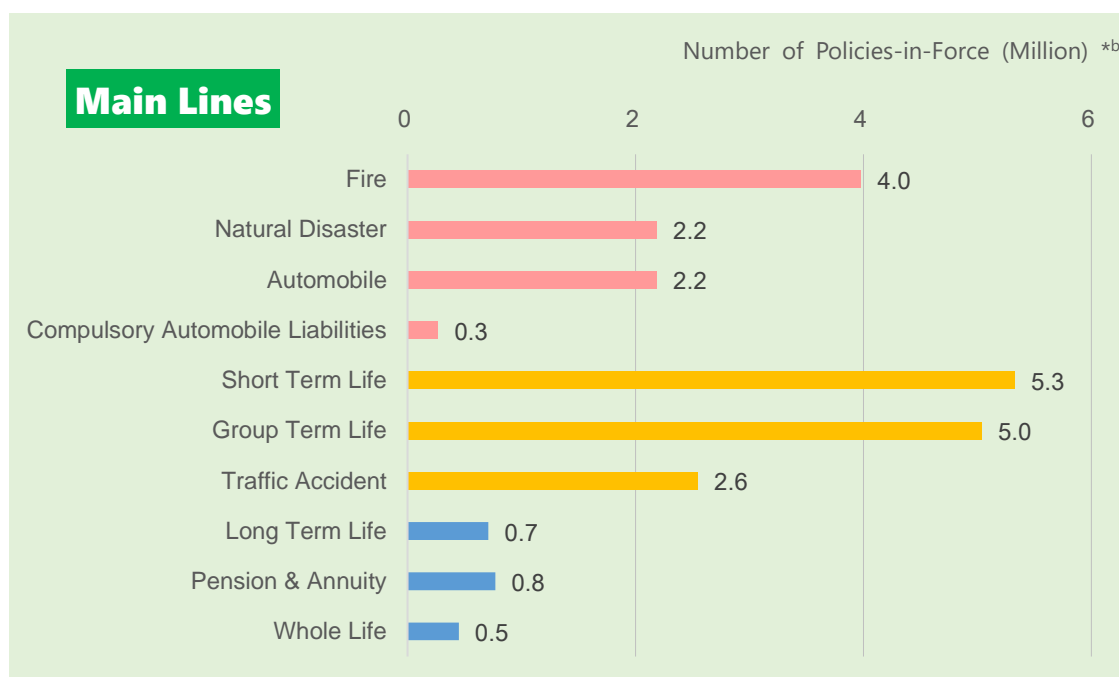
Featured product: Fire Insurance for Eco-friendly Houses



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}		FY2020	FY2021
	Total	29.77 million	29.32 million
	General Ins.	16.39 million	16.20 million
	Short-term Life Ins.	9.59 million	9.33 million
	Long-term Life Ins.	2.57 million	2.53 million
	Contracted Business	1.22 million	1.27 million



Premiums Received ^{*b}	JPY 551.0 billion	USD 4.29 billion
General Ins.	JPY 218.0 billion	USD 1.70 billion
Short-term Life Ins.	JPY 185.6 billion	USD 1.44 billion
Long-term Life Ins.	JPY 147.4 billion	USD 1.14 billion

*USD1 = JPY128.21 (as of May 31,2022)

Claim Payments ^{*b}	JPY 311.1 billion	USD 2.42 billion
General Ins.	JPY 89.1 billion	USD 0.69 billion
Short-term Life Ins.	JPY 85.4 billion	USD 0.66 billion
Long-term Life Ins.	JPY 136.6 billion	USD 1.06 billion

*USD1 = JPY128.21 (as of May 31,2022)

^{*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}

	FY2021 (May 31, 2022)	
	JPY billions	USD millions*
Assets		
Cash and deposits	199	1,558
Money-in-trust and Monetary Claims	530	4,141
Securities	2,786	21,733
Loans	4	37
Investment real estate	2	18
Others	512	3,994
Total Assets	4,036	31,483
Liabilities		
Policy Reserves	3,328	25,961
Reinsurance accounts payables	3	29
Other insurance business liabilities	172	1,342
Others	30	240
Total Liabilities	3,535	27,573
Net Assets		
Co-operative share	183	1,434
Surplus	318	2,483
Valuation and translation adjustment	-1	-7
Total Net Assets	501	3,910
Total Liabilities and Net Assets	4,036	31,483

*USD1=JPY128.21(as of May 31,2022)

Income Statement ^{*c}

	FY2021 (May 31, 2022)	
	JPY billions	USD millions*
Income		
Premium and other income	558	4,356
Transfer from policy reserves	33	262
Investment income	61	483
Other ordinary income	1	10
Ordinary Income	655	5,112
Expenses		
Claims and Benefits	403	3,146
Transfer to policy reserves	42	327
Other ordinary expenses	131	1,027
Ordinary Expenses	577	4,501
Ordinary Surplus	78	611
Extraordinary Income	0	0
Extraordinary Expenses	16	125
Surplus before taxes	62	485
Corporate and other taxes and adjustments	8	67
Transfer to dividends reserves	31	243
Net surplus for the period	22	174
Other adjustment	1	14
Payment from voluntary reserves	5	44
Unappropriated surplus for the period	29	233

*USD1 = JPY128.21 (as of May 31,2022)

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

Asset Under Management ^{*b}

	FY2020	FY2021
Asset Under Management (JPY billions)	3,608.6	3,639.9
Cash and deposits	5.6%	5.5%
Monetary Claims	3.9%	3.3%
Securities	87.0%	87.8%
Bonds	75.0%	75.8%
Stocks	0.0%	0.0%
Foreign securities	8.6%	8.8%
Others	3.4%	3.2%
Loans	0.2%	0.1%
Investment Real Estate	0.1%	0.1%
Others	3.3%	3.2%
Investment Profit ^{*b} (JPY billions)	50.3	55.4
Yield on Investment ^{*d}	1.42%	1.54%

Management Index

	FY2020	FY2021
Basic Profit ^{*b} (JPY billions)	129.1	130.6
Solvency Margin Ratio ^{*b *e}	2,117.3%	2,191.1%
Adjusted Equity Capital ^{*b *f} (JPY billions)	1,032.2	1,063.1
	25.9%	26.3%
Net Worth ^{*b *g} (JPY billions)	1,785.8	1,711.3
	44.8%	42.4%

^{*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.

^{*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 2022

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.