



For a Better Tomorrow



# ANNUAL REPORT 2009

Year Ended March 20, 2009

**CO-OP 共済**

Japan CO-OP Insurance Consumers' Co-operative Federation

# ANNUAL REPORT 2009

Year Ended March 20, 2009

---

## CONTENTS

Financial Highlights .....	1
Message from the President .....	2
Co-op, JCIF and CO-OP Insurance .....	4
Types of CO-OP Insurance .....	8
Payment of Claims .....	9
Risk Management and Compliance System, etc. ....	10
Activities .....	13
Fiscal 2008 CO-OP Insurance Business Overview .....	16
Balance Sheet .....	18
Income Statement .....	19
Solvency Margin Ratio and others .....	20

The official name of our organization is the Japan CO-OP Insurance Consumers' Co-operative Federation, commonly abbreviated as JCIF



# Financial Highlights

For the years ended March 20,

Millions of yen\*1

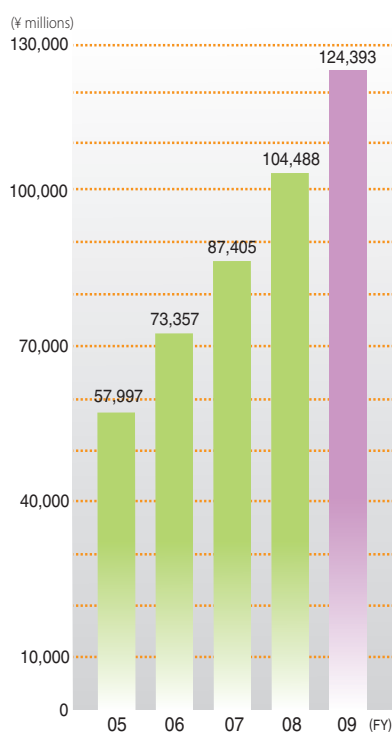
Millions of U.S. dollars\*2

	2007	2008	2009	Ratio to Previous Year	2009
Ordinary income	¥ 77,890	¥ 91,727	¥ 104,034	13.4%	\$ 1,079
Ordinary expenses	34,830	45,874	55,426	20.8%	574
Ordinary surplus	22,008	21,460	19,379	-9.7%	201
Net surplus	15,265	12,109	12,885	6.4%	133
<b>As of March 20,</b>					
Total assets	87,405	104,488	124,393	19.1%	1,290
Total liabilities	37,087	50,717	68,958	36.0%	715
Total capital	50,317	53,770	55,435	3.1%	574
Number of policies (total)	6,263,379	6,677,739	6,869,745	2.9%	—
Number of policies (direct insurance total)	5,861,815	6,265,849	6,447,924	2.9%	—
Amount insured (direct insurance total)					
(¥ billions / \$ millions)	¥ 8,472	¥ 9,172	¥ 9,598	4.6%	\$ 99
Solvency margin (%)	951.7	1,330.5	1,244.7	-85.8pt.	—

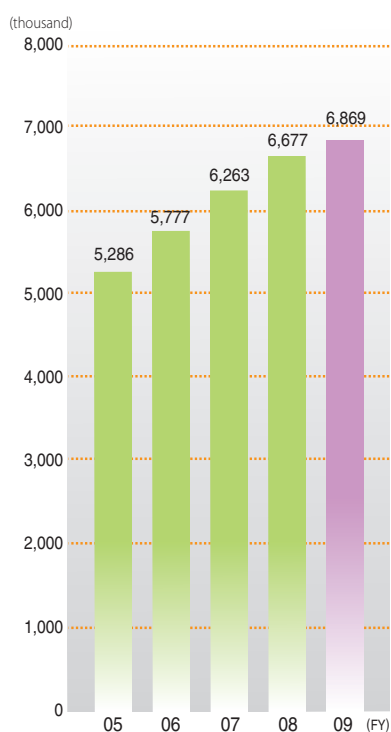
1. Yen amounts are rounded down to the nearest ¥ 1 million.

2. U.S. dollar amounts are translated, for convenience only, at ¥ 96.41 = US\$1.00, the rate prevailing on March 19, 2009, and rounded down to the nearest \$1 million.

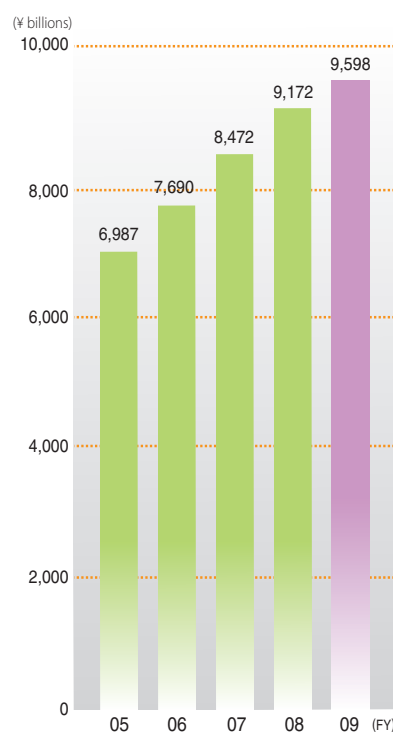
## Total Assets



## Number of Policies (all total)



## Amount Insured



# Message from the President

FY2008 marked a remarkable year in the history of CO-OP Insurance. Since its start of business in 1984, CO-OP Insurance had been operated jointly by its Member co-ops and Japanese Consumers' Co-operative Union (JCCU) until the Consumers' Cooperative Livelihood Law (commonly known as Co-op Law) was amended, in 2007, to prohibit mutual insurers of a certain scale or larger from engaging in purchasing business, etc. Responding to this change, a federation dedicated to mutual insurance business was established, and the inaugural general meeting of Japan CO-OP Insurance Consumers' Co-operative Federation (JCIF), in which 161 member co-ops participated, was held on October 23, 2008. JCIF thereafter took over all mutual insurance policies from the member co-ops and JCCU, starting full-fledged insurance business on March 21, 2009. We would like to express our respect and sincere appreciation to those who helped us and cooperated in establishing JCIF.

We focused on establishing our corporate governance system to realize democratic and highly transparent management reflecting the intentions of



the member co-ops and member customers.

Additionally, due consideration was given to decide the composition of officers (out of 25 directors, six are non-members, and five seats are allotted to women, while out of five auditors, three are non-members, out of whom one is a standing auditor.) and local mutual insurance operating committees were set up in five regions nationwide. We appointed an audit firm and a mutual aid actuary.

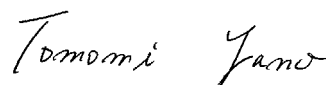
Looking at the CO-OP Insurance business for FY2008, new policyholders numbered 691,000, a net increase of 192,000. As a result, CO-OP Insurance *Tasukeai* and *i-Plus* holders as of the end of FY2008 numbered 5,597,000 and 850,000, respectively, bringing the total number of policyholders for five insurance products, including CO-OP Insurance insurances *New i.i.*, *i.i.*, and Fire, to 6,869,000.

Total premium income and claims paid for CO-OP *Tasukeai* and *i-Plus* insurance are on an upward trend, and were ¥136.7 billion and ¥51.8 billion, respectively, with the number of benefit payment

cases totaling 1.06 million (an increase of 104.6% compared to FY2007) and 51.8 billion yen (an increase of 106.4% compared to FY2007 amount).

In addition, our activities included strengthening of our compliance and risk management, and improvement of our internal control system. Life-Planning activity was our additional focus for FY2008.

JCIF will continue its efforts to be the “mutual insurance initially selected by our member customers” by concentrating on developing and improving insurance products to meet the needs of our member customers with the cooperation of our member co-ops, refining the existing services for quick and accurate benefit payment, and reinforcing our business base. We ask for your continuing support and encouragement.



Tomomi Yano  
President

## 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.



# Co-op, JCIF 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 (Co-op 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.



## JCIF is the Federation for Exclusively Providing Mutual Insurance Products

JCIF (Japan CO-OP Insurance Co-operative Consumers' Federation) was established in November 5, 2008.

Under the revised Co-op Law adopted last year, mutual insurance organizations exceeding a certain size are prohibited from engaging in subsidiary business such as those in the retail field.

Up until recently, the JCCU and Co-ops offering direct mutual insurance\* (Co-ops that were writing direct "Tasukeai" insurance policies) were also simultaneously engaged in retail activities such as operating stores, cooperative purchasing and operating home delivery services. To avoid conflict with the newly revised Co-op Law, it was decided to jointly establish a new organization, the JCIF, to exclusively provide mutual insurance products.

*\*Direct mutual insurance: a type of mutual insurance in which the insurer is directly responsible for paying claims to policyholders.*

### 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 until FY2008. Under the revised Co-op Law adopted last year, Co-op Insurance business was transferred to JCIF. 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.

## Start of Business of JCIF

Following the resolution made at the extraordinary general assembly of each direct insurer Member Co-op\*, the mutual insurance business and the comprehensive mutual insurance policies were transferred to us from the direct insurer co-ops on March 1, 2009. On the other hand, upon resolution at the extraordinary general meeting of JCCU held on December 19, 2008, the mutual insurance business and comprehensive mutual insurance policies held by JCCU were transferred to us on March 21, 2009.

Sending of the prior notice to policyholders on the change of the contract insurer and other practical business were conducted in close cooperation with the Member Co-ops and JCCU. While the insurance premiums and particulars remained unchanged even after the transfer of the mutual insurance business and comprehensive transfer of mutual insurance policies, the change in the direct insurer represents a critical issue for policyholders. We therefore focused on making the contents of the notice easy to understand so that the policyholders could continue their policies with no concerns. Additionally, we took measures to respond respectfully to inquiries from the policyholders by offering a toll-free telephone number (3,577 inquiries were received) and working with Japan Consumers' Association.

\* "Direct insurer Member Co-op" refers to the Member Co-op that was directly liable for mutual insurance obligations (payment of benefits) to the policyholders, jointly with JCCU, in the CO-OP Insurance Tasukeai.

## The JCIF's Vision

Adopting the long-held vision of our predecessors, the JCIF aims to:

**Become our members' first-choice mutual insurance provider  
and contribute to improving the day-to-day lives of our members.**

## Key Pledges

### Pledge1

**We will conduct business in ways that benefit members and achieve sound management.**

To provide our members and policyholders with security and peace of mind, we will make efforts aimed at achieving further compliance and sound and proper management, including by establishing reserves sufficient to meet future claims payment obligations, reducing total costs and improving member services.

### Pledge2

**We will ensure cooperation between Member Co-ops and the JCIF for the benefit of all.**

CO-OP insurance is a mutual aid business undertaking for the benefit of members of each Co-op. The JCIF will work to enhance our relationship with member Co-ops by fulfilling the requirements of our specified role and acting cooperatively to achieve our common goals.

### Pledge3

**We will develop and improve CO-OP Insurance products by taking advantage of our combined nationwide capacities.**

Utilizing the combined capacities of 161 CO-OPs across the nation, we will develop and improve mutual insurance products to offer our members those products best suited to their needs.

### Pledge4

**We will expand our network of mutual assistance, aiming for a total of 10 million policyholders.**

The actual sales promotion of mutual insurance products will be undertaken by member Co-ops, which have the advantage of maintaining close contact with their CO-OP members. We will continue to work to improve the products offered and enhance our relationship with the purchasing arm with the aim of attracting a total number of 10 million policyholders.

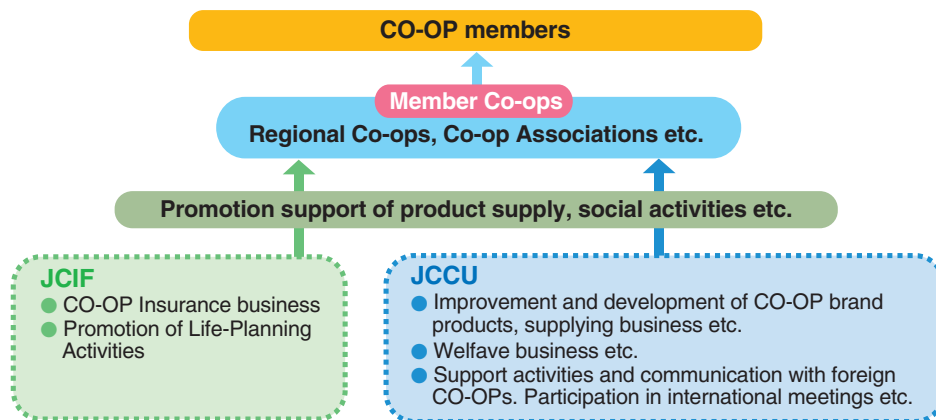


## JCIF, Co-op and JCCU

Our organization is a union of 161 consumer cooperative societies from across the nation. Although each member Co-op is an independent legal entity, each provides CO-OP insurance to its members in cooperation with the union.

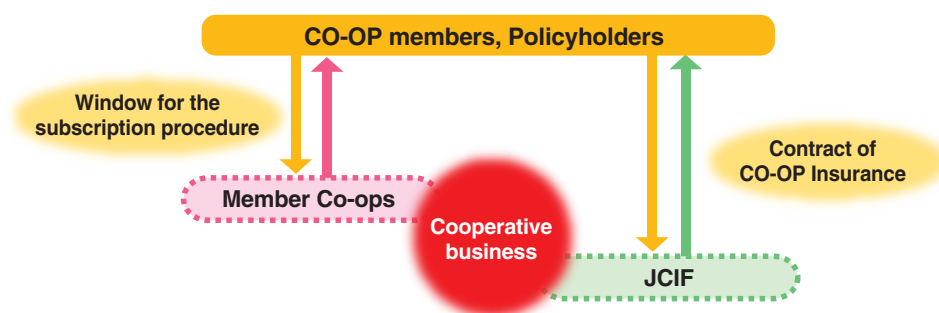
The JCIF has been established to take over and exclusively conduct all mutual insurance business previously conducted by our Member Co-ops.

This new organization will have close relationships with purchasing, services and other CO-OP businesses, making it the most useful and comprehensive in terms of providing for the day-to-day needs of individual members.



## Roles of Member Co-ops and JCIF

The JCIF will work to enhance our relationship with Member Co-ops by fulfilling the requirements of our specified role and acting cooperatively to achieve our common goals.



### Member Co-op Window for CO-OP Insurance

Each member Co-op acts as a service window for the subscription procedure and also provides information about CO-OP insurance. In addition, each member Co-op works to support its members by offering insurance products tailored to a range of needs.

### JCIF (Japan CO-OP Insurance Consumers' Co-operative Federation)

**The JCIF develops products tailored to the needs of its members and others.**

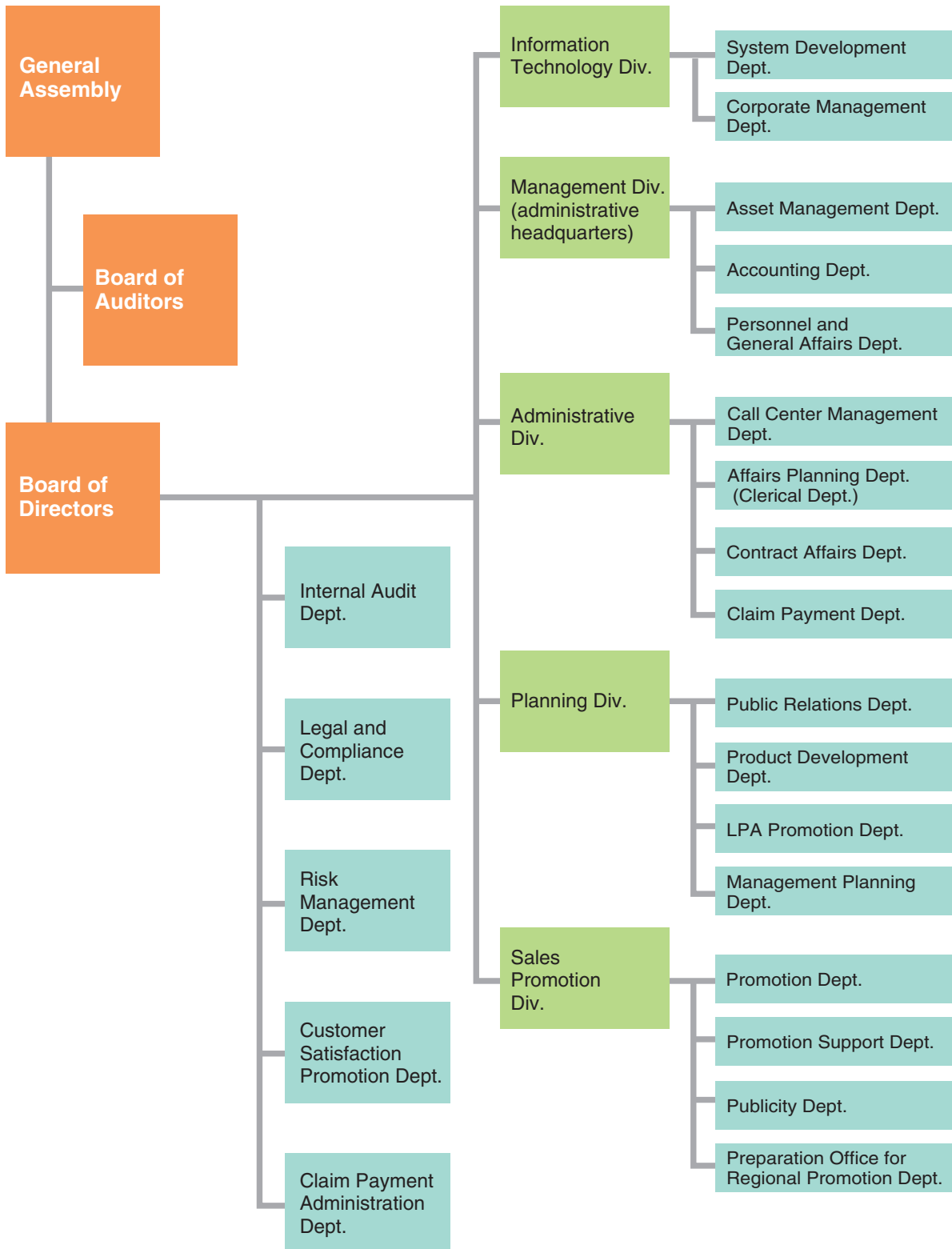
As well as developing insurance products, the union receives premiums, undertakes procedures related to the payment of insurance claims and provides administrative support services to Member Co-ops. It also provides consulting services and responds to complaints.

■ Each of the three unions of consumer cooperative societies which jointly constitute an insurance group has the dual roles of Member Co-op and JCIF.



# Structure of JCIF

As of March 21, 2009



## 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.

### 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. JCIF 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, 2009, 160 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 JCIF 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 ZENROSAL\* 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.

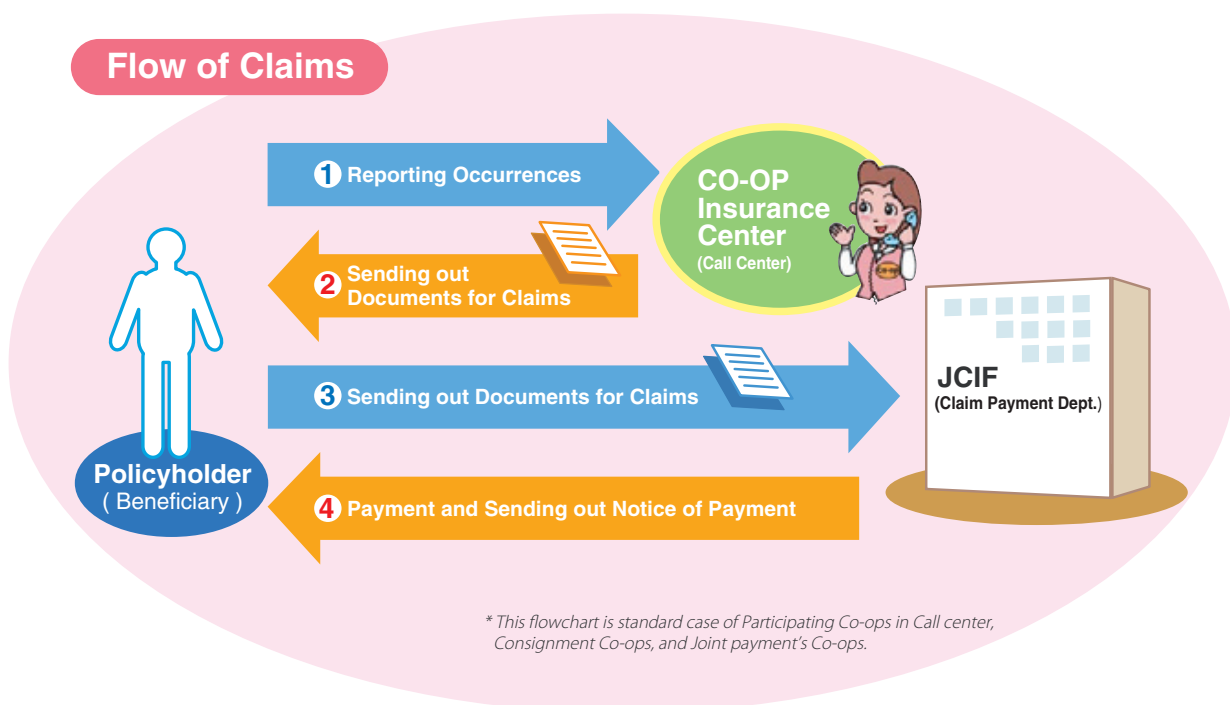
\* ZENROSAL is Japan's largest workers and consumers insurance cooperative organization recognized by the Co-op Law. ZENROSAL is a member organization of JCCU. ZENROSAL and JCCU work together to provide a full line-up of CO-OP Insurance.

# Payment of Claims

## Payment of Claims

Payment of claims, excluding that for CO-OP Fire Insurance, is made by JCIF 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.



## 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. 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.



# Risk Management and Compliance System, etc.

## Risk Management System

In pursuing sound management of the mutual insurance business, JCIF makes efforts to identify risks and implement proper risk management. Risks associated with the mutual insurance business include the following: Product development risks; Insurance underwriting risks (risks stemming from fluctuations in the rate of occurrence of insured accidents against the forecasts made at the time of setting the premium); Asset management risks (risk of suffering a loss in the value of assets held, due to fluctuations in interest rates, stock prices, foreign exchange rates and deterioration of the financial position of banks of deposit or bond issuers); Office work risks; and System risks, etc.

### ●Product Development Risks and Insurance Underwriting Risks

We manage product development risks and insurance underwriting risks with due consideration of business stability; for example, we take care to achieve the proper benefit payment rate when developing and reviewing products.

### ●Asset Management Risks

Asset management risks are managed in an appropriate manner based on the Rules for Asset Management and the Policies for Managing Asset Management Risks that we established in accordance with the Enforcement Regulations of the Co-op Law. Under such system, we confirm the state of execution for asset management and risks, etc. on a regular basis at board meetings, etc. In addition, we carry out sound asset management that considers safety, profitability and liquidity, depending on the nature of fund and features of the debts.

### ●Office Work Risks and System Risks

As to office work risks and system risks, we conducted analysis and assessment of risks, identified important risks, and formulated an action plan. We also implement measures to prevent accidents in office works, system development and operations by establishing “Rules of Conduct for Prevention of Serious Accidents,” “Information Security Policy” and “Rules for Reporting Operational Accidents.”

### ●Strengthening of Risk Management System

The Risk Management Department has been set up to reinforce the risk management system by responding to the environmental changes in the mutual insurance business and expansion of businesses. We have revised the rules associated with risk management toward establishment of an integrated risk management system.

### ●Confirmation Procedures by a Mutual Aid Actuary

In accordance with the Law and Ordinances, we appointed a mutual aid actuary, and prepared to implement mutual aid actuary confirmation procedures based on the practical guidance for the mutual aid actuary established by Japan Cooperative Insurance Association Incorporated, in order to secure financial soundness in the mutual insurance business.



## 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 FY2008

We had 3,364 complaints and requests in fiscal 2008. 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, JCIF has established the following CO-OP Insurance Solicitation Policy. These guidelines are posted visibly at the JCIF 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.





## Reinforcement of Education and Training Programs

Since FY2007, we have conducted new education and training programs for personnel in charge of CO-OP insurance. The purpose of this effort is to enhance policyholder protection under the “Implementation Standards for Securing Proper Development of the Mutual Insurance Business” established at the Cooperative Insurance Meeting comprising the member co-ops of Japan Cooperative Insurance Association Incorporated (JCIA).

We set an educational curriculum as well for FY 2008, consisting of three levels of “MUST,” “NEED” and “WANT.” The training courses on the “MUST” level that started in FY2007 has been offered under the titles of “Basic Essential Course for Promoting CO-OP Insurance,” “Basic Essential Trainer Course for Promoting CO-OP Insurance” and “Basic Essential Course for Lead Trainers for Promoting CO-OP Insurance.” The personnel in charge of the CO-OP insurance business are required to attend the essential training courses, take an exam, and receive JCIF proprietary certification.

### Training programs implemented in FY2008

Name of training program	Contents	Cumulative total of participants who completed (received certification from) the training programs up to FY2008
1) Basic Essential Course for Promoting CO-OP Insurance	This training course is applicable to all personnel in charge of promoting CO-OP insurances. It is an essential program to learn the significance of handling mutual insurances by JCIF, solicitation policies for promoting CO-OP insurances, Law on the Protection of Personal Information, Consumer Contract Law, the things that they must not do and those that they should respect, and basic knowledge of insurance products, etc.	60,137 from 149 member co-ops nationwide (including six cooperative unions)
2) Basic Essential Trainer Course for Promoting CO-OP Insurance	This is a program to foster “Trainers” who implement the Basic Essential Course for Promoting CO-OP Insurance. Upon completing this course, the participants will be accredited as “Trainers.”	2,742 from 94 member co-ops nationwide (including five cooperative unions)
3) Basic Essential Course for Lead Trainers for Promoting CO-OP Insurance	In this program, “Lead trainers” who foster “trainers” will be trained. Upon completion, the participants will be accredited as “Lead trainers.”	922 from 142 member co-ops nationwide (including six cooperative unions)

\* Cumulative total of participants who completed the programs (received certification) represents that as of March 20, 2009.



# Activities

## International Activities

Throughout the world there are many types of Cooperative Societies (Co-ops) and mutual insurance institutions.

In 2009, JCIF became a member of the International Cooperative and Mutual Insurance Federation (ICMIF) that is the biggest organization representing the interests of cooperative and mutual insurers around the world. Before JCIF started the business, JCCU had been a member of the ICMIF since 1993. The ICMIF undertakes a range of activities what include surveys, research and development for the development of cooperative insurance organizations.

JCIF has had a staff member working there to provide support since JCCU had been a member in 2004. Furthermore, JCIF President has been actively participating in ICMIF management as a member of its Intelligence Committee since JCCU had been a member in 2006.

Once in two years, there is the Federation's biennial conference that there are the members many opportunities for delegates to network with other ICMIF member organization representatives and to share knowledge strategies and ideas.

As being ICMIF member, JCIF has been a member of Asia and Oceania Association (AOA) that was established to promote mutual friendship and exchange of information among ICMIF members in Asia and Oceania. JCIF have attended the AOA general meeting and a seminar and separate forum covering vital issues every two years.



## 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, JCIF 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 JCIF in order to become LPA. As of March 20, 2009 there are 2,211 advisors active at Member Coops across Japan.

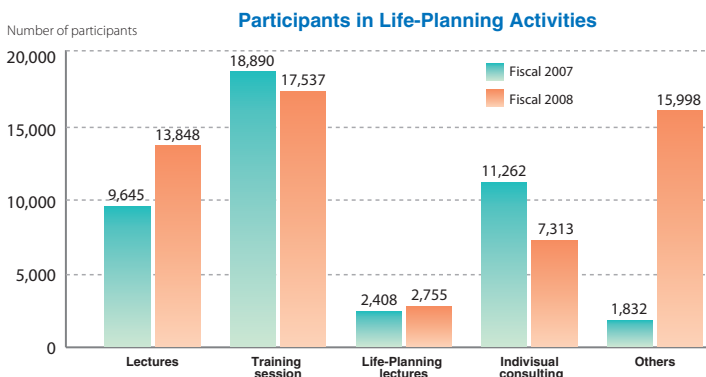


### Co-op carries out the following Life-Planning activities:

- Lectures on Revising Coverage
- Training sessions on revising lifestyles
- Life-planning lectures
- Individual consulting
- Life-Planning Humorous poem "Senryu"

## Developments in Life-Planning Activities

Life-Planning activities have now become firmly established as Co-op activities. In fiscal 2008, more than 50,000 people in total participated in the activities, principally in revision of coverage.



## Health Improvement Activities

A fundamental issue for Co-op Insurance activities is the improvement of the health and welfare of people. From the position of assisting members and policy holders to improve their health, JCIF 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

JCIF has installed automatic blood pressure measuring devices at about 249 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

JCIF offers a free phone consultation service made available to *Tasukeai*, *i.-Plus*, *i.i.*, and *New i.i.* policyholders. JCIF 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 2008 the call center fielded 57,876 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 2008, JCIF contributed a total of ¥23 million in assistance for 55 welfare activities of 33 Member Co-ops.

### Breakdown of fiscal 2008

Application by activities	Activities	Amount application
Child-reading support	21	¥8,178,000
Communication center activities	11	4,208,000
Activities to foster communication through dinners and meal deliveries	12	5,243,125
Other welfare and volunteer activities	11	5,419,995
<b>Total</b>	<b>55</b>	<b>¥23,049,120</b>



## Our Efforts on Environmental Challenges

We have promoted environment-conscious business since FY2002 as the “CO-OP Insurance Business Center,” one of the Divisions of JCCU, by obtaining ISO14001 certification as our management tool.

In FY2008, we tackled three challenges of eco-offices of the entire co-op, and took measures to reduce media and materials in two departments.

### Measures taken in FY2008

#### ●Reduction in use of paper for printing

Double-sided copying and intensive printing were promoted and the use of the backs of printed sheets of paper was encouraged by separating used paper. In addition, we focused on not using paper as much as possible by reducing the materials for meetings, etc. and communicating by internal e-mail. The resulting actual sheets of paper used totaled 8,580,000, achieving the goal of 8,680,000 sheets of paper or less.

#### ●Cut in CO<sub>2</sub> by reducing the use of electricity, etc.

We made efforts to reduce the use of electricity by turning off the personal computers and lights in the office when leaving a desk or taking a break, and by shortening the working hours through operational improvements. We could reduce the use of electricity to 503,000 kW/h, achieving the goal of 509,000 kW/h or less.

#### ●Reduction and reuse of stationery in the office

We promote green procurement of stationery. Despite our efforts to reduce and reuse stationery, the amount for stationery purchases reached 3,520,000 yen, failing to achieve the goal of 2,390,000 yen or less, due to unexpected use.

#### ●Reduction of media and materials associated with the solicitation of mutual insurances (by two departments, Promotion Planning Department and Mutual Insurance Development Department)

◆ At the Promotion Planning Department, the rate of rejection for advertising materials except for fliers ended up at 12.5%, failing to achieve the goal of 4% or less. Pursuit of causes for missing the goal and formulation of preventive measures for recurrence will work to its advantage in the efforts for FY2009.

◆ At the Mutual Insurance Development Department, the goal for policy guides to be scrapped after revision had been set at 58,000 copies or less as of the 29th day of the month of revision. The result was 35,030 copies, achieving the goal.

### Measures to be taken in FY2009

In FY2009, JCIF will endeavor to obtain its own ISO14001 certification, and build the JCIF Environment Management System by establishing the “JCIF Environmental Policy.” Along with the continued challenges of eco-offices at the entire co-op level, the efforts made in each department will be strengthened. All the departments of JCIF completed the process of extracting environment-related operations from the Business Plan for FY2009. The number of departments that formulated environmental management plans increased 5.5-fold, from 2 in FY2008 to 11 in FY2009.

## JCIF Environment Policy

### Philosophy

JCIF positions environmental issues as fundamental challenges for co-op movement based on “Creation a more human lifestyle and sustainable society through the concerted efforts of individual citizens (members) within the co-op society,” and takes the lead in promoting such movement.

### Policy

JCIF, with its aim to “become the mutual insurance association initially selected by member customers, and to contribute to the ‘daily lives’ of the member customers,” carries out development of insurance products, solicitation, receipt of premiums, payment of benefits, and serves as a contact point for policyholder consultations.

As for the major items of the environmental impacts arising from these operations, we set objectives and goals to reduce environmental loads and prevent pollution in continuing improvement of the environmental management system.

1. We will abide by environment-related laws and ordinances, municipal by-laws and other requirements that we decide to accept.
2. We will reduce wastes by raising the level of management for the media and materials associated with solicitation for mutual insurance products.
3. We will make efforts to reduce the use of electricity and paper in the office, and promote recycling of wastes.
4. We will participate in various societal activities toward building an environmental conservation-oriented society, in addition to taking measures to prevent global warming.

We will publicize the above-mentioned environmental policy in and outside the JCIF and regularly announce the progress of our environmental activities.

Established on March 21, 2009

# Fiscal 2008 CO-OP Insurance Business Overview

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

## End of year policyholders totaled 6,869,745

When broken down by product, *Tasukeai* policyholders increased 0.8 % from the previous year to 5,597,422, *i.-Plus* policyholders increased 18.4% to 850,502, CO-OP Fire Insurance policyholders increased 4.1% to 372,371, *i.i.* policyholders decreased 28.9% to 34,209 and *New-i.i.* policyholders increased 147.2% to 15,241.

## Insurance in force totaled ¥9,598 billion

CO-OP Insurance Group has total policies of ¥9,598 billion of direct insurance in force, an increase of 4.6%\* on the previous year. Of this amount, JCCU directly insured policies increased 10.9%\* to ¥7,216 billion, and JCIF directly insured policies is ¥1,981 billion.

## Premiums totaled ¥136,727 million

CO-OP Insurance Group has total premiums of ¥136,727 million, an increase of 6.6% on the previous year. Of this amount, JCCU direct insurance premiums increased 13.4% to ¥97,478 million, and JCIF direct insurance premiums is ¥1,553 million.

## 1,062,113 payments made

CO-OP Insurance Group made a total of 1,062,113 payments, an increase of 4.6% on the previous year.

## ¥51,894.5 million in payments made

CO-OP Insurance Group has made a total of ¥51,894 million in payments for insurance claims, an increase of 6.4% on the previous year. Of this amount, JCCU claim payments increased 12.8% to ¥36,113 million, and JCIF claim payments is ¥654 million.

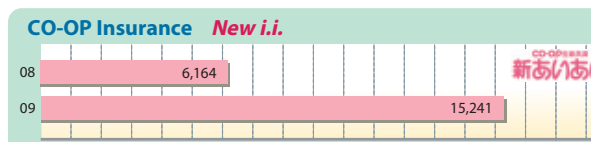
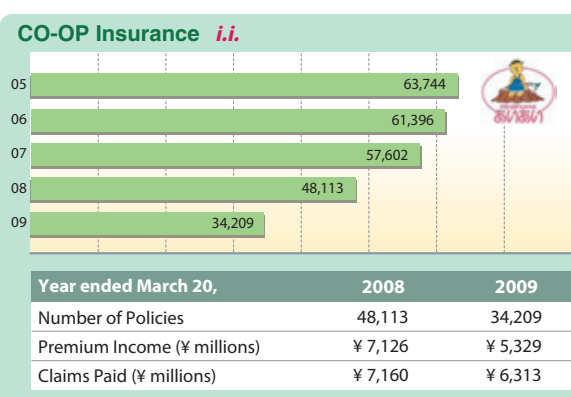
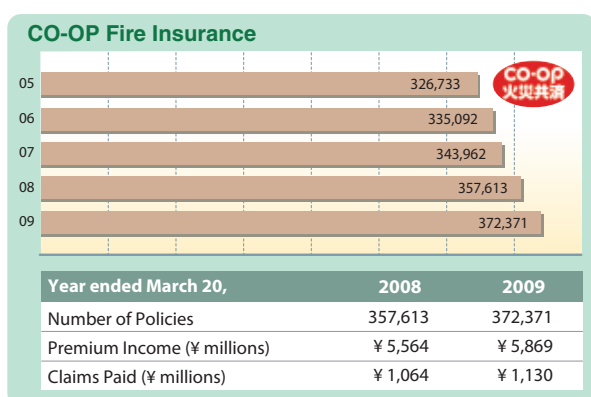
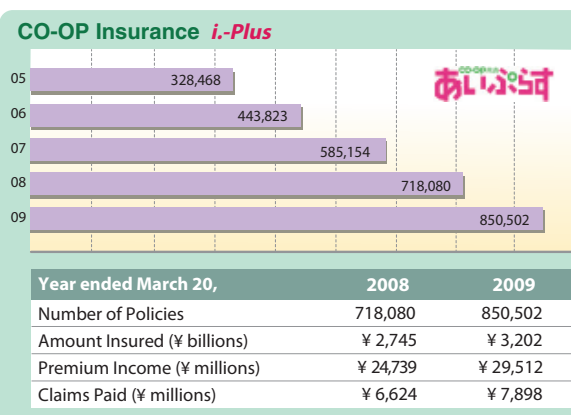
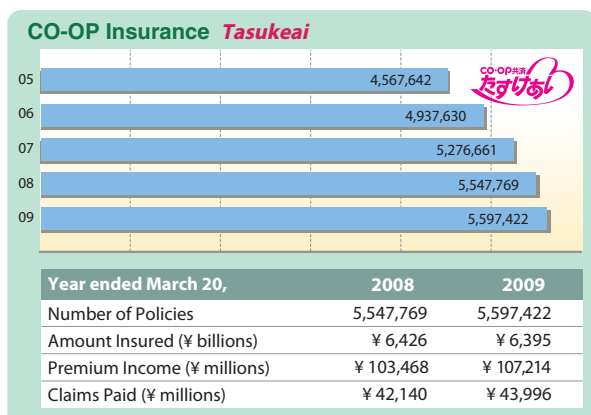
\* CO-OP Insurance Group denotes JCCU and 32 Member Co-ops that directly insure CO-OP Insurance. Refer to Page 8, about direct and indirect insurance.

## Asset Management

### Fundamental Policy for Asset Management

- JCIF and JCCU maintain 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, JCIF and JCCU place great importance on security when managing assets.
- JCIF and JCCU regularly ascertain and manage price fluctuation risk and credit risk concerning asset management. Every effort is made to prevent the unpredicted losses from asset management.
- JCIF and JCCU acknowledge 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 2008, based on this fundamental policy, JCIF and JCCU make much of safety, and JCIF and JCCU have created an asset management structure aiming to secure stable profitability over the medium and long term.

## Fiscal 2008 CO-OP Insurance Business Overview



Year ended March 20,	2008	2009
Number of Policies	6,164	15,241
Premium Income (¥ millions)	¥ 553	¥ 1,765
Claims Paid (¥ millions)	¥ 6	¥ 111

## Investment Assets

Millions of yen\*1

Thousands of U.S. dollars\*2

◆As of March 20,	2007	2008	2009	Ratio to Previous Year	2009
Cash and deposits	¥25,512	¥22,166	¥21,992	(0.0%)	\$ 228,109
Long-term deposits	1,500	1,500	1,500	(0.0%)	15,558
Money held in trust *3	9,500	13,500	14,300	(5.9%)	148,324
Bonds	27,140	43,409	58,818	(35.5%)	610,081
Equities	3,077	2,346	1,437	(-38.7%)	14,905
Foreign bonds *4	2,179	1,517	1,322	(-12.9%)	13,712
Foreign equities	1,158	1,483	810	(-45.4%)	8,401
Other securities *5	9,079	6,678	5,565	(-16.7%)	57,722
<b>Total</b>	<b>¥79,147</b>	<b>¥92,603</b>	<b>¥105,748</b>	<b>(14.2%)</b>	<b>\$ 1,096,857</b>

\*1. Yen amounts are rounded down to the nearest ¥ 1 million.

\*2. U.S. dollar amounts are translated, for convenience only, at ¥ 96.41 = US\$1.00, the rate prevailing on March 19, 2009, 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,

Millions of yen\*1

Thousands of  
U.S. dollars\*2

◆Assets	2008	2009	2009
<b>Current assets:</b>			
Cash and time deposits	¥ 21,967	¥ 21,696	\$ 225,038
Securities	48,308	45,704	474,058
Account receivables	5,172	6,417	66,559
Advanced payables	1,206	1,399	14,510
Other current assets	340	1,770	18,359
Total current assets	76,996	76,988	798,547
<b>Fixed assets:</b>			
Acquisition of assets	118	185	1,918
Intangible assets	2,482	4,728	49,040
Other fixed assets:			
Long-term deposits	1,500	1,500	15,558
Long-term securities	21,326	37,346	387,366
Other	2,062	3,642	37,776
	24,902	42,528	441,116
Total fixed assets	27,502	47,442	492,085
<b>Total assets</b>	<b>¥ 104,488</b>	<b>¥ 124,393</b>	<b>\$ 1,290,249</b>
<b>◆Liabilities and Capitals</b>			
<b>Liabilities:</b>			
<b>Current liabilities:</b>			
Reserves for policy contract:			
Reserves for claims paid	¥ 4,579	¥ 9,733	\$ 100,954
Premium receivables	4,760	6,077	63,032
Reserve for premium income	10,827	13,860	143,761
Reserve for risks	7,880	10,959	113,670
Reserve for rebate payment	14,688	18,422	191,079
	42,736	59,053	612,519
Accounts payable	2,734	4,621	47,930
Accrued income taxes	3,214	2,511	26,045
Other current liabilities	1,348	2,008	20,827
Total current liabilities	50,034	68,193	707,322
<b>Fixed liabilities:</b>			
Reserve for employee retirement benefits	682	764	7,924
<b>Total liabilities</b>	<b>¥ 50,717</b>	<b>¥ 68,958</b>	<b>\$ 715,257</b>
<b>Capitals:</b>			
Voluntary reserves	38,010	40,345	418,473
Unappropriated surplus for the period	15,464	14,684	152,307
<b>Total capitals</b>	<b>53,770</b>	<b>55,435</b>	<b>574,992</b>
<b>Total liabilities and capitals</b>	<b>¥ 104,488</b>	<b>¥ 124,393</b>	<b>\$ 1,290,249</b>

\*1. Yen amounts are rounded down to the nearest ¥1 million.

\*2. U.S. dollar amounts are translated, for convenience only, at ¥96.41 = US\$1.00, the rate prevailing on March 19, 2009, 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

	2008	2009	2009
<b>Ordinary income:</b>			
Premium income	¥ 85,950	¥ 97,478	\$ 1,011,077
Insurance receivables	541	525	5,445
Fees and commissions receivables	2,610	2,695	27,953
Reversal to reserve for claim paid	299	—	—
Reversal of reserves for claim rebate	1,841	2,581	26,771
Investment income	483	752	7,800
	91,727	104,034	1,079,078
Other ordinary income	218	186	1,929
<b>Ordinary expenses:</b>			
Claims paid	32,005	36,113	374,577
Premium paid	804	822	8,526
Insurance paid back	2,650	3,631	37,662
Transfer to reserve for claim paid	0	4,853	50,337
Transfer to policy reserve	9,226	7,359	76,330
Investment expenses	1,187	2,646	27,445
	45,874	55,426	574,898
Other ordinary expenses	24,611	29,415	305,103
Ordinary surplus	21,460	19,379	201,006
Other income	177	520	5,393
Other expenses	82	69	715
Extraordinary income (expenses)	-1,456	16	165
Transfer to reserve for claim rebate	5,477	6,315	65,501
Surplus before taxes	14,622	13,531	140,348
Corporate and other taxes	3,240	2,539	26,335
<b>Net surplus</b>	<b>12,109</b>	<b>12,885</b>	<b>133,647</b>
Net surplus for the year	778	1,048	10,870
Extraordinary withdraw	2,575	748	7,758
<b>Unappropriated surplus for the year</b>	<b>¥ 15,464</b>	<b>¥ 14,684</b>	<b>\$ 152,307</b>

\*1. Yen amounts are rounded down to the nearest ¥1 million.

\*2. U.S. dollar amounts are translated, for convenience only, at ¥96.41 = US\$1.00, the rate prevailing on March 19, 2009, and rounded down to the nearest \$1 thousand.



# Solvency Margin Ratio and others

	Millions of yen*1		Thousands of U.S. dollars*2	
◆Solvency Margin Ratio*3	2008	2009	Ratio to Previous Year	2009
Total solvency margin*4 ①	¥ 76,541	¥ 81,379	¥ 4,838	\$ 844,092
Total risks ②	11,506	13,076	1,570	135,629
<b>Solvency margin ratio = ① ÷ (1/2 × ②) × 100</b>	<b>1,330.5%</b>	<b>1,244.7%</b>	<b>-85.8%</b>	<b>129</b>

\*1. Yen amounts are rounded down to the nearest ¥ 1 million.

\*2. U.S. dollar amounts are translated, for convenience only, at ¥ 96.41 = US\$ 1.00, the rate prevailing on March 19, 2009, 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.

	Millions of yen*1		Thousands of U.S. dollars*2	
◆Breakdown of Basic Profit	2008	2009	Ratio to Previous Year	2009
Basic profit*4	¥ 28,755	¥ 25,599	¥ -3,156	\$ 265,522
Investment profit*3	-43	-126	-83	-1,306
Mortality profit*3	28,132	28,937	805	300,145
Expense profit*3	666	-3,211	-3,877	-33,305

\*1. Yen amounts are rounded down to the nearest ¥ 1 million.

\*2. U.S. dollar amounts are translated, for convenience only, at ¥ 96.41 = US\$ 1.00, the rate prevailing on March 19, 2009, 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.

	Millions of yen*1		Thousands of U.S. dollars*2	
◆Equity Capital Ratio	2008	2009	2009	
① Equity capital	¥ 53,770	¥ 55,435	\$ 574,992	
② Contingency reserves	7,880	10,959	113,670	
Revised equity capital [= ①+②]	61,651	66,395	688,673	
③ Total assets	¥ 104,488	¥ 124,393	\$ 1,290,249	
Equity capital ratio*3 [= ①/③]	51.4%	44.5%		
<b>Revised equity capital ratio*4 [= (①+②)/③]</b>	<b>59.0%</b>	<b>53.3%</b>		

\*1. Yen amounts are rounded down to the nearest ¥ 1 million.

\*2. U.S. dollar amounts are translated, for convenience only, at ¥ 96.41 = US\$ 1.00, the rate prevailing on March 19, 2009, 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

## Cooperation with Other Associations

### ● National Federation of Workers and Consumers Insurance Cooperatives (ZENROSAI)

ZENROSAI, a JCIF member, is the largest federation among the mutual insurance cooperatives approved by the Co-op Law. JCIF works with ZENROSAI to reinforce the CO-OP insurance business.

### ● Japan Reinsurance Federation of Consumers' Cooperatives (SAIKYOSAIREN)

JCIF focuses on risk reduction by ceding a portion of its directly underwritten mutual insurance to NIHON SAIKYOSAIREN reinsurance.

*\*Reinsurance means a transfer of a portion or all of the mutual insurance liability underwritten by a direct insurer to a re-insurer. In accordance with a reinsurance policy, the direct insurer pays a reinsurance premium, and the re-insurer shall pay the benefits in the case of accident occurrence.*

### ● Japan Cooperative Insurance Association Incorporated (JCIA)

Founded in 1992, JCIA has conducted the following activities with the purpose of “contributing to stable lives and improved welfare for local farmers, foresters, fishermen and other workers in addition to focusing on sound development of mutual insurance business by the co-operative associations.”

1. Provide members with necessary information and hold JCIA seminar etc.
2. Promote public relations and consulting to enhance the social recognition of cooperative insurance business.
3. Publish the “Kyosai to Hoken”(Cooperative and Commercial Insurance) in Japanese, the “JCIA Newsletter” in English and the “Fact Book” in English and Japanese.
4. Provide training for officers and staff of cooperative insurers.
5. Foster cooperation and relationships with overseas cooperative insurers and organizations.
6. Promote research through the “Research Committee on Cooperative Insurance Theory.”

JCIF focuses on the alliance with JCIA, making efforts to help reinforce the societal roles of mutual insurance associations.

### ● International Cooperative and Mutual Insurance Federation (ICMIF)

Inaugurated in 1922 as the Insurance Committee of the International Co-operative Alliance (ICA), it has served as a base for today's ICMIF. 212 organizations from 73 Countries with approximately one-third of the membership in Europe, a further third in the Americas and the remainder representing Asia and Oceania, Africa and the Middle East were members of the ICMIF by 2009. To benefit the development of mutual insurance associations, ICMIF has conducted various researches, studies and development, working as an intermediary for reinsurance transactions between the members or non-members. JCIF joined ICMIF on March 21, 2009.

ICMIF Website: <http://www.icmif.org>



## Profile of JCIF

Name	JCIF (Japan CO-OP Insurance Consumers' Co-operative Federation)
Head office	1-5-2 Irifune, Urayasu, Chiba 279-8588 Japan
Established	November 5th, 2008
Number of Member Co-ops	162 (as of March 21st, 2009)
Detail of operations	CO-OP Insurance Business / Promotion of Life-Planning Activities





**日本コープ共済生活協同組合連合会**  
Japan CO-OP Insurance Consumers' Co-operative Federation

1-5-2 Irifune, Urayasu, Chiba 279-8588 Japan  
TEL: +81-47-351-3356  
FAX: +81-47-351-5298  
<http://coopkyosai.coop>



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