

2020 Annual Report

Kokumin Kyosai co-op

National Federation of Workers and Consumers Kyosai Cooperatives

A Message from the President

To remain an indispensable entity for our members and society

— What we did in the third year of our mid-term management plan, "New-Zetwork" —

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

In fiscal 2019, the second year of our Mid-term management plan between fiscal years 2018 and 2021 which we call "New-Zetwork", we changed our brand name from Zenrosai to "Kokumin Kyosai co-op". This new name is aimed at creating a new image more familiar to people, and this decision was a milestone year for us. Fiscal 2019 was also a year when a series of natural disasters hit Japan, and the COVID-19 pandemic restricted our daily life, which spread serious anxiety throughout society. I would like to express my heartfelt sympathy to all those affected by the disasters and the new virus.

In that period, we revised our short-term and long term life policies and Automobile insurance coverage as a part of initiatives based on our business concepts called "Helpful thinking" and "Co-creation activities". We believe that these improvements have been offering a greater sense of security to our members. Other than our usual insurance business, as a cooperative founded on society, we implemented various initiatives related to SDGs and social issues. We have promoted understanding among our colleagues and members toward the realization of the SDGs, and launched a program called "ENJOY Tasukeai (Mutual Help in English) which encouraged people to help each other. Also, we started a children's raising support project to support healthy growth of children.

In fiscal 2020, the third year of our mid-term management plan, we continue to develop our business and cooperative movement with the support of our members. At the same time, we must respond to the social changes caused by the coronavirus. In light of our role and mission as a cooperative insurance association based on mutual aid, we will protect our policyholders' interests and support their livelihoods in this difficult time. Improvement of our business operations such as claim payment adapting to the "New Normal" has been becoming all the more urgent. We will strive to introduce digital technologies and redefine our sales style of face to face in this situation where less physical contacts are required, taking advantage of this crisis as a good opportunity to review our business and organizational management.



In conclusion, we would like to express our determination to ensure that Kokumin Kyosai Co-op remains an indispensable entity for our members and society, keeping in mind our philosophy of "Towards a Safe and Affluent Society through Mutual Help", no matter what eras may emerge. 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”.

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.

Kokumin Kyosai co-op

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.

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.

Helpful thinking

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.

Co-creation activities

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



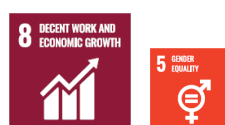
4. Disaster prevention and mitigation programs to protect our members from natural disasters such as typhoons and earthquakes



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



Kokumin Kyosai Co-op has made efforts to realize our mission, "Towards a Safe and Affluent Society through Mutual Help" by providing our members with mutual aid. In our current mid-term management plan called "New-Zetwork", we have decided to tackle the challenge of creating a sustainable society. Furthermore, in line with SDGs "No one is left behind," Kokumin Kyosai Co-op are providing more support for our members and their communities.

In July 2020, we formulated "Kokumin Kyosai Co-op's SDGs Action Pledge", and we presented it at the 132nd General Meeting in August of the same year. Based on this pledge, Kokumin Kyosai Co-op will promote education about SDGs among its employees in order to materialize concrete initiatives related to SDGs.

Main Initiatives in FY2019

In the second 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 "Helpful thinking" and "Co-creation activities").

1. 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.

Main coverage updates

Short term life insurance

- ◇ Launching a new insurance policy for children, which includes telephone consultation service
- ◇ Hospitalization coverage of 10,000 yen per day
- ◇ Coverage of advanced medical care expenses up to 10 million yen

Individual Long Term Life Insurance <Comprehensive Medical type>

- ◇ Relaxation of underwriting standard for whole life insurance, which is now available for people over 14 years old.
- ◇ Launching a nursing care coverage as part of Whole Life Plan

Automobile insurance

- ◇ Revision in response to the revision of the Civil Code
- ◇ Lowering premium rates in light of the recent profitable years.

Personal liability insurance

- ◇ Increase of the maximum amount of liability coverage from 100 million yen to 300 million yen

Social initiatives unique to cooperatives

Promotion of Mutual aid

In order to create a society where people can support each other more easily and proactively, we have started an education campaign called "Enjoy TASUKEAI" ("Mutual aid").



Initiatives to solve social issues

In order to protect children from traffic accidents, we implemented the "Traffic Safety Project for Children" and donated 85,000 crossing flags to child-care centers nationwide.

Additionally, aiming to further promote understanding and activity related to the SDGs among employees, we distributed SDGs badges to them and held educational workshops.



Crossing flag

2 . Disasters responses

Prompt payment of insurance benefits

In the wake of the record-breaking rains in northern Kyushu in August, and Typhoons 15 and 17 in September 2020, our staff across the country proceeded to take care of our members through on-site survey activities in the affected areas.

Subsequently, after Typhoon 19 in October, we switched the damage assessment method from on-site survey to document examination using damage estimates written by house repairers in order to expedite insurance payments. We paid 29.25 billion yen in total for the affected members.

Improvements in Payment Operations

In fiscal year 2019, in order to address the issues identified through our experience dealing with the large-scale disasters in fiscal year 2018, we improved our disaster claim payment operation. The

changes include improvement of acceptance of claim reports, digital processing of pictures of the



The local task force

damages, expediting shipments of claim documents.

In addition, we opened the Tokyo Claims Handling Center in April 2020 to effectively coordinate and supplement our disaster response centers, as part of our BCP (Business Continuity Plan). In the future, the center will be used as a multi-functional office to handle all kinds of disaster claims, such as disaster report reception and centralized payment operations in the events of large-scale disasters.

3 . Response to the COVID-19 pandemic

Insurance coverage

In the event of death or severe disability caused directly by the novel coronavirus infection, we will pay death benefits whose amounts are at the same level as the death caused by accidents.

Efforts to prevent the spread of infection and new business operations

We have implemented a variety of measures to ensure that our top priority is to prevent infection and ensure the safety of our members and customers, as well as all people and organizations working for the Kokumin Kyosai Co-op Group.

Social activities in a pandemic situation

As social unrest spreads due to the pandemic, we developed the "TASUKEAI ("Mutual aid") in this difficult time" campaign for our members and society, mainly through our website, to raise awareness of the need to prevent the spread of infection and to promote emotional community and mutual help. We donated 100,000 face masks to the Japanese Health and Welfare Co-operative Federation, as an effort to support medical and nursing care workers and to further promote solidarity and cooperation among cooperatives.



A scene from the mask donation ceremony

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.

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.



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

Kokumin Kyosai Co-op Group

Kokumin Kyosai co-op

National Federation of Workers and Consumers Kyosai Cooperatives

Established in September 1957

Kokumin Kyosai Co-op 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

Kokumin Kyosai Co-op is a national federation comprised of 58 cooperative societies.

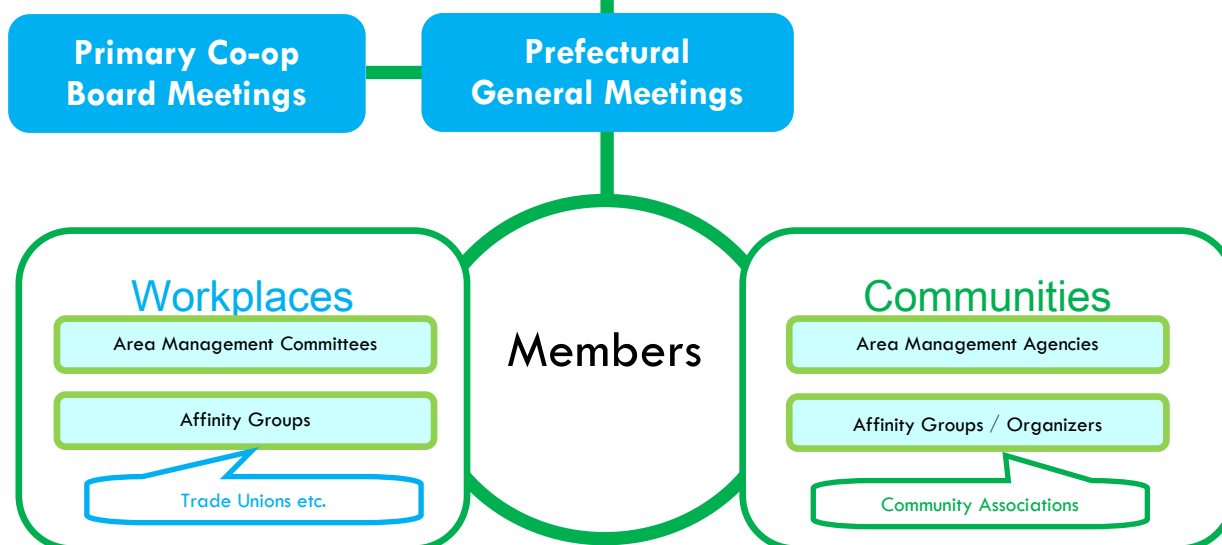
It is owned, managed and utilized by its members. As it is essential for us to maintain members' participation in its management, we set up an integrated democratic structure.

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.**).

Shops

We have 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' Cooperative Federation)

We provides our House Insurance and Long-term Individual Life 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 Repair Shops

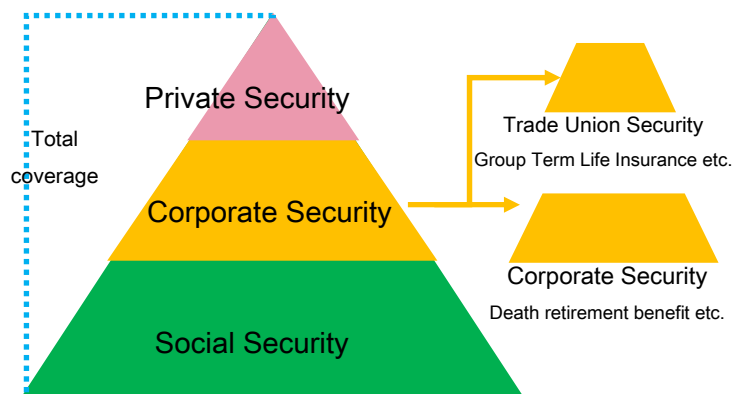
Kokumin Kyosai Co-op provides compulsory automobile liability insurance to the members through its partnership with car repair shops.

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

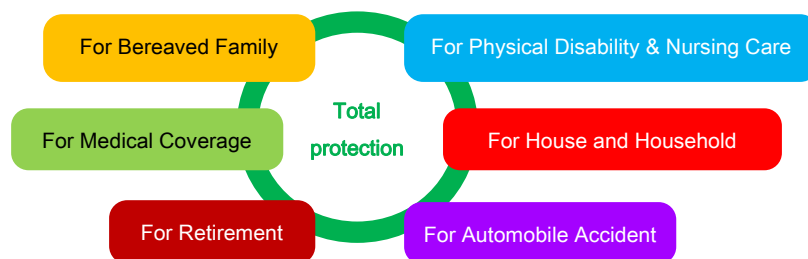
Corporate security can be provided by companies and/or their trade unions. Kokumin Kyosai Co-op promotes "Trade union security", ensuring the lives and livelihoods of the members of trade unions through various products such as Group term life, Fire, and Automobile insurances.

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.

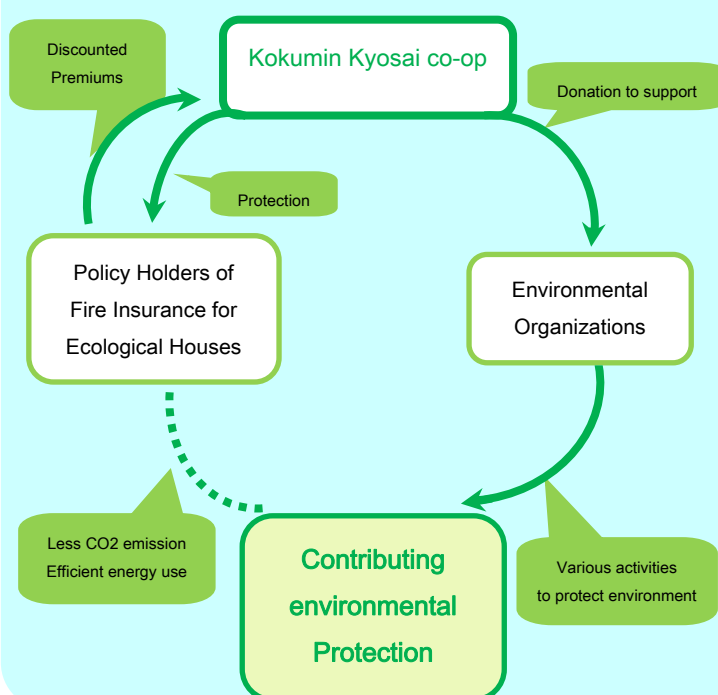


Cooperative Insurance by Major Lines

Life Insurance Group Term Life Insurance*	<div>For Bereaved Family</div> <div>For Physical Disability & Nursing Care</div> <div>For Medical Coverage</div> <div>For Retirement</div>	A wide range of coverage such as death, disability, nursing care, and medical expenses for all age groups
Pension & Annuity Group Pension Plan*	<div>For Bereaved Family</div> <div>For Physical Disability & Nursing Care</div> <div>For Retirement</div>	Savings for retirement with protection during its premium payment years
Fire Insurance	<div>For House and Household</div>	Protection for houses and households against damage caused by fire
Natural Disaster Insurance	<div>For House and Household</div>	Add-on option for Fire Insurance covering damage caused by earthquakes or other natural disasters
Automobile Insurance	<div>For Automobile Accident</div>	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 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.

Social Contribution Activities

Kokumin Kyosai Co-op 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.

Loss Prevention

Towards a Safe
and
Affluent Society
with
Mutual Help

Environmental Preservation

Raising Healthy Children

Major Activities

Initiatives against New Coronavirus Infections

With the restrictions on social interactions and the great anxiety of society as a whole, we have launched a special website "# TASUKEAI ("Mutual aid") in this difficult time" campaign to deliver useful contents for infection prevention and messages that remind us of the value of a sense of community.

The Traffic Safety Project for Children

The Project is aimed at protecting children from tragic accident. As a cooperative providing automobile insurance, we understand that children around 7 years old starting to go school by themselves are at risk of traffic accidents.

We have started a joint research project with Kanazawa University on traffic safety for children.

We donated one crossing flag for each automobile insurance estimate made to child-care centers and other facilities nationwide (cumulative total: approximately 190,000 flags).



A scene of project with
Kanazawa University

Children's Sound Growth Support Project

Focusing on the widening gap and decline of children's physical fitness, we have launched an initiative to ensure the healthy growth of children.

A special website was launched to provide useful information for families raising children, including educational columns to support children's growth.

Donation of one jump rope per request for a leaflet about our products to child-care centers nationwide (approximately 20,000 ropes).



Jump rope

Other Activities



Disaster relief event in Kumamoto



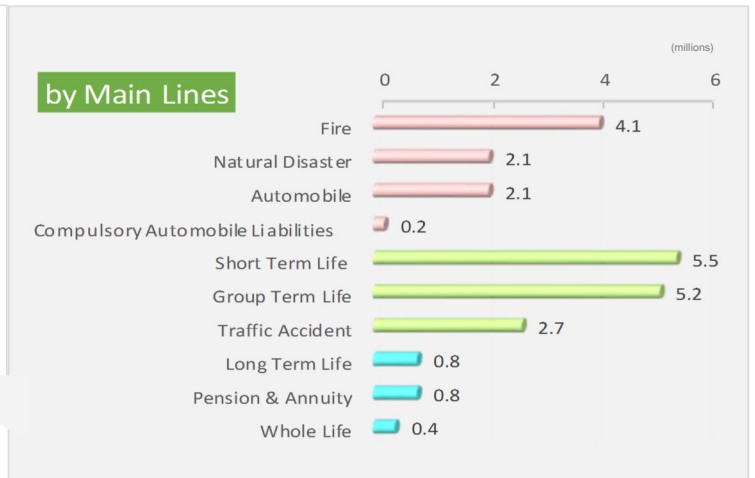
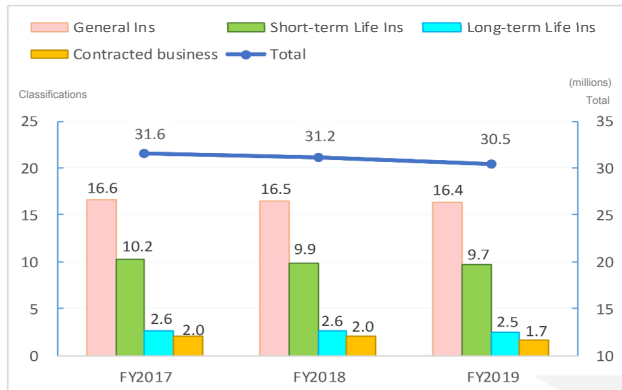
Bosai Café (Loss Prevention Event)



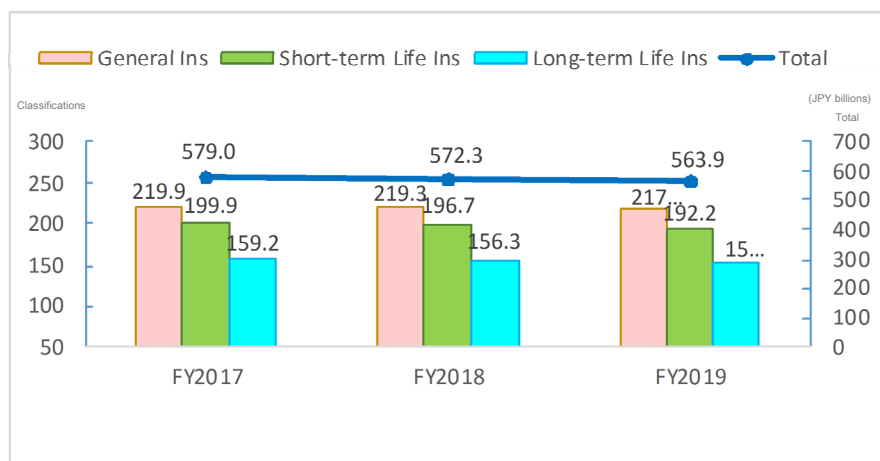
Cultural festival

Key Figures

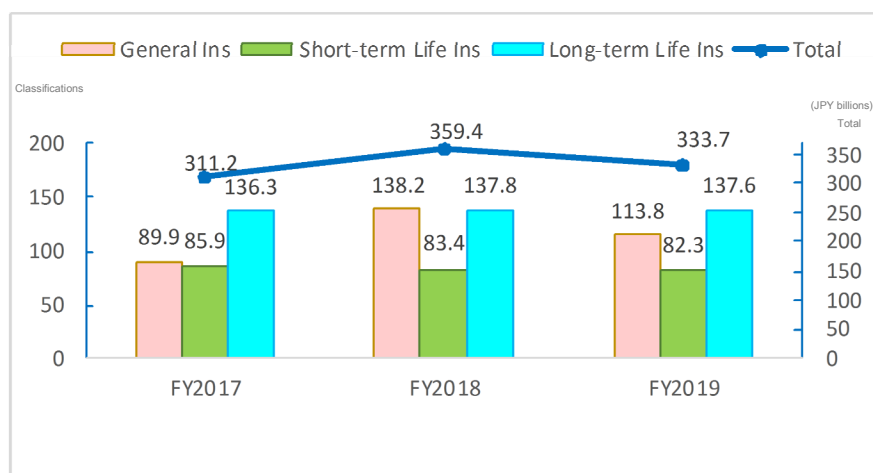
◆Number of Policies-in-Force^{*a}



◆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

	FY2018 (May 31, 2019)	FY2019 (May 31, 2020)	
	JPY billions	JPY billions	USD millions*
Assets			
Cash and deposits	186	203	1,860
Money-in-trust and Monetary Claims	537	533	4,876
Securities	2,640	2,664	24,360
Loans	7	7	72
Investment real estate	2	2	18
Others	482	490	4,482
Total Assets	3,856	3,900	35,670
Liabilities			
Policy Reserves	3,224	3,249	29,717
Reinsurance accounts payables	3	3	33
Other insurance business liabilities	35	23	216
Others	134	149	1,367
Total Liabilities	3,397	3,426	31,335
Net Assets			
Membership capital	436	454	4,160
Co-operative share	183	183	1,677
Surplus	253	271	2,482
Statutory reserve	65	67	617
Voluntary reserve	150	161	1,473
Unappropriated surplus for the period	37	83	765
Valuation and translation adjustment	22	19	175
Total Net Assets	459	474	4,335
Total Liabilities and Net Assets	3,856	3,900	35,670

*USD1=JPY107.53(as of May 31,2020)

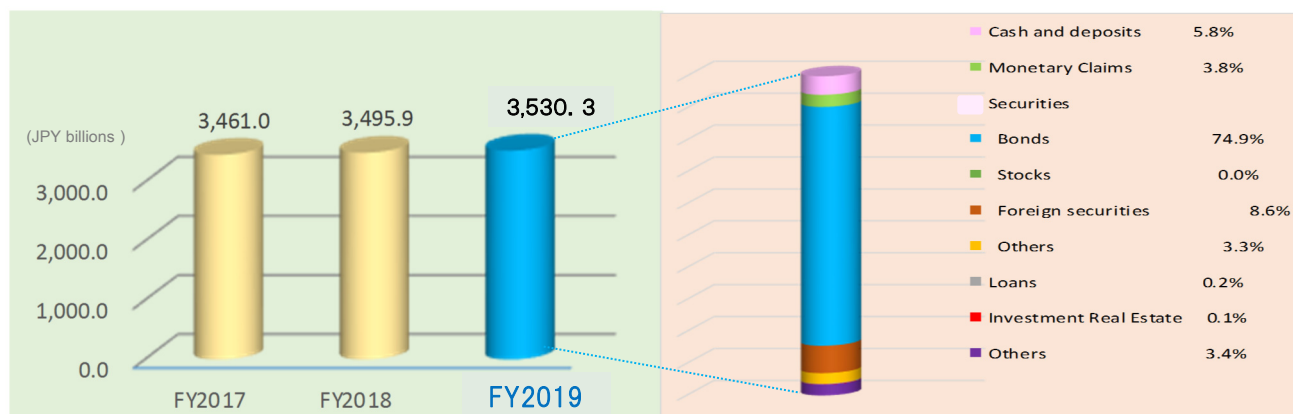
◆ Income Statement * C

	FY2018 (May 31, 2019)	FY2019 (May 31, 2020)	
	JPY billions	JPY billions	USD millions*
Income			
Premium and other income	585	575	5,347
Transfer from policy reserves	35	46	433
Investment income	51	52	486
Other ordinary income	1	2	21
Ordinary Income	674	676	6,290
Expenses			
Claims and Benefits	451	428	3,984
Transfer to policy reserves	22	35	330
Other ordinary expenses	138	140	1,310
Ordinary Expenses:	612	604	5,625
Extraordinary Income	0	0	0
Extraordinary Expenses	8	8	81
Surplus before taxes	53	62	583
Corporate and other taxes and adjustments	5	7	69
Transfer to dividends reserves	36	37	344
Net surplus for the period	12	18	170
Other adjustment	2	0	7
Payment from voluntary reserves	23	23	220
Unappropriated surplus for the period	37	42	398

*USD1=JPY107.53(as of May 31,2020)

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

◆Asset Under Management^{*b}



◆Investment Profit^{*b}

FY2017	FY2018	FY2019
50.9	50.0	50.7

◆Yield on Investment^{*d}

FY2017	FY2018	FY2019
1.50%	1.46%	1.46%

■ Management Index

◆Basic Profit^{*b}

FY2017	FY2018	FY2019
164.3	113.0	134.0

◆Solvency Margin Ratio^{*b}

FY2017	FY2018	FY2019
1,768.1%	1,810.1%	1,990.9%

*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.

◆Adjusted Equity Capital^{*b}

FY2017	FY2018	FY2019
915.0	945.2	981.8
24.0%	24.5%	25.2%

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

◆Net Worth^{*b}

FY2017	FY2018	FY2019
1673.0	1766.6	1,767.3
43.9%	45.8%	45.3%

*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.



NATIONAL FEDERATION OF WORKERS AND CONSUMERS KYOSAI COOPERATIVES

Annual Report 2020

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.