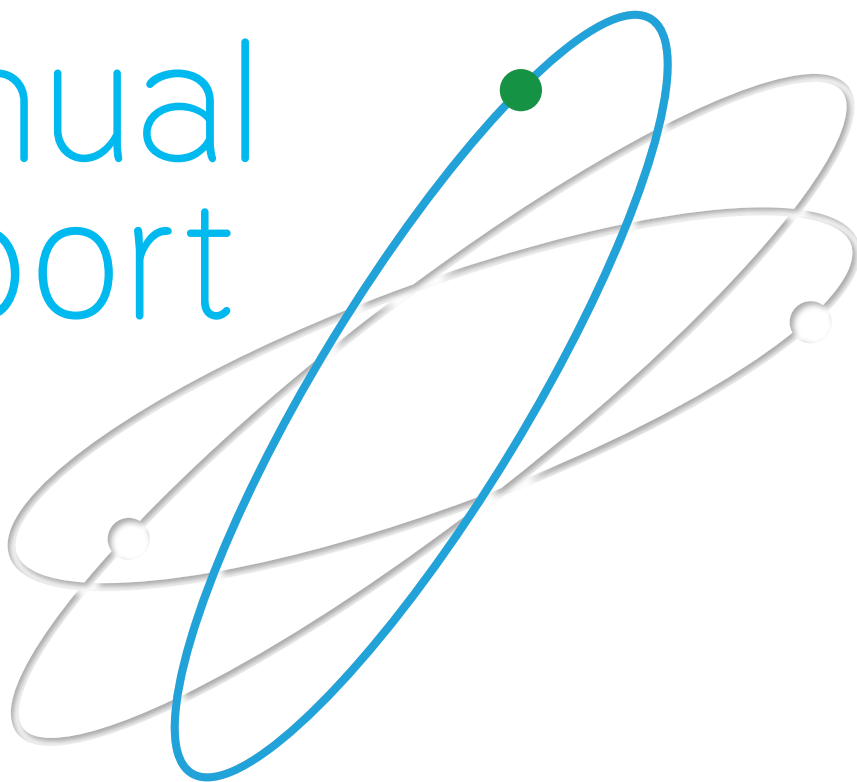


2017 Annual Report



ZENROSAI

National Federation of Workers and Consumers Insurance Co-operatives



A Message from the President

Creating our True Value on our 60th Anniversary year

- The final fiscal year of "Zetwork-60" (FY2017) -

I am honored to present this "Annual Report 2017" to provide an overview of our business and our various activities. I hope that this report will give you a better understanding of ZENROSAI.

Firstly, I would like to express my deepest heartfelt sympathies to all disaster victims, including those who suffered from the succession of large typhoons we had last summer, the earthquake in central Tottori, the great fire of Itoigawa and the extreme cold weather we experienced at the beginning of the year. During this time, we at Zenrosai dealt with these large-scale disasters by swiftly carrying out investigations of the sites and providing insurance payment. FY2017 has also seen a series of natural disasters. Therefore, we have continued in our endeavors to make quick payments and carry out support activities for the people affected by these disasters.

FY2016 was the third year of our mid-term management plan, "Zetwork-60 (Z-60)" and was marked as the year to speed up our progress. We boldly moved forward with our main strategy of carrying out Three Reforms (reform of business structure, organizational restructuring and raising awareness). As a result of this, we have achieved our main goal of the "establishment of a continuously sound business foundation", one year ahead of schedule. Furthermore, with the implementation of organizational reform, this September we have established a brand new organizational structure including a new "Regional Office (and Prefectural Office)". I am convinced that we will definitely be able to achieve our goal of "business recovery" through the functioning of this new organization.


Meanwhile, FY2017 is the final fiscal year of "Z-60", and in addition to the accomplishment of Z-60 there has been the success of our 60th anniversary, as well as the establishment of our next mid-term management plan, "New-Zetwork", so it has been a year filled with significance due to these three major events. Also, inspired by these three events, we intend to enhance our efforts to literally create our true value.

In conclusion, we should be happy and proud to be involved in the movement and business of Zenrosai in this important time, and resolve to create a "New Zenrosai", by embodying three different meanings of the Japanese word "kyokan". One meaning is empathising together, as we



recognize together the significance of the 60th anniversary of our establishment. Another meaning is sweating together, as we sweat together to put into practice Zenrosai's mission of "creating a safe and affluent society through mutual aid". Third meaning is being happy together, as we celebrate the achievement of our 60th anniversary.

I request your continued support and patronage in the future as well.

Hiroshi Nakaseko 

Zenrosai is a Co-operative

Zenrosai stands for
the National Federation of Workers and Consumers Insurance Co-operatives:

It is a not-for-profit organization, owned, managed, and utilized by its members.
Zenrosai provides both life and non-life insurance to improve members' security in life.

Mission Statement

*“Towards a Safe and Affluent Society
with Mutual Help”*

Unchanging values that Zenrosai should share with its members

Safe

This refers to **the outcome of mutual help**. It also refers to the fact that overcoming social insecurity remains an essential, unchanging value from now into the future.

Affluent

This refers to **both economic and spiritual enrichment**. It also refers to the traditional role of the co-operative insurer to enable spiritual peace of mind by securing more economical coverage through the viewpoint in which Zenrosai started from: “affordable insurance for workers.”

Society

This refers to **the approach of not only improving the lives of individual members but also contributing to society as a whole** based on the historical process in which Zenrosai started out as a workers' welfare movement. It also refers to the intention of the co-operative movement—to expand the scope of helping each other through co-operative insurance and taking action to realize a better society.

Mutual

This refers to **the members of Zenrosai as well as all employed people and consumers**. It also connotes the meaning of “all” in accordance with the ideal of co-operatives, “All for One.” Furthermore, it also incorporates the meaning of promoting voluntary participation of members.

Help

This refers to **the cornerstone of Zenrosai since it was founded for the purpose of workers helping each other**. It also emphasizes that the unchanging reason for the existence of Zenrosai lies in the continuation of its status as a co-operative insurer over the next 50 years and keeping its spirit of helping each other.

FY2016 in Brief

-**Two major earthquakes** struck Kumamoto prefecture in the south west of Japan in April, 2016. Zenrosai mobilized staff from all across Japan to help members in the area with loss adjustment, and provided a total of JPY 13.9 billion(USD 125 million).

In addition, in FY2016 we paid out 5.8 billion yen due to the occurrence of natural disasters like typhoons, heavy snow, cold waves and the earthquake in central Tottori, as well as 0.7 billion yen for the large-scale fire in Itoigawa, Niigata.

* Figures in US dollars are based on the interbank rate as of 31st May 2017: Yen 110.96 = 1 US dollar.

-As for the on-going **Mid-term Management Plan “Zetwork-60,”** we have been continuously working on the three reforms (See diagram below). As part of the reform of business structure, we have relaxed underwriting standard which enabled people with high blood pressure in response to members voice.

As part of our organizational restructuring, we have moved forward with preparations to carry out organizational reform based on the organizational reform implementation program of Zetwork-60, with the aim of creating efficient management and proper operations of business. We have also formulated a basic concept for the next mid-term management plan called “New-Zetwork” (the forthcoming four-year period between FY2018 and FY2021).

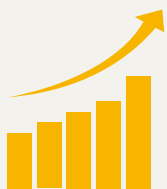
Zetwork-60

Zenrosai's Mid-term Management Plan from FY2014-FY2017

Marking our 60th anniversary in 2017, we have set **two priority goals** achieved by **three reforms** in Zetwork-60.

We aim to become a more appealing co-operative by earning the Sympathy, Participation, and Trust of our members and society.

The two goals

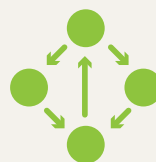


Business Recovery



**Establishment of a Continuously
Sound Business Foundation**

The three reforms



Business Structure



**Organizational
Restructuring**



**Awareness
Raising**

This is Zenrosai

Unique Origin

In the 1950s, many people were poor and vulnerable to risks, but they could not afford insurance because it was too expensive for ordinary workers. 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 Co-operative

Based on the co-operative principle, Zenrosai provides insurance and mutual help for its members under the supervision of the Ministry of Health, Labor and Welfare and the Consumers' Livelihood co-operative Society Law. Anyone can join the circle of mutual aid if they subscribe to this principle and pay the membership fee.

Promoting Workers' Welfare

Zenrosai 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. Zenrosai was organized and has been run mainly by trade union members; however, its service extends to all workers in the community now.



Toyohiko Kagawa, the Father of Japanese Co-operatives



The Birth Place of Co-operatives:
Rochdale Pioneers Museum (England)

Zenrosai Group

Zenrosai

National Federation of Workers and Consumers Insurance Co-operatives

Established in September 1957

Zenrosai underwrites insurance contracts for individuals directly. It comprises 55 primary co-operatives and three co-operative federations.

Saikyosairen

Japan Reinsurance Federation of Consumers' Co-operatives

Established in January 1975

Saikyosairen underwrites reinsurance for workers' and consumers' co-operatives as well as many other co-operatives in Japan.

Zenrosai Kyokai

National Association for Workers Welfare and Co-operative Insurance

Established in June 2004

Zenrosai Kyokai provides guidance, coordination and liaison work for workers' welfare and co-operative insurance.

Democratic Management Structure

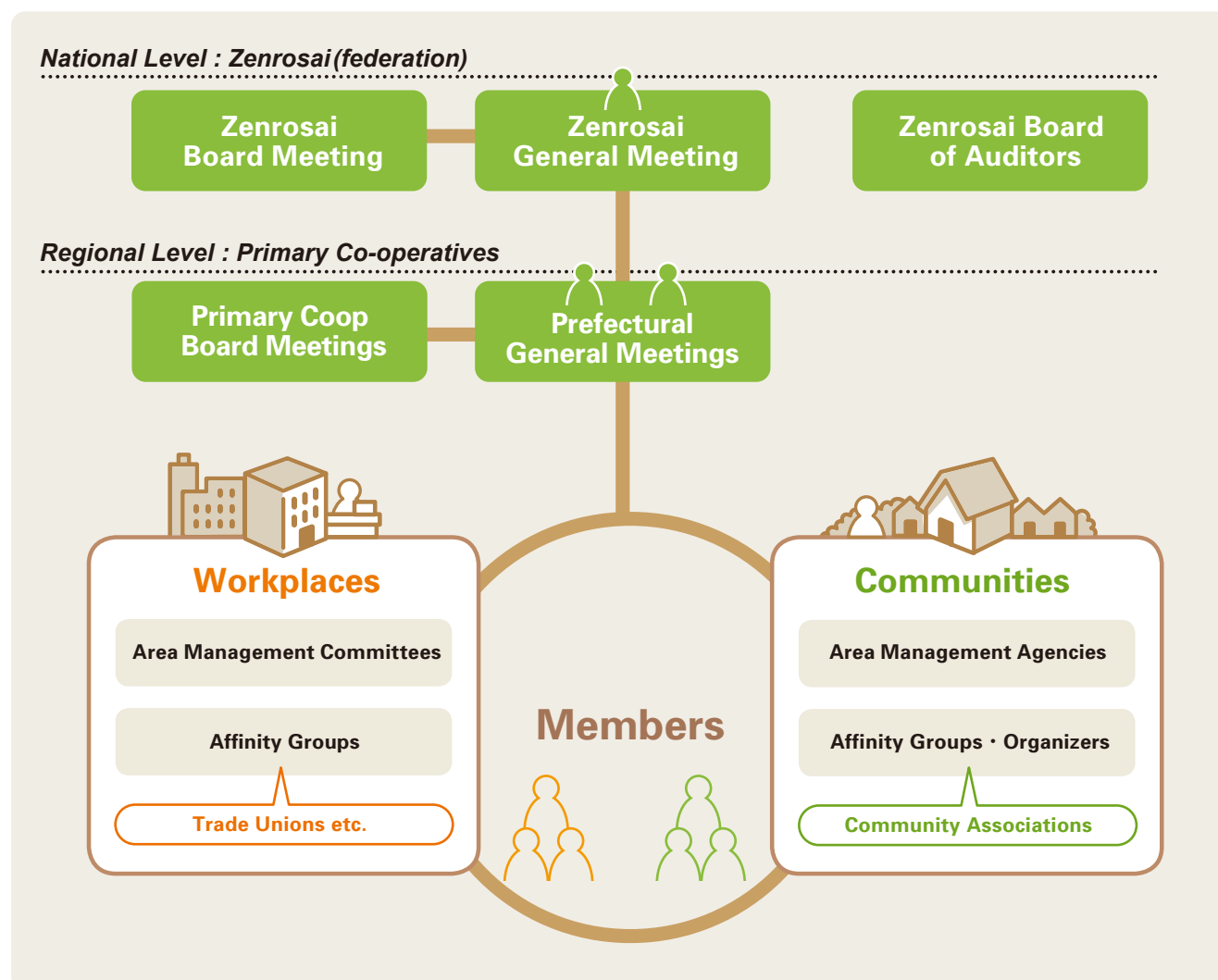
Zenrosai is a national federation comprised of 58 co-operative societies.

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 the Area Management Committees/Agencies on a district basis. They send representatives to General Meetings at the prefectural and national levels.



General Meeting



Risk Management System

Zenrosai 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.

Zenrosai's Markets



Workplaces

Workers in affinity groups, mainly **trade unions**, become Zenrosai members.



Communities

Consumers (people) in **local communities** become Zenrosai members through various channels (**Zenrosai shops, agencies**, advisors, and our website etc).

Zenrosai Shops

We have more than 200 shops, in which both existing and future members can get advice on insurance, apply for contracts, and make claims.



Agencies

JCIF

Japan CO-OP Insurance Consumers' Co-operative Federation
We provide our House Insurance and Long-term Individual Life Insurance to the members of JCIF and its member societies.

Labor Bank

Both Zenrosai and the Labor Bank promote the co-operative movement and the workers welfare movement. The Labor Bank sells Zenrosai's House Insurance, and Zenrosai discounts its premium for those who take out housing loans with the Labor Bank.

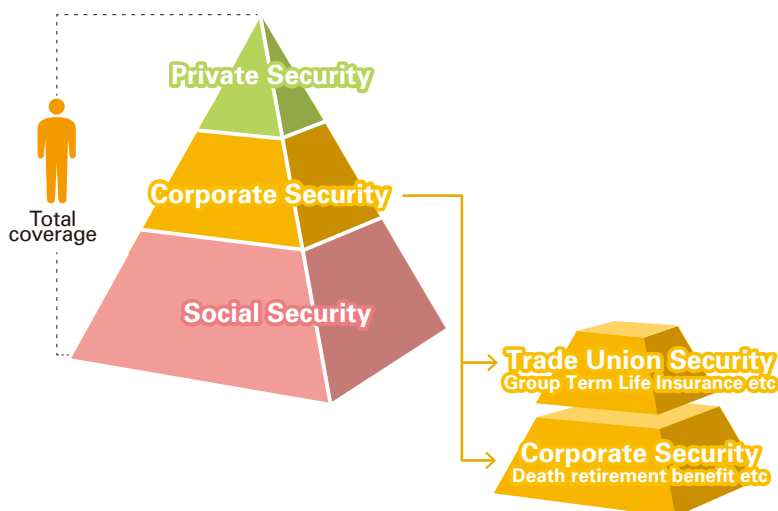
Car Repair Shops

Zenrosai provides compulsory automobile liability insurance to the members through its partnership with car repair shops.

Lifestyle Security Design Program

Zenrosai 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 security 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 the 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. Zenrosai 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 Car insurances.



Private security












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

Zenrosai Coverage

Zenrosai takes advantage of its co-operative characteristics, and provides total protection for the members, such as life, non-life, and liability insurances.

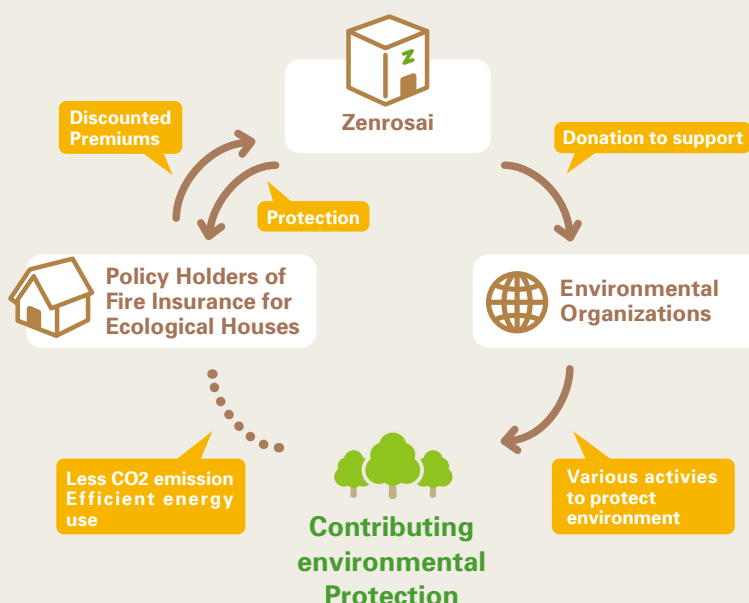


Insurance by Major Lines

Term Life Insurance Group Term Life Insurance*	   	A wide range of coverage such as death, disability, nursing care, and medical expenses for all age groups.
Whole Life Insurance		
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 Ecological 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 Zenrosai's 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.

Social Contribution Activities

Zenrosai is carrying out activities to contribute actively to the community. The areas of **'Loss Prevention Activity,' 'Environmental Preservation Activity,'** and **'Raising Healthy Children Activity'** are designated as priority areas for building and passing on a safe and affluent society.



Major Activities

Exhibitions for Child Raising Events

We have joined social events hosted by "SUKOYAKA Cheering Group for Raising Children," which supports raising children in a hopeful society, as we share our CSR aims. Zenrosai provided original quiz games and reading sessions, both designed to raise awareness of loss reduction strategies in case of natural disaster.



Zenrosai Story-telling Sessions for Children*

We began "Story-telling sessions" at 2012 for the children affected by the Great East Japan Earthquake. We have been continuing this activity nationwide with the aim of caring mental health and encouraging sound growth of the children. In addition, we created picture booklets to raise awareness about disaster risk reduction among kids. We are conducting Story-telling sessions using these booklets at not only disaster prevention seminars but also kindergartens and nurseries across the country.



Picture booklet titled "Jishinga Kitara Bosai Ehon "BOSAI""

Other Activities



Forest development activities by children*



Bosai Café (Loss Prevention Event)



Picture Books for Children*

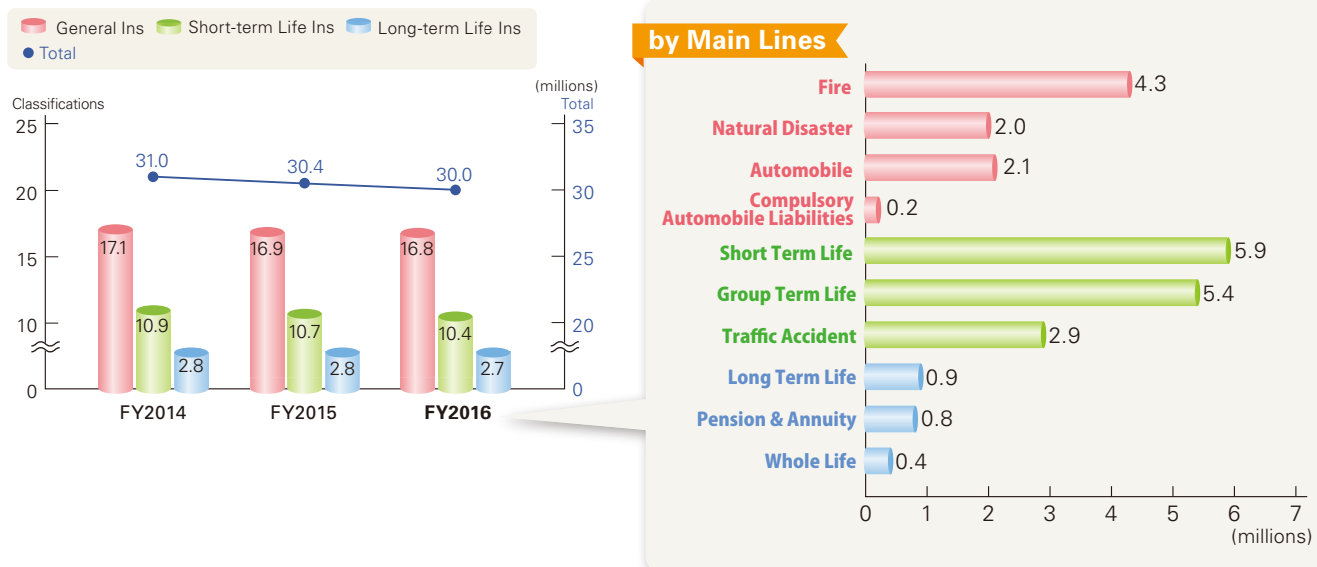


Zenrosai cultural festival

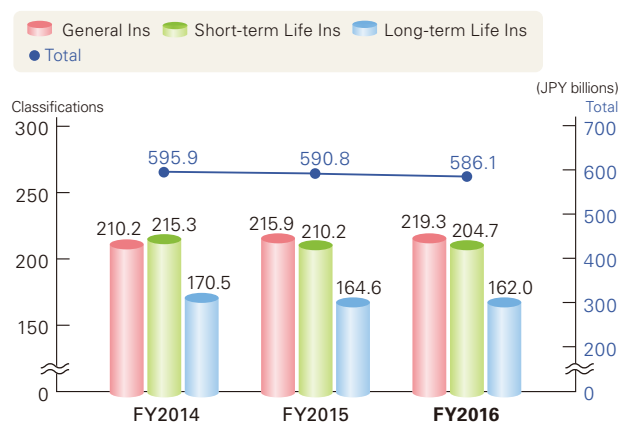
*Activities for the survivors and evacuees of the Great Tohoku Earthquake in 2011.

Key Figures

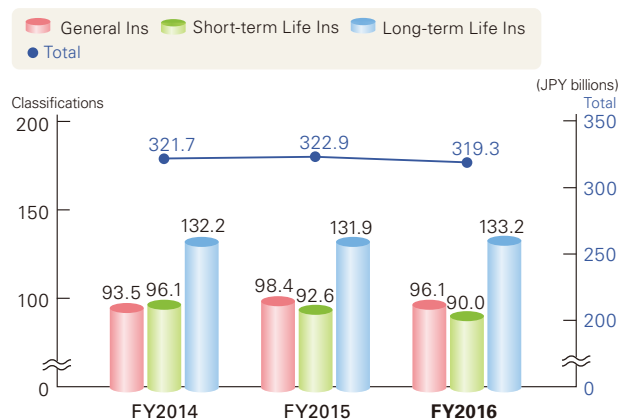
Number of Policies-in-Force^{※a}



Premiums Received^{※b}



Claim Payments^{※b}



※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}

	FY2015 May 31st 2016	FY2016 May 31st 2017	
	JPY billions	JPY billions	USD millions*
Assets			
Cash and deposits	190	178	1,610
Money-in-trust and Monetary Claims	375	474	4,275
Securities	2,603	2,600	23,437
Loans	5	5	52
Investment real estate	1	1	16
Others	437	457	4,122
Total Assets	3,613	3,718	33,514
Liabilities			
Policy Reserves	3,080	3,145	28,350
Reinsurance accounts payables	3	2	24
Other insurance business liabilities	30	34	312
Others	111	125	1,135
Total Liabilities	3,226	3,309	29,822
Net Assets			
Membership capital	361	389	3,512
Co-operative share	181	182	1,642
Surplus	179	207	1,870
Satutory reserve	47	52	476
Voluntary reserve	98	118	1,065
Unappropriated surplus for the period	33	36	328
Valuation and translation adjustment	25	19	178
Total Net Assets	387	409	3,691
Total Liabilities and Net Assets	3,613	3,718	33,514

* USD1=JPY110.96(as of May 31,2017)

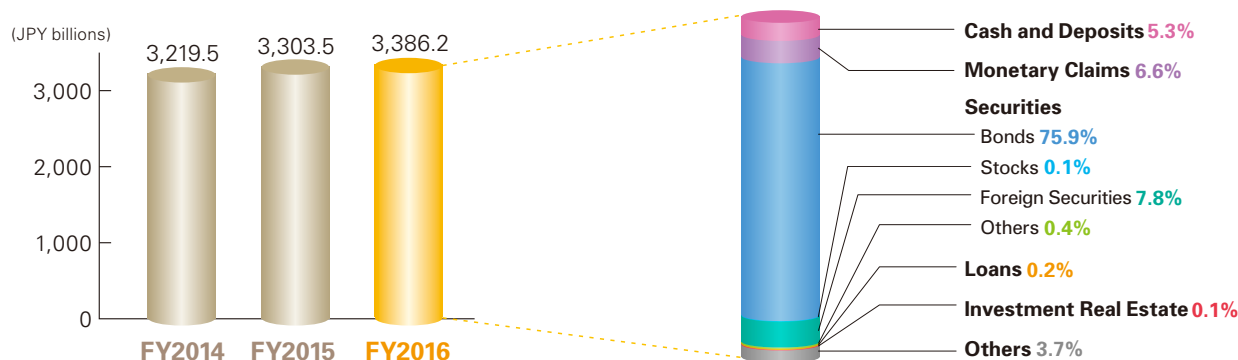
Income Statement ^{※C}

	FY2015 May 31st 2016	FY2016 May 31st 2017	
	JPY billions	JPY billions	USD millions*
Income			
Premium and other income	600	595	5,367
Transfer from policy reserves	36	39	353
Investment income	53	52	477
Other ordinary income	1	1	9
Ordinary Income	692	688	6,207
Expenses			
Claims and Benefits	419	413	3,723
Transfer to policy reserves	66	67	612
Other ordinary expenses	125	123	1,113
Ordinary Expenses	610	604	5,449
Extraordinary Income	0	0	0
Extraordinary Expenses	8	9	85
Surplus before taxes	73	74	672
Corporate and other taxes and adjustments	10	10	93
Transfer to dividends reserves	38	36	329
Net surplus for the period	24	27	250
Other adjustments	2	2	19
Payments from voluntary reserves	7	6	59
Unappropriated surplus for the period	33	36	328

* USD1=JPY110.96(as of May 31,2017)

※C The figures are obtained by rounding down one decimal place.

Asset Under Management^{※b}



Zenrosai's asset management has been employed mainly on government and corporate bonds which promise stable and long-term profits, which is based on our management policies and the perspective of ALM (comprehensive assets and liabilities management).

Investment Profit^{※b}

FY2014	FY2015	FY2016
53.3	51.9	50.7

Yield on Investment^{※d}

FY2014	FY2015	FY2016
1.70%	1.61%	1.54%

Management Index

Basic Profit^{※b}

FY2014	FY2015	FY2016
140.4	143.6	145.0

Solvency Margin Ratio^{※b}

FY2014	FY2015	FY2016
1,486.2%	1,590.8%	1,661.2%

*Since Zenrosai provides both life and non-life insurance, our solvency margin ratio cannot be compared simply to those of other life or non-life insurers.

*We corrected the calculation method of giant catastrophe risk in FY 2016 end. The numbers of FY 2014 and FY 2015 displayed above are the results of recalculation by the corrected method.

Adjusted Equity Capital^{※b}

FY2014	FY2015	FY2016
729.5	789.8	846.3
20.8%	21.9%	22.8%

*Adjusted equity capital includes the followings; equity capital, contingency reserves and price fluctuation reserves.

Net Worth^{※b}

FY2014	FY2015	FY2016
1,315.2	1,644.3	1,593.2
37.4%	45.5%	42.8%

* 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).

※b The figures are obtained by rounding off two decimal place. ※d The figures are obtained by rounding off three decimal place.

Annual Report 2017

ZENROSAI

National Federation of Workers and Consumers Insurance Co-operatives

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