

2018

# Annual Report

**ZENROSAI**

National Federation of Workers and Consumers Insurance Cooperatives

# A Message from the President

## Making a New Start as “Kokumin Kyosai co-op” Following our 60th Anniversary

—At the commencement of our new mid-term management plan, “New-Zetwork”—

Firstly, I would like to express my sincere gratitude for your patronage of Zenrosai.

I would also like to extend my deepest sympathy to those affected by the major disasters that have occurred in different parts of Japan, including the 2018 Osaka Earthquake, the 2018 Japan Floods, typhoons no. 20 and 21, and the 2018 Hokkaido Eastern Iburi Earthquake. Zenrosai has made organizational efforts to swiftly deal with these disasters, such as carrying out site investigations and providing insurance payment.

Going forward, we intend to make further efforts to fulfill our duties while making full preparations for more frequent natural disasters, assuming them to become more commonplace as opposed to thinking of them as unexpected events.

“New-Zetwork,” our new mid-term management plan that commenced in June 2018, inherits the achievements and challenges of “Zetwork-60,” our previous mid-term management plan, and is intended to propagate both internally and externally the image of a “New Zenrosai,” based on “Return to the Source” and “Metabolism.”

“Return to the Source” is to once again acknowledge that Zenrosai is a cooperative that runs a non-profit insurance business as indicated by our official name, “National Federation of Workers and Consumers Insurance Cooperatives,” and to continue practicing our mission, working “Towards a Safe and Affluent Society with Mutual Help.”

“Metabolism” is achieved by renewing the following three paired factors: “Business and Movements,” “Product and Brand,” and “Organization and Human Resources.” “Business and Movements” aims to establish and practice a new model for business and movements based on helpful thinking and co-creation activities as the “Zetwork Style.” “Product and Brand” aims to provide new products, and also to establish and implement a new branding strategy. Finally, “Organization and Human Resources” aims to prove the worth of the organizational reforms that took place in September 2017 and to establish the “Human Resources Academy,” an institution for developing human resources with the mindset and skills to practice the Zetwork Style.

Meanwhile, Zenrosai celebrated its 60th anniversary on September 29, 2017. We took this opportunity to change our nickname to “Kokumin Kyosai co-op” as a symbol of the New Zenrosai in order to build a deeper relationship with even more people. We will adopt our new nickname in June 2019. Our official name, the National Federation of Workers and Consumers Insurance Cooperatives, and its abbreviation, Zenrosai, will not change.

“Kokumin Kyosai co-op” signifies that we are a cooperative which provides the “*kokumin*” (citizens = everyone) with a sense of security through “*kyosai*” (cooperative insurance).

We have prepared this “Annual Report 2018” to illustrate our various activities, including our business overview and financial status, to a wide range of readers in an easy-to-understand manner. I hope that you can make good use of this report.

I would like to ask for your continued guidance and support of Zenrosai ahead of its new start as “Kokumin Kyosai co-op” following its 60th anniversary.

Hiroshi Nakaseko (中瀬 浩史)



# Zenrosai is a Cooperative

Zenrosai stands for

the National Federation of Workers and Consumers Insurance Cooperatives:

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 cooperative 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 cooperative movement—to expand the scope of helping each other through cooperative 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 cooperatives, "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 cooperative insurer over the next 50 years and keeping its spirit of helping each other.

# Main Initiatives in FY2017

## Initiatives of “Zetwork-60”

### (mid-term management plan for FY2014–2017) in FY2017

In FY2017, the final year of “Zetwork-60” (mid-term management plan for FY2014–2017), we took the following initiatives, among others, to complete the Three Reforms—business structure reform, organizational restructuring reform, and raising awareness reform—as well as to formulate “New-Zetwork” (mid-term management plan for FY2018–2021).

#### ◆**Business structure reform initiatives**

- At the UCDA Award 2017 hosted by the Universal Communication Design Association, Kokumin Kyosai’s leaflet(short term life insurance’s leaflet) on requesting informative materials online won the “Easy-to-Understand Information Award.”
- In January 2018 we launched the New-Zetwork System, which aims to further improve the convenience for our members such as adopting electronic signatures to reduce the use of paper.
- Based on the voice of our members, we simplified the insurance claim documents for life insurance and improved the convenience of the claim procedures.
- We accumulated policy reserves based on the Basic Financial Plan to establish continuously sound and stable business operations and a business foundation.

#### ◆**Organizational restructuring reform initiatives**

- In September 2017 we carried out organizational restructuring reforms which focused on changing our management structure from three departments to two departments and reorganizing our basic management unit from 46-unit headquarters to six Regional Offices, in an effort to streamline operations, improve sales promotion functionality, and strengthen our structure.
- We focused our efforts on the business integration of Niigata Prefectural Multi-Purpose Cooperative and held a signing ceremony for the integration agreement in May 2018. The Niigata Prefectural Multi-Purpose Cooperative took part in Zenrosai’s business integration on June 1, 2018. As a result, the number of regional insurance cooperative members increased to 47, and this integration concluded the business integration of regional insurance cooperatives across the country.

#### ◆**Raising awareness reform initiatives**

- Based on the “Zetwork-60 Personnel Policy and Strategy Map,” we sought to enhance the development of diverse personnel who can meet the expectations of our members and affinity groups.

#### ◆**Initiatives for the formulation of “New-Zetwork” (mid-term management plan for FY2018–2021)**

- We formulated “New-Zetwork” (mid-term management plan for FY2018–2021) based on the “Basic Concept for the Next Mid-Term Management Plan,” which was confirmed at Zenrosai’s 125th General Meeting (held August 29, 2017).
- Under “New-Zetwork” (mid-term management plan for FY2018–2021), we will create a new Zenrosai which will respond to the changing times in order to fulfill our social mission of spreading activities to realize our philosophy, with the cooperative insurance business at our core.

## New start as “Kokumin Kyosai co-op”

Zenrosai is going to adopt its new nickname “Kokumin Kyosai co-op” in June 2019, while retaining the official name “the National Federation of Workers and Consumers Insurance Cooperatives” and its abbreviation “Zenrosai.”

This nickname “Kokumin Kyosai co-op” is derived from our most popular product “Kokumin Kyosai” (“Short term life insurance”), which is expected to raise public familiarity with it. In addition, it also signifies clearly that our organization is a cooperative providing “kokumin” (“all citizens”) with “kyosai” (“cooperative insurance”).

We will further expand the scope of helping each other through cooperative insurance and improve the safety network for members in order to achieve our mission.



The logo of “Kokumin Kyosai co-op” (Japanese)

## ■ Responses to Major Disasters

In FY2017, Japan was hit by natural disasters such as typhoons, heavy snow, storms and the earthquake (Western Shimane earthquake), with typhoons no. 18, 21, and 22 causing serious damage across the country. For typhoon no. 21, in particular, we made efforts to pay insurance as quickly as possible to help to rebuild the lives of those people affected by the typhoon by dispatching personnel from all over the country to the Kansai area to conduct damage surveys and by establishing “Zenrosai Housing Disaster Payment Center” as a central payment base to strengthen our payment operations. In FY2017, we paid out totally 9.9 billion yen\* due to the occurrence of the main large-scale natural disasters.

\*Figures have been aggregated from our FY2017 results.

## ■ 60th Anniversary Events

Zenrosai celebrated its 60th anniversary on September 29, 2017.

To mark this milestone, we held commemorative events as a sign of gratitude to all who have supported us.

### ◆ Nationwide performance of the Zenrosai 60th Anniversary Commemorative Cultural Festival

Expanding the extent of regional performances of the Zenrosai Cultural Festival, we have been holding performances across the country since November 2017. In FY2017, we performed a wide range of programs, from theater and musicals to concerts, at 27 venues in 19 prefectures.

### ◆ Donations of “Tasukeai No Himitsu” (The Secret of Mutual Aid), an educational manga comic book for elementary school children, to schools and libraries across the country

With the aim of promoting children’s recognition and understanding of cooperatives, mutual aid organizations, we published the Manga de Yokuwakaru (Learning through Manga) series: “Tasukeai no Himitsu” (The Secret of Mutual Aid) from Gakken Plus (An educational publishing company) and donated these manga comic books to elementary schools and public libraries across Japan.

# 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.



Toyohiko Kagawa, the Father of Japanese Cooperatives

## As a Cooperative

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 cooperative Society Law. Anyone can join the circle of mutual aid if they subscribe to this principle and pay the membership fee.



The Birth Place of Cooperatives:  
Rochdale Pioneers Museum (England)

## 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.

## Zenrosai Group

### Zenrosai

National Federation of Workers and Consumers Insurance Cooperatives

Established in September 1957

Zenrosai underwrites insurance contracts for individuals directly. It comprises 55 primary cooperatives and three cooperative federations.

### Saikyosairen

Japan Reinsurance Federation of Consumers' Cooperatives

Established in January 1975

Saikyosairen 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

Established in June 2004

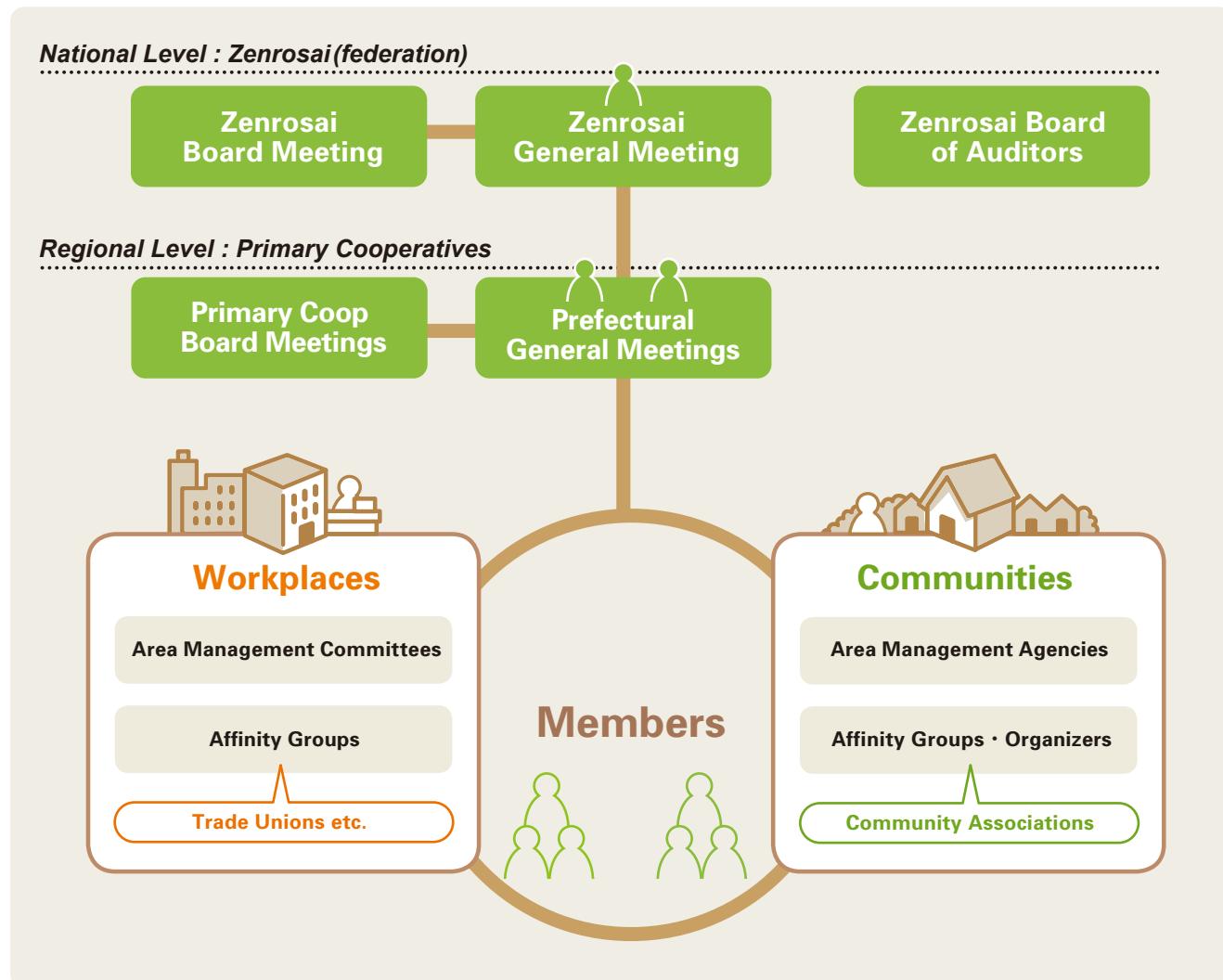
Zenrosai Kyokai provides guidance, coordination and liaison work for workers' welfare and cooperative insurance.

# Democratic Management Structure

Zenrosai 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 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



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.



Both Zenrosai and the Labor Bank promote the cooperative 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.



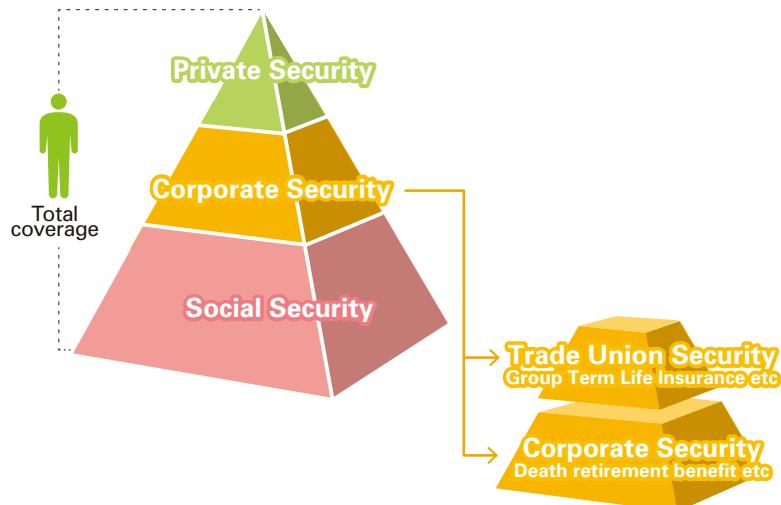
Zenrosai provides compulsory automobile liability insurance to the members through its partnership with car repair shops.

# 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 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 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 cooperative characteristics, and provides total protection for the members, such as life, non-life, and liability insurances.



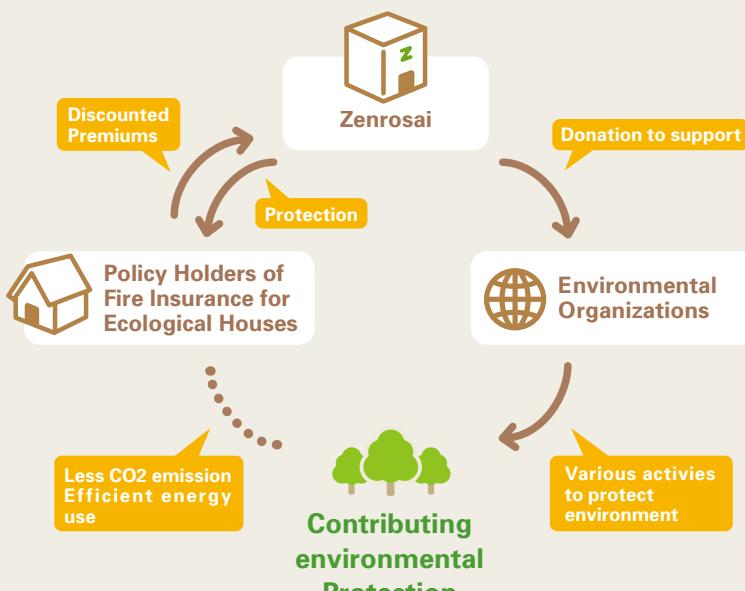
## Insurance by Major Lines

<b>Life Insurance</b> <b>Group Term Life Insurance*</b>		A wide range of coverage such as death, disability, nursing care, and medical expenses for all age groups.
<b>Pension &amp; Annuity</b> <b>Group Pension Plan*</b>		Savings for retirement with protection during its premium payment years.
<b>Fire Insurance</b>		Protection for houses and households against damage caused by fire.
<b>Natural Disaster Insurance</b>		Add-on option for Fire Insurance covering damage caused by earthquakes or other natural disasters.
<b>Automobile Insurance</b>		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

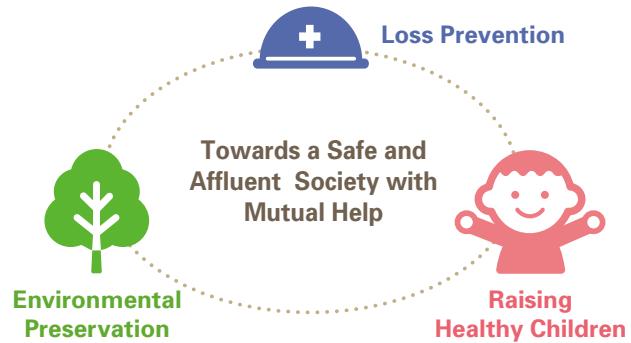


Reflecting increasing environmental awareness, more and more members are buying this product each year. It allows us, along with members, to contribute to environmental protection through Zenrosai's main business – insurance.

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

Zenosai 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.



### Zenosai 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)

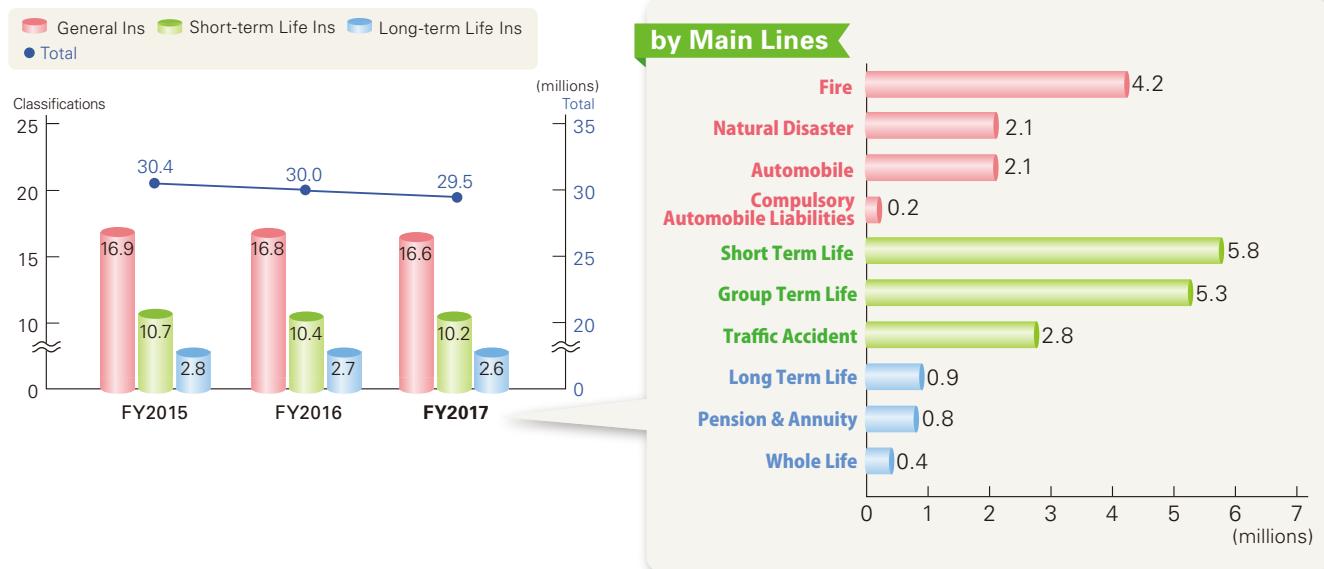


Zenosai cultural festival

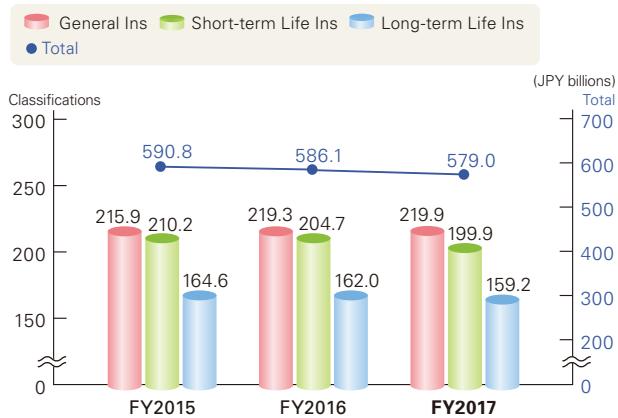
\*Activities for the survivors and evacuees of the Great East Japan Earthquake in 2011.

# Key Figures

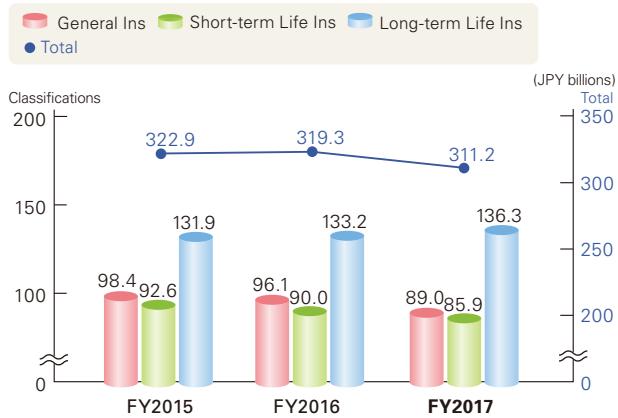
## Number of Policies-in-Force<sup>\*a</sup>



## Premiums Received<sup>\*b</sup>



## Claim Payments<sup>\*b</sup>



\*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 <sup>※C</sup>

	FY2016 May 31st 2017	FY2017 May 31st 2018	
	JPY billions	JPY billions	USD millions*
<b>Assets</b>			
Cash and deposits	178	192	1,768
Money-in-trust and Monetary Claims	474	520	4,784
Securities	2,600	2,616	24,072
Loans	5	6	60
Investment real estate	1	1	17
Others	457	475	4,375
<b>Total Assets</b>	<b>3,718</b>	<b>3,813</b>	<b>35,079</b>
<b>Liabilities</b>			
Policy Reserves	3,145	3,201	29,453
Reinsurance accounts payables	2	3	29
Other insurance business liabilities	34	34	312
Others	125	134	1,239
<b>Total Liabilities</b>	<b>3,309</b>	<b>3,374</b>	<b>31,044</b>
<b>Net Assets</b>			
Membership capital	389	423	3,895
Co-operative share	182	182	1,676
Surplus	207	241	2,218
Statutory reserve	52	58	537
Voluntary reserve	118	134	1,239
Unappropriated surplus for the period	36	47	441
Valuation and translation adjustment	19	15	139
<b>Total Net Assets</b>	<b>409</b>	<b>438</b>	<b>4,034</b>
<b>Total Liabilities and Net Assets</b>	<b>3,718</b>	<b>3,813</b>	<b>35,079</b>

\* USD1=JPY108.70(as of May 31,2018)

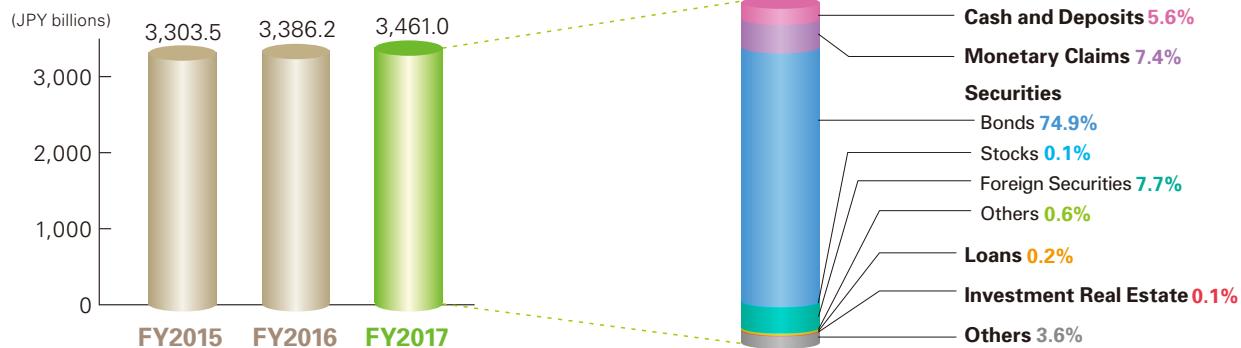
## Income Statement <sup>※C</sup>

	FY2016 May 31st 2017	FY2017 May 31st 2018	
	JPY billions	JPY billions	USD millions*
<b>Income</b>			
Premium and other income	595	588	5,410
Transfer from policy reserves	39	39	364
Investment income	52	52	483
Other ordinary income	1	1	12
<b>Ordinary Income</b>	<b>688</b>	<b>681</b>	<b>6,271</b>
<b>Expenses</b>			
Claims and Benefits	413	402	3,700
Transfer to policy reserves	67	59	547
Other ordinary expenses	123	128	1,182
<b>Ordinary Expenses</b>	<b>604</b>	<b>590</b>	<b>5,431</b>
<b>Extraordinary Income</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Extraordinary Expenses</b>	<b>9</b>	<b>8</b>	<b>79</b>
<b>Surplus before taxes</b>	<b>74</b>	<b>82</b>	<b>760</b>
Corporate and other taxes and adjustments	10	13	120
Transfer to dividends reserves	36	35	330
<b>Net surplus for the period</b>	<b>27</b>	<b>33</b>	<b>309</b>
Other adjustments	2	2	19
Payments from voluntary reserves	6	12	112
<b>Unappropriated surplus for the period</b>	<b>36</b>	<b>47</b>	<b>441</b>

\* USD1=JPY108.70(as of May 31,2018)

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

## ■ Asset Under Management <sup>\*b</sup>



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 <sup>\*b</sup>

(JPY billions)	FY2015	FY2016	FY2017
	51.9	50.7	50.9

## ■ Yield on Investment <sup>\*d</sup>

FY2015	FY2016	FY2017
1.61%	1.54%	1.50%

# ■ Management Index

## ■ Basic Profit <sup>\*b</sup>

(JPY billions)	FY2015	FY2016	FY2017
	143.6	145.0	164.3

## ■ Solvency Margin Ratio <sup>\*b</sup>

FY2015	FY2016	FY2017
1,590.8%	1,661.2%	1,768.1%

\*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 2015 displayed above are the results of recalculation by the corrected method.

## ■ Adjusted Equity Capital <sup>\*b</sup>

(JPY billions)	FY2015	FY2016	FY2017
	789.8	846.3	915.0
	21.9%	22.8%	24.0%

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

## ■ Net Worth <sup>\*b</sup>

(JPY billions)	FY2015	FY2016	FY2017
	1,644.3	1,593.2	1,673.0
	45.5%	42.8%	43.9%

\* 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).

<sup>\*b</sup> The figures are obtained by rounding off two decimal place.    <sup>\*d</sup> The figures are obtained by rounding off three decimal place.

# Annual Report 2018

**ZENROSAI**

National Federation of Workers and Consumers Insurance Cooperatives

**Address :** ZENROSAI building, 2-12-10, Yoyogi, Shibuya-ku, Tokyo 151-8571, JAPAN

**TEL :** +81-3-3299-0161 **FAX :** +81-3-5371-2685

**Website :** <http://www.zenrosai.coop/english/>



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.