

CO-OP 共済

F O R A B E T T E R T O M O R R O W



Year Ended March 20, 2008

# ANNUAL REPORT

# 2008

 Japanese Consumers' Co-operative Union

JCCU CO-OP Insurance Business Center

# ANNUAL REPORT 2008

Year Ended March 20, 2008

## CONTENTS

Financial Highlights .....	01
Message from the Executive Director .....	02
Topics in fiscal 2007 .....	04
Co-op, JCCU and CO-OP Insurance .....	08
Types of CO-OP Insurance .....	09
Payment of Claims .....	10
Compliance and Policy on solicitation .....	11
International activities and LPA .....	13
Health and Welfare .....	14
Fiscal 2007 CO-OP Insurance Business Overview .....	15
Balance sheet .....	17
Income statement .....	18
Solvency Margin Ratio and others .....	19
Structure of CO-OP Insurance Business Center .....	20
JCCU at a Glance .....	21

The official name of our organization is the Japanese Consumers' Co-operative Union, commonly abbreviated as JCCU.



# Financial Highlights

## For the years ended March 20,

	Millions of yen*1				Thousands of U.S. dollars*2
	2006	2007	2008	Changes	2008
Ordinary income	¥ 69,230	¥ 77,890	¥ 91,727	(+17.8%)	\$ 919
Ordinary expenses	29,985	34,830	45,874	(+31.7%)	460
Ordinary surplus	20,369	22,008	21,460	(-2.5%)	215
Net surplus	14,549	15,265	12,109	(-20.7%)	121

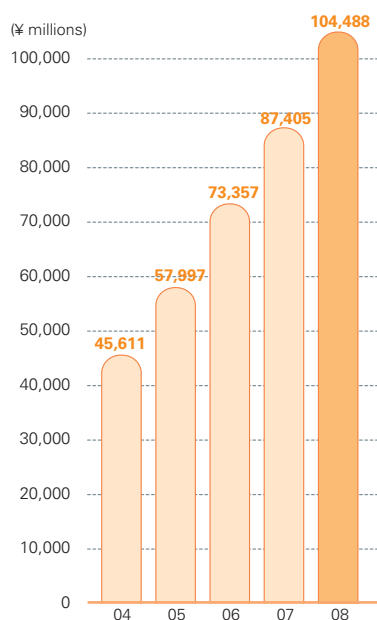
## As of March 20,

Total assets	73,357	87,405	104,488	(+19.5%)	1,047
Total liabilities	29,074	37,087	50,717	(+36.8%)	508
Total capital	44,282	50,317	53,770	(+6.9%)	539
Number of policies (total)	5,777,941	6,263,379	6,677,739	(+6.6%)	—
Number of policies (direct insurance total)	5,381,453	5,861,815	6,265,849	(+6.9%)	—
Amount insured (direct insurance total)					
(¥ billions/ \$ millions)	¥ 7,690	¥ 8,472	¥ 9,173	(+8.3%)	\$ 91
Solvency margin (%)	863.9	951.7	1,330.5	(+378.8pt.)	—

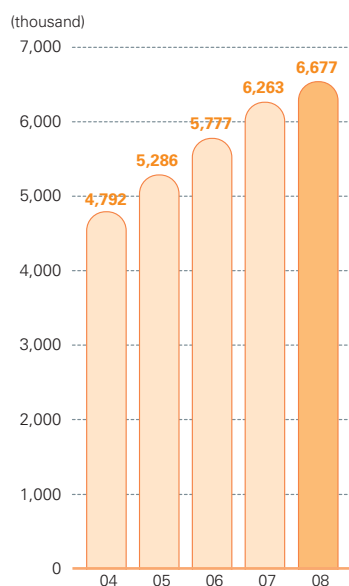
1. Yen Amounts are rounded down to the nearest ¥1 million.

2. U.S. dollar amounts are translated, for convenience only, at ¥99.72 = US\$1.00, the rate prevailing on March 20, 2008, and rounded down to the nearest \$1 million.

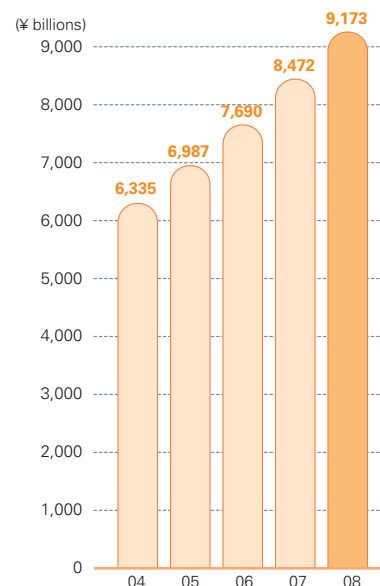
### Total Assets



### Number of policies (all total)



### Amount insured (direct insurance)



# Message from the Executive Director

伊藤 義彦

Yoshihiko Ito  
Executive Director



## Enlarged Circle of Mutual Help for 6.7 Million People, and Response to the Revised Consumers' Co-operative Society Law (Co-op Law)

Fiscal 2007 is the first year of the "Mid-Term Mutual Insurance project 2007-2009" (hereinafter, the "Mid-Term project"), our action plan to achieve the basic goals specified in the "Problems and Goals of CO-OP Insurance Towards 2015." In fiscal 2007, the Japanese Consumers' Co-operative Union (JCCU) made efforts to achieve important policy targets indicated in the Mid-term project while holding improved promotional activities and developed or improved commodities. As a result, the number of member customers for CO-OP Insurance increased by 410,000, totaling approximately 6.67 million at the end of fiscal 2007. In compliance with the wishes of member customers, "Tasukeai", an insurance product for basic medical care for women was improved so that hospitalization benefits can be paid from the first day of hospitalization in the event of sickness. As a result, insurance products for all courses, including the course for children, were improved so that hospitalization benefit may be paid from the first day of hospitalization in the event of sickness. The education system was also revised and training was given to persons in charge of our promotional activities so that more appropriate co-op promotions can be made.

In 2007, the Co-op Law, which is the enabling law for co-ops, was revised for the first time in 59 years (hereinafter, the "Revised Law".) The revision to the Law was made to reflect changes in the lives of consumers and the role of today's co-ops. Improvements have been made to the mutual insurance business, with improved measures to protect consumers, including ensuring soundness and transparency of management and restrictions on the simultaneous conducting of mutual insurance and other business.

Consistent with the objectives of revision of the Law, the JCCU has a policy to improve the structure on which the mutual insurance business is implemented so that

consumers may become member customers of co-ops without concerns. The largest problem for the mutual insurance business of co-ops is restrictions on the simultaneous conducting of mutual insurance and other business. The JCCU together with its member co-ops began preparations for a new consumers' co-operative union specializing in mutual insurance.

### Payment of Benefits

In fiscal 2007, the JCCU reinspected the conditions for payment of benefits for 3.67 million cases over the past five years. As a result, it was found that the payment of benefits in 233 cases was insufficient by approximately 14.37 million yen. The deficient amount was paid immediately. Payment of benefits is important and useful for member customers. We take this fact very seriously, and deeply apologize to our member customers and the parties concerned for these underpayments. At the same time, we will take measures to prevent any recurrence, and improve our operations so that we pay benefits speedily and accurately.

### Our Aim as the Co-op is to Secure the Fullest Confidence of our Member Customers

The JCCU has created a slogan: "Let's build a mutual insurance business that can contribute to the full to our member customers together with member co-ops, following our 'future-oriented joint business policy'!"

CO-OP Insurance aims to continue to increase the number of member customers in order to contribute to the daily lives of as many member customers as possible in the insurance sector. At the same time, the JCCU will enhance a broad range of operations to establish a new consumers' co-operative union specializing in mutual insurance and to improve the level of compliance with the Revised Law.

We are determined to tackle various problems so that we will really be "a co-op that can secure the fullest confidence of our member customers." We sincerely hope that you understand our aims and that you will cooperate with us in achieving them.

## Visions of CO-OP Insurance

**Through CO-OP Insurance and the mutual assistance of CO-OP members, we are aiming to enrich society, promote cooperative activities, develop CO-OP and improve the lifestyles of members based on covering economic loss caused by the various risks in members' lives.**

- 1 We will offer insurance products that suit members' needs with more reasonable premiums and better coverage.
- 2 We will promote communication between members and CO-OP employees, and encourage a spirit of mutual aid among members.
- 3 We will offer members the opportunity to learn about insurance and acquire the ability to select the insurance that suits them most.
- 4 We will increase the social credibility of cooperative business by the stable management of the insurance and the expansion of the insured.
- 5 We will positively face the problems of aging, health and welfare, and conduct activities to contribute to society, such as social welfare activities.

# Topics in fiscal 2007

## 1 CO-OP Insurance improves products based on member feedback

CO-OP Insurance is developing and improving products based on member feedback. In fiscal 2007, we worked on product improvement, which was a request from the majority of members. We will continue our products in order to let as many people as possible join the insurance cooperative and to meet member requests.

### ● **Tasukeai (Women plans, Medical plans, Basic plans, Silver 70 plan) : Hospitalization coverage from the first day!**

※ Before the revision, benefits had been paid for hospitalization of two days or longer as a concession for the period from the 1st to the 184th days of hospitalization.



## 2 CO-OP Insurance reflects policyholder feedback in the business

CO-OP Insurance established the consultation center, which is dedicated to handling complaints and requests regarding participation and claims payments, in March 2006. We had 2,812 complaints and requests from March 2007 to March 2008. Viewing the opinions we received as valuable information for CO-OP Insurance, we use the feedback to improve our products and business operations.

## 3 New Education and Training Started ~ 41,954 Persons Completed the Basic Essential Training for CO-OP Insurance ~

In fiscal 2007, new education and training started for personnel in charge of CO-OP Insurance. This new effort was begun to enhance protection for policyholders based on the "Implementation Standards for Securing Proper Development of the Mutual Insurance Business" prepared at the Cooperative Insurance Meeting attended by the co-ops who are members of the Japan Cooperative Insurance Association Incorporated.

As of March 20, 2008, education and training was conducted by 115 member co-ops (including six cooperative unions) in Japan. 41,954 persons completed the education and training course, and received the certification issued by the JCCU.



## 4 A Survey Was Made of Benefit Payments

The JCCU conducted a survey of CO-OP Insurance benefit payments, and submitted a report to the Ministry of Health, Labour and Welfare on January 18, 2008.

The JCCU has positively encouraged policyholders of CO-OP Insurance to ask for benefit payments to be made through the co-op they joined. Recently, however, it was found that additional benefit payments should be made for the amount of 14,375,400 yen in 233 cases. The JCCU deeply apologizes to policyholders for the inconvenience. We finished making the additional payments on March 17, 2008.

After examining the causes of the underpayment and reflecting on the incident, the JCCU is determined to prevent any recurrence to ensure that CO-OP Insurance can retain the full confidence of its policyholders.

Details of The investigation results are available on the following website.

◎[http://jccu.coop/kyosai/info\\_080118.shtml](http://jccu.coop/kyosai/info_080118.shtml)

## 5 Insurance Payment Evaluation Committee Holds Meetings

The Insurance Payment Evaluation Committee, which is attended by experts from outside the JCCU including attorneys and member Co-ops, holds meetings to examine the payment of benefits and submits recommendations on how to improve the benefit payment procedure and operations. Meetings were held seven times in fiscal 2007.

Based on recommendations made at these meetings, the JCCU revises its account books and updates the contents of its website from time to time.

## 6 We visited policyholders in areas having damaged from earthquake or the other disasters to express sympathy and invite requests for claims payment.

We visited policyholders in areas having big damage by The Noto Peninsula Earthquake in 2007 and Nigataken Chuetu-oki Earthquake in 2007 to express sympathy and invite requests for claims payment in cooperation with member co-ops of the areas and the neighborhood areas.

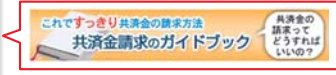
We had words of gratitude from many members.



## 7 CO-OP Insurance Website Improves Its Information

In response to a comment from a policyholder saying, "I have no idea of how to submit an application for payment of insurance under CO-OP Insurance," the JCCU published a "Guidebook on Requesting Payment of Benefits" on the CO-OP Insurance website in October 2007.

In the "Guidebook on Requesting Payment of Benefits," how to request payment of benefits and other matters are explained in an easy-to-understand way using charts.



Guidebook on Requesting Payment of Benefits.

## 8 Life-Planning Activities Are Conducted Across the Country !



Our Life-planning activities of training sessions on revising lifestyles and workshop are well received.

Training sessions on revising lifestyles had 9,645 participants, which is 44% expands compared with fiscal 2006 and workshop had 991 visitors.



The Group of LPA\*, Co-op Hiroshima, received the "Fiscal 2007 Organization of Distinguished Achievements in Diffusing Financial Knowledge" award from the Financial Services Agency and the Bank of Japan.

\* LPA : Life-Plan-Advisor



## The JCCU Makes Preparations to Establish A New Consumers' Co-operative Union Specializing in the Mutual Insurance Business

### ◆The Consumers' Co-operative Society Law (Co-op Law) Was Revised

The CO-OP Insurance is an approved co-op that operates in accordance with the provisions of the Co-op Law. The revised Co-op Law took effect in April 2008. The mutual insurance business was revised to enhance protection for policyholders. The JCCU and its member co-ops that handle CO-OP Insurance products will improve their business operations in accordance with the intention of the revision of the Law from now on so that policyholders may continue their mutual insurance contracts without any concerns.

### ◆A New Consumers' Co-operative Union Specializing in the Mutual Insurance Business Will be Established

The revised Co-op Law prohibits unions from handling mutual insurance and any co-op conducting mutual insurance as the direct insurer with total mutual insurance premiums in excess of 1.0 billion yen from doing business other than mutual insurance (restrictions on simultaneous conduct of mutual insurance and other business.) The JCCU and co-ops conducting mutual insurance as direct insurers simultaneously conduct "joint purchase, individual delivery service, and sales at co-op stores, etc." and "mutual insurance." Therefore, the JCCU and these co-ops are now preparing to establish a new consumers' co-operative union specializing in mutual insurance (hereinafter, the "New Union" as a tentative name) to continue its mutual insurance business. The New Union will be established with capital jointly contributed by the JCCU and its member co-ops.

Entry to the New Union is scheduled to be approved at a meeting of the representatives of member co-ops and then a permit will be obtained from the Ministry of Health, Labour and Welfare. The CO-OP Insurance business will then be transferred to the New Union possibly in March 2009. We will notify every policyholder. We will also give notice to member customers on our website in due course.

◎<http://jccu.coop/kyosai>

#### Items Not Changed under the New Union

- The particulars and insurance premiums will not change. Current contracts remain unchanged.
- Contacts for policyholders will be the same co-op as before and the same member of staff as before.

#### Items Changed under the New Union

- New insurance products may be developed since all co-ops across the country are joining the same New Union.
- The New Union will become the direct insurer. A new certificate of mutual insurance will be issued after the current contract is transferred to the New Union.

# Co-op, JCCU and CO-OP Insurance

## Co-op is the Largest Consumer Organization in Japan

Co-op was established based on the Consumers' Livelihood Co-operative Society Law, which came into effect in 1948. Co-op is an organization wherein Co-op members are free to join or cancel their membership. The organization aims to enhance the everyday lifestyles of members through co-operation. Members paying into the organization make up the organization's principle operations.

Co-ops are comprised of retail Co-ops (regional Co-ops, institutional Co-ops, school teachers' Co-ops and university Co-ops), health Co-ops, insurance Co-ops and housing Co-ops.

These organizations base their operations on close ties to the lifestyle of members and make up Japan's largest consumer organization.

## JCCU is the Association for Co-ops in Japan

JCCU (Japanese Consumers' Co-operative Union) was established when Co-ops united in March 20, 1951 in order to realize a better lifestyle for its members.

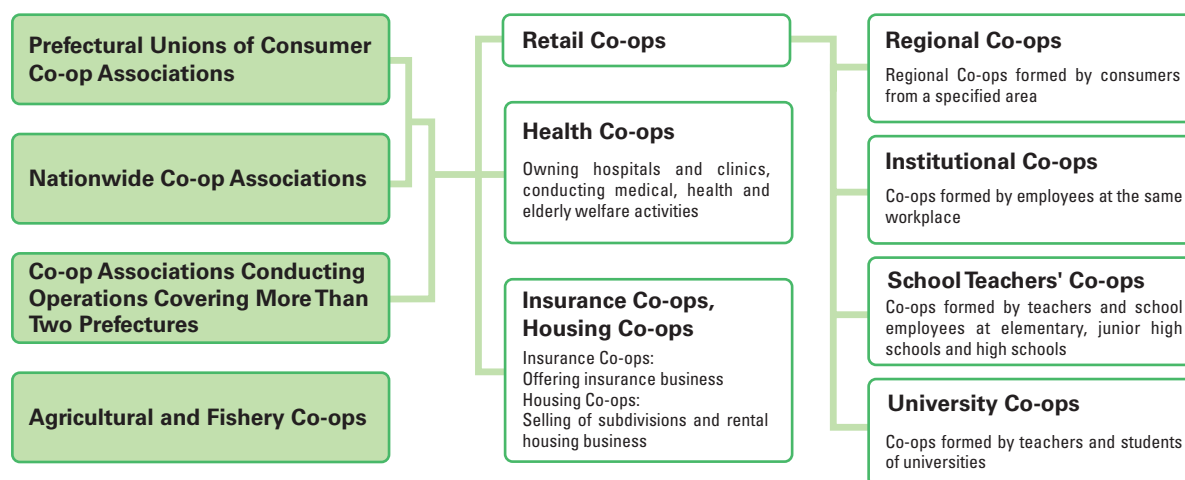
JCCU positions its product supply business and CO-OP Insurance business as its cornerstone operations. For the product supply business JCCU works to improve and develop CO-OP brand products in order to supply the nationwide network of Member Co-ops with better products. While aligning itself with Member Co-ops, JCCU works to ensure the safety of food products from the perspective of consumers.

Furthermore JCCU ensures the rights of consumers and is undertaking environmental and social welfare activities.

## Member Co-ops and JCCU are Independent Entities

Member Co-ops and JCCU are both independent entities and conduct operations and management accordingly. While there are personnel exchanges between Member Co-ops and JCCU, this is by no means an indication of a head-branch office relationship.

### Member Co-ops' Structure of JCCU



# Types of CO-OP Insurance



## CO-OP Insurance *Tasukeai* — Medical Insurance



This insurance provides comprehensive coverage for outpatient care due to accident, hospitalization, surgery, death, disability, family members' death of the insured, and damage to residences caused by fire or other perils. It is designed to meet the Co-op members' demands for coverage that is essential to their daily lives at a reasonable premium.

There are four plans for women, for children, mainly to cover medical, and uniform medical and death cover.

## CO-OP Insurance *i.-Plus* — Term Life Insurance up



This insurance simply provides cover for death, which can be added cancer, hospitalization, and surgery of the insured. The maximum sum insured is ¥20 million in death benefits for a reasonable premium. Added coverage is available by combining *i.-Plus* with *Tasukeai*. The contract term is 10 years and the premium varies according to the age and sex of the insured.

Coverage may be extended until the member reaches the age of 85 with the ¥20 million plan extendable up to age 70.

## CO-OP Fire Insurance



This insurance provides coverage against damage to residences caused by a wide range of perils including fire, lightning, explosion, aircraft or vehicle crashes into residences, windstorm and flood, flooding from a third party residence, unexpected damage from a third party and earthquakes etc.

## CO-OP Insurance *New i.i.* — Life Insurance



Basic plan that provides cover for death with the rebate plan can be matched up with medical cover and women's health cover. The contract term is renewable after five years with the option of a rebate after the five years. Coverage may be extended until the member reaches the age of 80.

©CO-OP Insurance *i.i.* was stopped offer.

## Insurance Products Uniform throughout Japan

CO-OP Insurance is mainly sold by retail Co-ops. JCCU and Member Co-ops form the CO-OP Insurance Group for joint operations. CO-OP Insurance offers the same cover across Japan. As of March 20, 2007, 151 Member Co-ops offered CO-OP Insurance *Tasukeai*.

## Direct and Indirect Insurance Products Offered

CO-OP Insurance offers direct and indirect insurance products. Direct insurance products are offered by JCCU and Member Co-ops approved by the Ministry of Health, Labour and Welfare or local government bodies. CO-OP Insurance direct insurance products are *Tasukeai* and *i.-Plus*.

For insurance not covered by direct insurance products, CO-OP Insurance forms alliances with ZENROSAI\* and property and casualty insurance firms to offer indirect insurance products.

CO-OP Fire Insurance and CO-OP Life Insurance *New i.i.* are offered as indirect insurance products.

\*ZENROSAI is Japan's largest workers and consumers insurance cooperative organization recognized by the Co-op Law. ZENROSAI is a member organization of JCCU. ZENROSAI and JCCU work together to provide a full line-up of CO-OP Insurance.

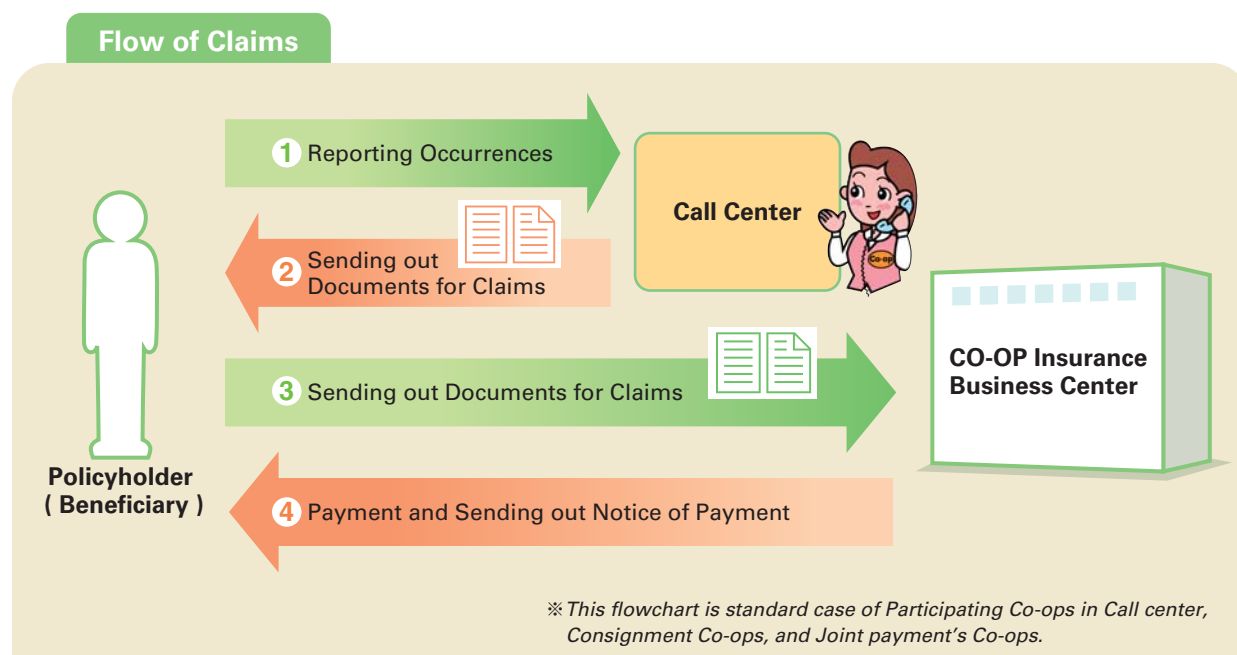
# Payment of Claims

## Payment of Claims

Payment of claims, excluding that for CO-OP Fire Insurance, is made by JCCU via Member Co-ops or the CO-OP Insurance Center. (Payment of claims for CO-OP Fire Insurance is made by ZENROSAL.) Upon receiving a claim request, we check the contract details and ask the policyholder for details about the request and then send the necessary materials. CO-OP Insurance values swift and efficient payment procedures from the viewpoint of policyholders. For example, basic information is printed on payment claims documents in advance, and some procedures are simplified depending on the claim details and amount.

CO-OP Insurance shortens the time from the reception of a claims request to payment in order to enhance policyholder satisfaction.

We also established the Insurance Payment Evaluation Committee in June 2006.



## Relief Money to Victims of Devastating Disasters

In the CO-OP Insurance plans, *Tasukeai*, *i.-Plus* and *i.i.* policyholders receive Relief Money in accordance with the CO-OP Insurance Regulations on Devastating Disaster Relief Money. These regulations were made with the aim of providing a token of our sympathy to victims of devastating disasters. JCCU annually allocates money from CO-OP Insurance surpluses to the Devastating Disaster Relief Money Fund in order to make payments in time of a massive disaster. CO-OP Insurance offers special assistance in accordance with the magnitude of a natural disaster. In the event of a devastating disaster occurring wherein policyholder are eligible for claim payment and Relief Money, Member Co-ops across the country cooperate in order to ensure swift and certain payment so that the burden on policyholder may be alleviated even slightly.

# Compliance and Policy on solicitation

## Risk Management

Risks associated with insurance businesses include asset management risks, office work risks, and system risks.

### (1) Asset Management Risks

As for asset management risks, in compliance with the Co-op financial regulations and other rules, we have established the Insurance Business Asset Management Committee, and formed the insurance business asset management regulations and the policy for managing the asset management risks in order to ensure proper management.

### (2) Insurance Risks

We manage insurance risks with due consideration of business stability; for example, we pay attention to achieve the proper insurance payment rate when developing and revising products.

### (3) Office Work Risks and System Risks

We are striving to prevent accidents in clerical tasks as well as in the development and management of systems by establishing the Behavior Rules to Prevent Serious Accidents and the Information Security Policy.

### (4) Strengthening of Risk Management System

From January 2007, we have been working on the establishment of the comprehensive risk management system to strengthen risk management by creating the Risk Management Department. In January 2008, we reorganized the Risk Management Department to Risk management department and Compliance promotion department. In addition, we placed the person who checks legal documents specially.

### (5) Implementation of Check by the Mutual Accountant

We have checked accounting to make sure of healthy mutual business under the Mutual accountant Law that is provided by Japan Cooperative Insurance Association Incorporated (JCIA).

## Compliance

### (1) Payment of Claims and Policy on solicitation

The JCCU CO-OP Insurance Business Center has the CO-OP Insurance Solicitation Policy based on the Law on Sales of Financial Products.

### (2) Enhancement of important information declaration

#### ○ Declaration of Important Information

We have the easy-to-understand Declaration of Important Information, which is placed on advertisements and other materials so that consumers can correctly understand the contract outline before joining.

#### ○ Protection of Personal Information

As for the protection of personal information, we have the Regulations on Personal Information and analyze risks concerning personal information protection and prevent accidents. For the details about the Regulations on Personal Information of the JCCU CO-OP Insurance Business Center, please visit the website of CO-OP Insurance (<http://jccu.coop/kyosai>).



### Business operations based on policyholder feedback

#### (1) Opening of the consultation center for handling complaints

CO-OP Insurance, when developing products and paying claims, is making improvements based on policyholder feedback. In order to receive more feedback and reflect the opinions in our business, we established the consultation center, which is dedicated to handling complaints, opinions, and requests in 2006.

#### ○ Complaints we received at the consultation center in 2007

We had 2,812 complaints and requests in fiscal 2007. Viewing the opinions we received as representing the voice of our policyholders, we are striving to improve the problems.

#### (2) Improvement efforts resulting from complaints and opinions we receive

We have introduced the management system to unify the management of complaints and opinions we receive so that related departments can share and swiftly resolve any issues. In addition, we report all complaints and opinions to all departments once a week.

### Policy on solicitation

Based on the Law on Sales of Financial Products, JCCU has established the following CO-OP Insurance Solicitation Policy. These guidelines are posted visibly at the JCCU CO-OP Insurance Business Center and at Member Co-ops handling CO-OP Insurance. CO-OP Insurance sales personnel carry the guidelines in an all out effort to bolster compliance.

#### ■ CO-OP Insurance Solicitation Policy

##### Notification to all members

Based on the Law on Sales of Financial Products, we have established the following CO-OP Insurance Solicitation Policy.

1. When offering CO-OP Insurance, every effort will be made to comply with the Co-op Law, the Law on Sales of Financial Products and the Consumer Contract Act to provide services in an appropriate method.
2. When offering CO-OP Insurance, every effort will be made to ensure members fully understand product content and other important information.
3. When offering CO-OP Insurance, every effort will be made to respect the wishes of members, not take up excessive amounts of members' time or space.
4. When a claim is made, every effort will be made to ensure swift settlement.
5. Recognizing the importance of protection of privacy, contract information will be managed stringently and appropriately.
6. Every effort will be made to gather member opinions and reflect these on future CO-OP Insurance development and in offering CO-OP Insurance.

# International activities and LPA

## International Cooperative and Mutual Insurance Federation (ICMIF)

Throughout the world there are many types of Cooperative Societies (Co-ops) and mutual insurance institutions. As of August, 2008, 200 organizations from 72 countries were members of the International Cooperative and Mutual Insurance Federation (ICMIF) of the International Cooperative Alliance (ICA). In 1922 an insurance committee of the ICA was established paving the way for today's ICMIF. The ICMIF undertakes a range of activities for the development of cooperative insurance organizations. Such activities include surveys, research and development. JCCU became a member of the ICMIF in 1993.

In 1993 JCCU joined the ICMIF, and since 2004 JCCU has had a staff member working there to provide support. Furthermore, in and after June 2006, Yoshihiko Ito, JCCU Executive Director, has been actively participating in ICMIF management as a member of its Intelligence Committee.

For further information refer to the ICMIF: <http://www.icmif.org/>



## Life-Planning Activities

Life-Planning activities enable Co-op members to learn about money matters in their lives. In the principle topic of Revising Coverage, members gain the capability to independently select insurance that is really necessary.

As an integral part of Life-Planning activities, JCCU is training members and Co-op staff to be Life-Plan-Advisor (LPA). Participants of LPA courses learn about life planning, insurance, taxation and finance in comprehensive lectures held by JCCU in order to become LPA. As of March 20, 2008 there are 2,054 advisors active at Member Co-ops across Japan.

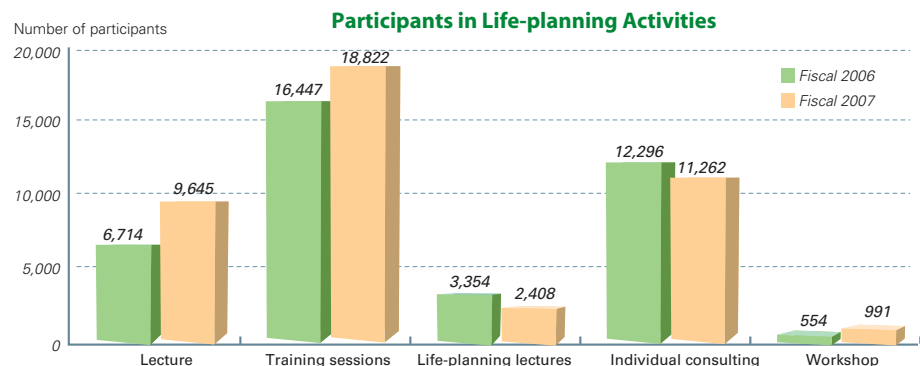


### Co-op carries out the following Life-Planning activities:

- Lectures on Revising Coverage
- Training sessions on revising lifestyles
- Life-planning lectures
- Individual consulting
- Activities for revising lifestyles at home (Workshop of life-plan)

## Developments in Life-Planning Activities

Life-Planning activities have now become firmly established as Co-op activities. In fiscal 2007, more than 44,000 people in total participated in the activities, principally in revision of coverage.



# Health and Welfare

## Health Improvement Activities

A fundamental issue for JCCU activities is the improvement of the health and welfare of people. From the position of assisting members and policy holders to improve their health, JCCU has installed automatic blood pressure measuring devices at Co-op stores and offers free health consultations by phone.

### (1) Automatic Blood Pressure Measuring Devices Installed

JCCU has installed automatic blood pressure measuring devices at about 426 Co-op stores throughout Japan. Since managing blood pressure is paramount for preventing all lifestyle-related illness, it is essential to consistently measure blood pressure from day to day. Members are welcome to test their blood pressure level while shopping, making the devices very useful for managing their day to day health.

### (2) CO-OP Insurance Health Call Center

JCCU offers a free phone consultation service made available to *Tasukeai*, *i.-Plus*, *i.i.*, and *New i.i.* policyholders. JCCU contracts specialist counselors including doctors and nurses from governmental corporation to give advice on health, treatment and care-giving as well as instruction on which medical facility to use. During fiscal 2007 the call center fielded 60,895 calls for advice.



## Welfare Activities



Since 1996, CO-OP Insurance has been assisting Co-ops all over Japan to carry out their welfare activities through the Co-op Welfare Activity Organization. A variety of activities are carried out including Child-rearing support, Communication center activities, activities to foster communication through dinners and meal deliveries and activities for helping lifestyles. These activities have led to alliances being formed with other organizations and local government bodies to create regional networks.

In fiscal 2007, JCCU contributed a total of ¥24 million in assistance for 67 welfare activities of 38 Member Co-ops.

### Breakdown of fiscal 2007

Application by activities	Activities	Amount application
Child-reading support	25	¥ 9,540,700
Communication center activities	15	4,920,000
Activities to foster communication through dinners and meal deliveries	15	4,961,500
Other welfare and volunteer activities	12	4,896,635
<b>Total</b>	<b>67</b>	<b>¥ 24,318,835</b>



# Fiscal 2007 CO-OP Insurance Business Overview



Overview of the financial results of the CO-OP Insurance business is as follows:

## End of year policyholders totaled **6,677,739**

When broken down by product, *Tasukeai* policyholders increased 5.1% from the previous year to 5,547,769, *i-Plus* policyholders increased 22.7% to 718,080, CO-OP Fire Insurance policyholders increased 3.9% to 357,613, *i.i.* policyholders decreased 16.4% to 48,113 and new types of CO-OP Insurance "*New-i.i.*" policyholders is 6,164.

## Insurance in force totaled **¥9,172 billion**

CO-OP Insurance Group has total policies of ¥9,172 billion of direct insurance in force, an increase of 8.2%\* on the previous year. Of this amount, JCCU directly insured policies increased 14.9%\* to ¥6,504 billion.

## Premiums totaled **¥128,207 million**

CO-OP Insurance Group has total premiums of ¥128,207 million, an increase of 10.5% on the previous year. Of this amount, JCCU direct insurance premiums increased 17.1% to ¥85,950 million.

## **1,015,710** payments made

CO-OP Insurance Group made a total of 1,015,710 payments, an increase of 14.4% on the previous year.

## **¥48,764.9 million** in payments made

CO-OP Insurance Group has made a total of ¥48,764 million in payments for insurance claims, an increase of 8.7% on the previous year. Of this amount, JCCU claim payments increased 13.6% to ¥32,005 million.

\* CO-OP Insurance Group denotes JCCU and 35 Member Co-ops that directly insure CO-OP Insurance. Refer to Page 8, about direct and indirect insurance.

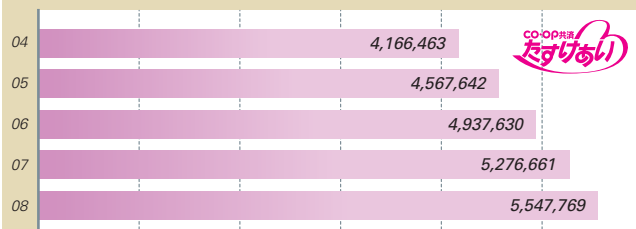
## Asset Management

### Fundamental Policy for Asset Management

- JCCU maintains its fundamental policy of safe and efficient management of funds, in accordance with the special characteristics of the funds policy holders left in keeping.
- Based on the Regulations on Co-op Financial Administration and enforced internal rules corresponding to the Regulations, JCCU places great importance on security when managing assets.
- JCCU regularly ascertains and manages price fluctuation risk and credit risk concerning asset management. Every effort is made to prevent the unpredicted losses from asset management.
- JCCU acknowledges the special characteristics of insurance funds and mainly invests in Japanese Government Bonds and deposits for short-term funds, and mostly bonds with a mixture of stocks and foreign securities in order to improve profitability for long-term funds.
- In fiscal 2007, based on this fundamental policy, JCCU makes much of safety, and JCCU has created an asset management structure aiming to secure stable profitability over the medium and long term.

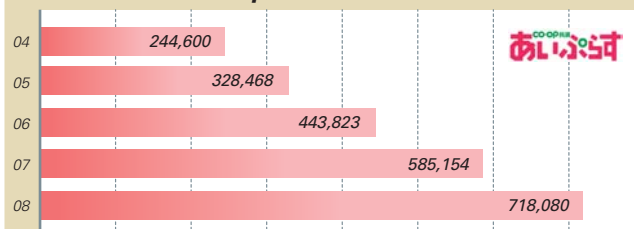
# Fiscal 2007 CO-OP Insurance Business Overview

## CO-OP Insurance *Tasukeai*



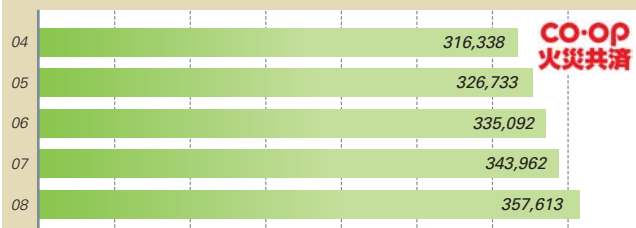
Year ended March 20,	2007	2008
Number of Policies	5,276,661	5,547,769
Amount Insured (¥ billions)	¥ 6,243	¥ 6,426
Premium Income (¥ millions)	¥ 96,309	¥ 103,468
Claims Paid (¥ millions)	¥ 39,741	¥ 42,140

## CO-OP Insurance *i.-plus*



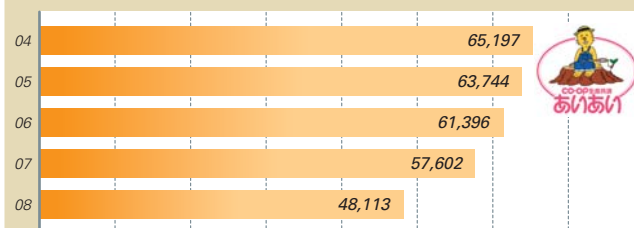
Year ended March 20,	2007	2008
Number of Policies	585,154	718,080
Amount Insured (¥ billions)	¥ 2,224	¥ 2,745
Premium Income (¥ millions)	¥ 19,663	¥ 24,739
Claims Paid (¥ millions)	¥ 5,096	¥ 6,624

## CO-OP Fire Insurance



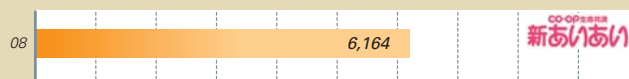
Year ended March 20,	2007	2008
Number of Policies	343,962	357,613
Premium Income (¥ millions)	¥ 5,231	¥ 5,564
Claims Paid (¥ millions)	¥ 1,398	¥ 1,064

## CO-OP Insurance *i.i.*



Year ended March 20,	2007	2008
Number of Policies	57,602	48,113
Premium Income (¥ millions)	¥ 8,315	¥ 7,126
Claims Paid (¥ millions)	¥ 8,113	¥ 7,160

## CO-OP Insurance *New i.i.*



Year ended March 20,	2008
Number of Policies	6,164
Premium Income (¥ millions)	¥ 553
Claims Paid (¥ millions)	¥ 6

## Investment Assets

As of March 20,	Millions of yen *1				Thousands of U.S. dollars *2
	2006	2007	2008	Changes	2008
Cash and deposits	¥ 25,488	¥ 25,512	¥ 22,166	(-0.1%)	\$ 222,282
Long-term deposits	1,500	1,500	1,500	(0.0%)	15,042
Money held in trust *3	8,000	9,500	13,500	(+42.1%)	135,379
Bonds	18,273	27,140	43,409	(+59.9%)	435,308
Equities	2,445	3,077	2,346	(-23.8%)	23,525
Foreign bonds *4	2,421	2,179	1,517	(-30.4%)	15,212
Foreign equities	1,103	1,158	1,483	(+28.1%)	14,871
Other securities *5	7,183	9,079	6,678	(-26.4%)	66,967
<b>Total</b>	<b>¥ 66,414</b>	<b>¥ 79,147</b>	<b>¥ 92,603</b>	<b>(+17.0%)</b>	<b>\$ 928,630</b>

1. Yen Amounts are rounded down to the nearest ¥ 1 million.

2. U.S. dollar amounts are translated, for convenience only, at ¥ 99.72 = US\$1.00, the rate prevailing on March 20, 2008, and rounded down to the nearest \$1 thousand.

3. Money held in trust are transferable warranty deposits.

4. A portion of foreign securities in foreign currencies are hedged.

5. Other securities are consist of investment trusts in which volatilities are suppressed.

# Balance Sheet

As of March 20,

Assets	Millions of yen*1		Thousands of U.S. dollars*2
	2007	2008	2008
<b>Current assets:</b>			
Cash and deposits	¥ 25,266	¥ 21,967	\$ 220,286
Securities	35,851	48,308	484,436
Account receivables	3,982	5,172	51,865
Advanced payables	1,324	1,206	12,093
Other current assets	67	340	3,409
<b>Total current assets</b>	<b>66,493</b>	<b>76,996</b>	<b>772,121</b>
<b>Fixed assets:</b>			
Acquisition of assets	105	118	1,183
Intangible assets	1,990	2,482	24,889
Other fixed assets:			
Long-term deposits	1,500	1,500	15,042
Long-term securities	17,029	21,326	213,858
Other	286	2,062	20,677
	18,816	24,902	249,719
<b>Total fixed assets</b>	<b>20,912</b>	<b>27,502</b>	<b>275,792</b>
<b>Total assets</b>	<b>¥ 87,405</b>	<b>¥ 104,488</b>	<b>\$ 1,047,813</b>
<b>Liabilities and Capitals</b>			
<b>Liabilities:</b>			
<b>Current liabilities:</b>			
Reserves for policy contract:			
Reserves for claims paid	¥ 4,639	¥ 4,579	\$ 45,918
Premium receivables	3,828	4,760	47,733
Reserve for premium income	8,264	10,827	108,574
Reserve for risks	1,995	7,880	79,021
Reserve for rebate payment	11,053	14,688	147,292
	29,781	42,736	428,559
Accounts payable	2,645	2,734	27,416
Accrued income taxes	2,855	3,214	32,230
Other current liabilities	1,099	1,348	13,517
<b>Total current liabilities</b>	<b>36,382</b>	<b>50,034</b>	<b>501,744</b>
<b>Fixed liabilities:</b>			
Reserve for employee retirement benefits	705	682	6,839
<b>Total liabilities</b>	<b>¥ 37,087</b>	<b>¥ 50,717</b>	<b>\$ 508,594</b>
<b>Capitals:</b>			
Voluntary reserves	34,068	38,010	381,167
Unappropriated surplus for the period	16,249	15,464	155,074
<b>Total capitals</b>	<b>50,317</b>	<b>53,770</b>	<b>539,209</b>
<b>Total liabilities and capitals</b>	<b>¥ 87,405</b>	<b>¥ 104,488</b>	<b>\$ 1,047,813</b>

1. Yen Amounts are rounded down to the nearest ¥ 1 million.

2. U.S. dollar amounts are translated, for convenience only, at ¥ 99.72 = US\$1.00, the rate prevailing on March 20, 2008, and rounded down to the nearest \$1 thousand.

# Income statement

For the years ended March 20,

	Millions of yen*1		Thousands of U.S. dollars*2
	2007	2008	2008
<b>Ordinary income:</b>			
Premium income	¥ 73,355	¥ 85,950	\$ 861,913
Insurance receivables	668	541	5,425
Fees and commissions receivables	2,395	2,610	26,173
Reversal to reserve for claim paid	—	299	2,998
Reversal of reserves for claim rebate	760	1,841	18,461
Investment income	710	483	4,843
	77,890	91,727	919,845
Other ordinary income	170	218	2,186
<b>Ordinary expenses:</b>			
Claims paid	28,172	32,005	320,948
Premium paid	825	804	8,062
Insurance paid back	1,218	2,650	26,574
Transfer to reserve for claim paid	581	0	0
Transfer to policy reserve	4,016	9,226	92,519
Investment expenses	15	1,187	11,903
	34,830	45,874	460,028
Other ordinary expenses	21,222	24,611	246,801
Ordinary surplus	22,008	21,460	215,202
Other income	204	177	1,774
Other expenses	22	82	822
Extraordinary income (expenses)	-16	-1,456	-14,600
Transfer to reserve for claim rebate	4,063	5,477	54,923
Surplus before taxes	18,111	14,622	146,630
Corporate and other taxes	2,846	3,240	32,490
<b>Net surplus</b>	<b>15,265</b>	<b>12,109</b>	<b>121,430</b>
Net surplus for the year	752	778	7,801
Extraordinary withdraw	231	2,575	25,822
<b>Unappropriated surplus for the year</b>	<b>¥ 16,249</b>	<b>¥ 15,464</b>	<b>\$ 155,074</b>

1. Yen Amounts are rounded down to the nearest ¥ 1 million.

2. U.S. dollar amounts are translated, for convenience only, at ¥ 99.72 = US\$1.00, the rate prevailing on March 20, 2008, and rounded down to the nearest \$1 thousand.

# Solvency Margin Ratio and others

Solvency margin ratio* <sup>3</sup>	Millions of yen* <sup>1</sup>			Thousands of U.S. dollars* <sup>2</sup>
	2007	2008	Changes	2008
Total solvency margin* <sup>4</sup> ①	¥ 48,350	¥ 76,541	¥ 28,191	\$ 767,559
Total risks ②	¥ 10,161	¥ 11,506	¥ 1,345	\$ 115,383
<b>Solvency margin ratio = ① ÷ (1/2 × ②) × 100</b>	<b>951.7%</b>	<b>1,330.5%</b>	<b>+378.8pt</b>	

1. Yen Amounts are rounded down to the nearest ¥ 1 million.

2. U.S. dollar amounts are translated, for convenience only, at ¥ 99.72 = US\$1.00, the rate prevailing on March 20, 2008, and rounded down to the nearest \$1 thousand.

3. The above ratio is calculated on the basis of the solvency margin ratio described in the Countermeasures for Individual Issues related to the Protection of cooperative insurance contractors, which was put together at Consumer's cooperative insurance round-table conference composed of members from Japan Cooperative Insurance Association Incorporated.

4. The total solvency margin is limited to what can be divided in the CO-OP Insurance enterprise.

Breakdown of Basic Profit	Millions of yen* <sup>1</sup>			Thousands of U.S. dollars* <sup>2</sup>
	2007	2008	Changes	2008
Basic profit* <sup>4</sup>	¥ 22,971	¥ 28,755	¥ 5,784	\$ 288,357
Investment profit* <sup>3</sup>	16	-43	-59	-431
Mortality profit* <sup>3</sup>	22,233	28,132	5,899	282,109
Expense profit* <sup>3</sup>	721	666	-55	6,678

1. Yen Amounts are rounded down to the nearest ¥ 1 million.

2. U.S. dollar amounts are translated, for convenience only, at ¥ 99.72 = US\$1.00, the rate prevailing on March 20, 2008, and rounded down to the nearest \$1 thousand.

3. Definitions are as follows:

Investment profit : Differential between the projected investment return (expected yield) and the actual investment return.

Mortality profit : Differential between the projected insurance payment (expected mortality rate) and actual claims for payment.

Expense profit : Differential between the projected operational expenses (projected operational expense ratio) and actual operational expenses.

4. Basic profit is calculated by excluding capital gain/loss, such as sales gain or loss on marketable securities, and extraordinary gain/loss, such as provision for contingency reserves, from recurring surplus. It is the index that shows the basic period income generated from the mutual aid enterprise.

Equity Capital Ratio	Millions of yen* <sup>1</sup>		Thousands of U.S. dollars* <sup>2</sup>
	2007	2008	2008
① Equity capital	¥ 50,317	¥ 53,770	\$ 539,209
② Contingency reserves	1,995	7,880	79,021
Revised equity capital 【= ①+②】	52,313	61,651	618,241
③ Total assets	¥ 87,405	¥ 104,488	\$ 1,047,813
Equity capital ratio* <sup>3</sup> 【= ①/③】	57.5%	51.4%	
<b>Revised equity capital ratio*<sup>4</sup> 【= (①+②) / ③】</b>	<b>59.8%</b>	<b>59.0%</b>	

1. Yen Amounts are rounded down to the nearest ¥ 1 million.

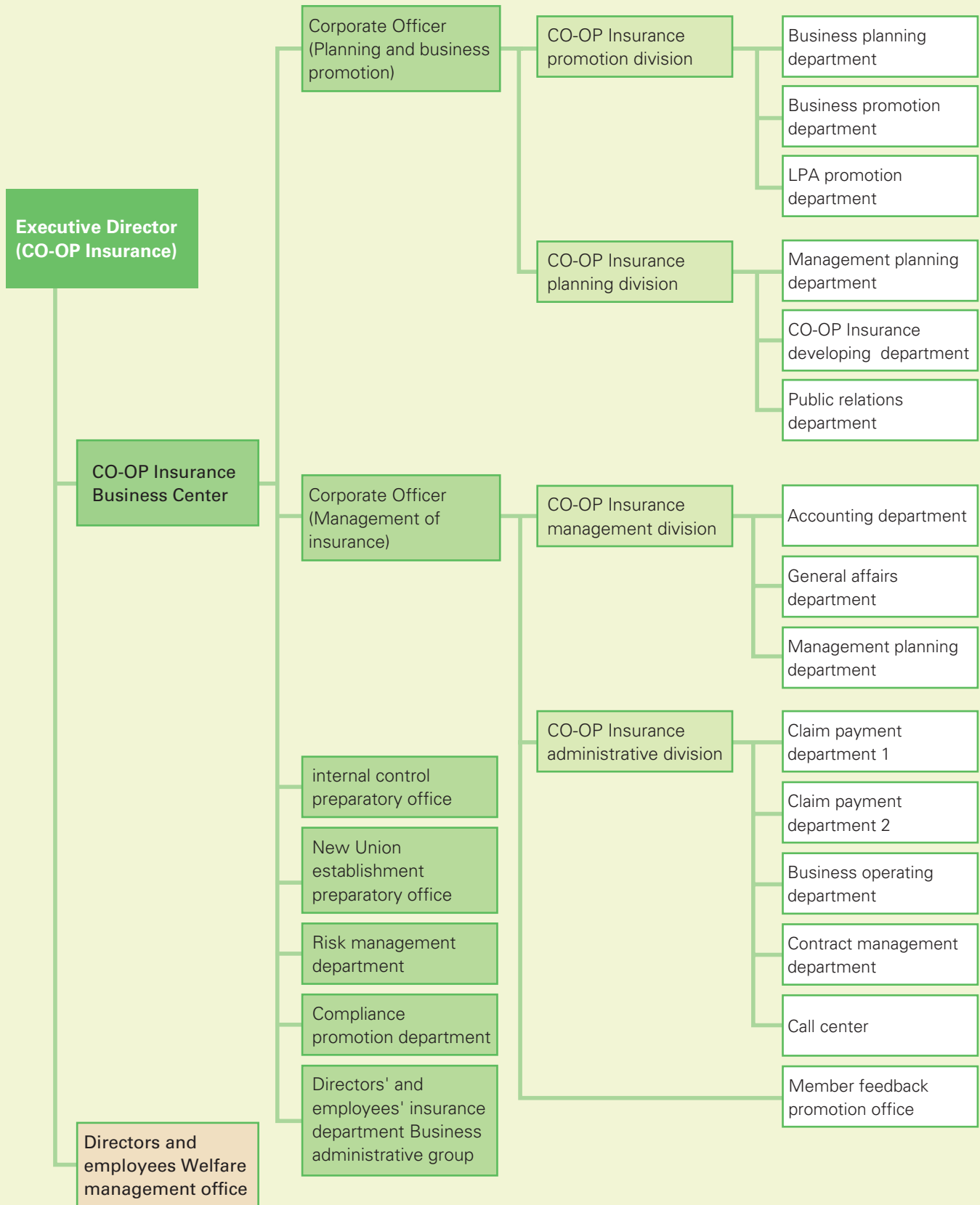
2. U.S. dollar amounts are translated, for convenience only, at ¥ 99.72 = US\$1.00, the rate prevailing on March 20, 2008, and rounded down to the nearest \$1 thousand.

3. Equity capital ratio = Equity capital ÷ Total assets

4. Revised equity capital ratio = Revised equity capital ÷ Total assets

# Structure of CO•OP Insurance Business Center

as of March 20, 2008



# JCCU at a Glance

## Japanese Consumers' Co-operative Union (JCCU)

**President :** Toshifumi Yamashita

**Established :** March 20,1951

**Member Co-ops :** 499 as of March 20,2008

**Capital :** ¥ 8.9billion as of March 20,2008

**Amount of supply :** ¥399.4 billion for fiscal 2007

### Details of operations

1. Improvement and development of CO-OP brand products, supplying business and mail-order business to Member Co-ops with products, Inspection of the products etc.
2. CO-OP Insurance business, welfare business, travel business.
3. Instruction, communication and adjustment for businesses and member activities performed in the member Co-ops etc.
4. Planning and promotion of food safety, environment, welfare, consumer's affairs etc.
5. Support activities and communication with foreign Co-ops, participation in international meetings etc.
6. Administration of health Co-ops, school Teachers' Co-ops, and Institutional Co-ops

### Fiscal Year:

March 21 through March 20 of the following year

### Branches:

Ebetsu-city Hokkaido; Sendai-city Miyagi; Saitama-city Saitama; Shibuya-ku Tokyo; Shinjyuku-ku Tokyo; Nagoya-city Aichi; Osaka-city Osaka; Okayama-city Okayama; Fukuoka-city Fukuoka;

Products inspection center (Warabi-city Saitama);

CO-OP Insurance Business center (Urayasu-city Chiba)

### Subsidiaries:

CO-OP Trade Japan Inc.

CX Inc.

CO-OP Publications Ltd.

I & I Service Inc.

CO-OP Trade America Inc.

CO-OP Clean Inc.

CX Cargo Inc.

CX Infonet Inc.

World Club Inc.

### Affiliate Company:

National School Supplies Inc.

JCCU corporate pension fund


JCCU health insurance society

### Research Institution:

Consumers' Co-operative Institute of Japan (CCIJ)





 **日本生活協同組合連合会**

Japanese Consumers' Co-operative Union  
CO-OP Insurance Business Center

1-5-2 Irifune Urayasu Chiba 279-8588 JAPAN

TEL:+81-47-351-3356

FAX:+81-47-351-5298

<http://jccu.coop/kyosai>



This annual report uses recycled paper and  
is printed with soy bean ink.