

For a Better Tomorrow



Year Ended March 20, 2017

ANNUAL REPORT 2017



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CO・OP 共済



ANNUAL REPORT 2017

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



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.

Financial Highlights

For the years ended March 20,	JPY Millions ¹		USD Millions ²
	2016	2017	2017
Ordinary income	¥ 206,560	¥ 213,137	\$ 1,878
Ordinary expenses	158,285	164,750	1,451
Ordinary surplus	48,275	48,387	426
Net surplus	10,376	10,384	91

As of March 20,

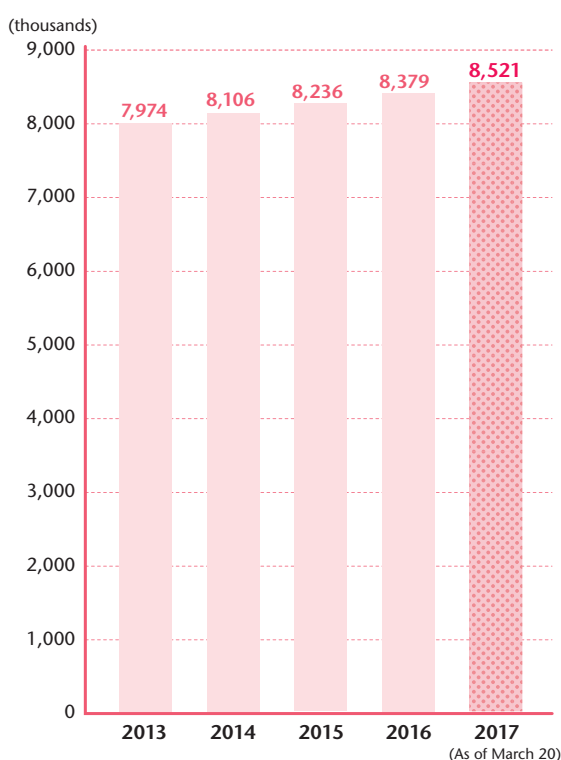
	2016	2017	2017
Total assets	¥ 329,601	¥ 358,004	\$ 3,154
Total liabilities	214,336	233,018	2,053
Total capital	115,265	124,986	1,101

	2016	2017	2017
Number of policies total	8,379,256	8,521,919	—
Number of policies (JCIF products only)	7,948,755	8,095,128	—
Amount insured (JCIF products total) (¥ billions/ \$ millions)	¥ 11,744	¥ 11,967	\$ 105,454
Solvency margin (%)	1,164.6	1235.6	—

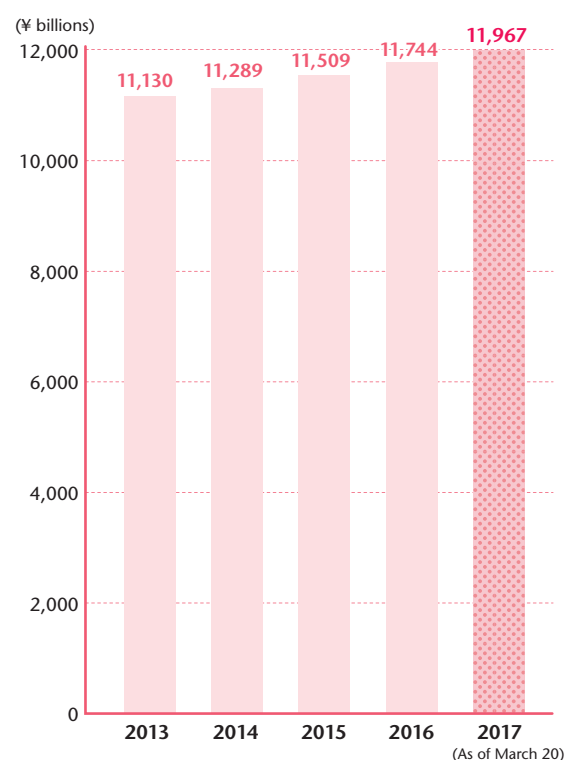
*1. Yen amounts are rounded down to the nearest ¥1 million.

*2. U.S. dollar amounts are converted, for convenience only, at ¥113.48=US\$1.00, the rate prevailing on March 20, 2017, and rounded down to the nearest \$1 million.

Number of policies (all total)



Amount insured (JCIF products only)



Message from the President

To pay out insurance benefits and relief money to victims of devastating disasters, including the Kumamoto earthquakes in April 2016, the earthquake that hit the central part of Tottori Prefecture in October in the same year, and the torrential downpour mainly in north Kyushu in July 2017, we have devoted our efforts to visiting our policyholders in cooperation with Co-ops in the disaster-affected areas and the rest of Japan. As a result, the amount of relief money that we have paid out to victims of these devastating disasters by the end of fiscal 2016 totals 223 million yen to 9,240 households affected by the Kumamoto earthquakes and 6.08 million yen to 496 households affected by the earthquake in central Tottori. We have earned gratitude from policyholders who received the payment. We would like to show our deep gratitude and respect to those who cooperated with us.

Let me give you an outline of our operations in fiscal 2016; the number of CO-CP Insurance policyholders exceeded 8.52 million by the end of the fiscal year. During the fiscal year, we paid out a total of 64.4 billion yen in insurance benefits (102.3% of the previous fiscal year) to 1.3 million insurance claimants. Additionally, CO-OP Insurance was rated as the top insurer in the life insurance category of the Japanese Customer Satisfaction Index (JCSI) provided by the Service Productivity & Innovation for Growth (SPRING) of the Japan Productivity Center. We have achieved this top rating for four consecutive years.

Fiscal 2016 was the first year of the three-year CO-OP Insurance Medium-term Business Plan 2018, on our way toward achievement of CO-OP Insurance Long-term Vision 2020. During the fiscal year, we cooperated with member Co-ops to further strengthen our organizational system for promotion, while renewing the plan of Tasukeai for children and launching a special policy option for advanced medical care, for which we had received a large number of requests. We have also striven to address important issues, by preparing to develop an insurance service (Platinum 85) that will enable those aged 65 whose Tasukeai insurance has expired to continue their insurance contracts, and by developing our capacity to promote CO-OP Insurance while providing member Co-ops with painstaking assistance according to their conditions.

In fiscal 2017, the second year of the CO-OP Insurance Medium-term Business Plan 2018, we will implement various measures to provide more valuable help to member households: launching the service of Platinum 85; preparing for further product renewal; increasing our promotion capacity mainly through increasing workforce for promotion; devoting further efforts to maintaining relationships with existing policyholders; cutting the costs of our existing operations; demonstrating our general ability through cooperation with retailing and other businesses; enhancing our measures for the business continuity plan (BCP), general risk management and organizational management; and fostering human resources.

This annual report mainly covers CO-OP Insurance's operations in fiscal 2016. I hope that this report will help you deepen your understanding of our business and CO-OP Insurance products.

We are determined to continuously concentrate all our energies on ensuring that our member households enjoy safe and secure lives, through our operations conducted in close cooperation with Co-ops' retailing and welfare businesses, and other Co-op activities. We look forward to your continued understanding and support for CO-OP Insurance.

Toshiaki Sato
President

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

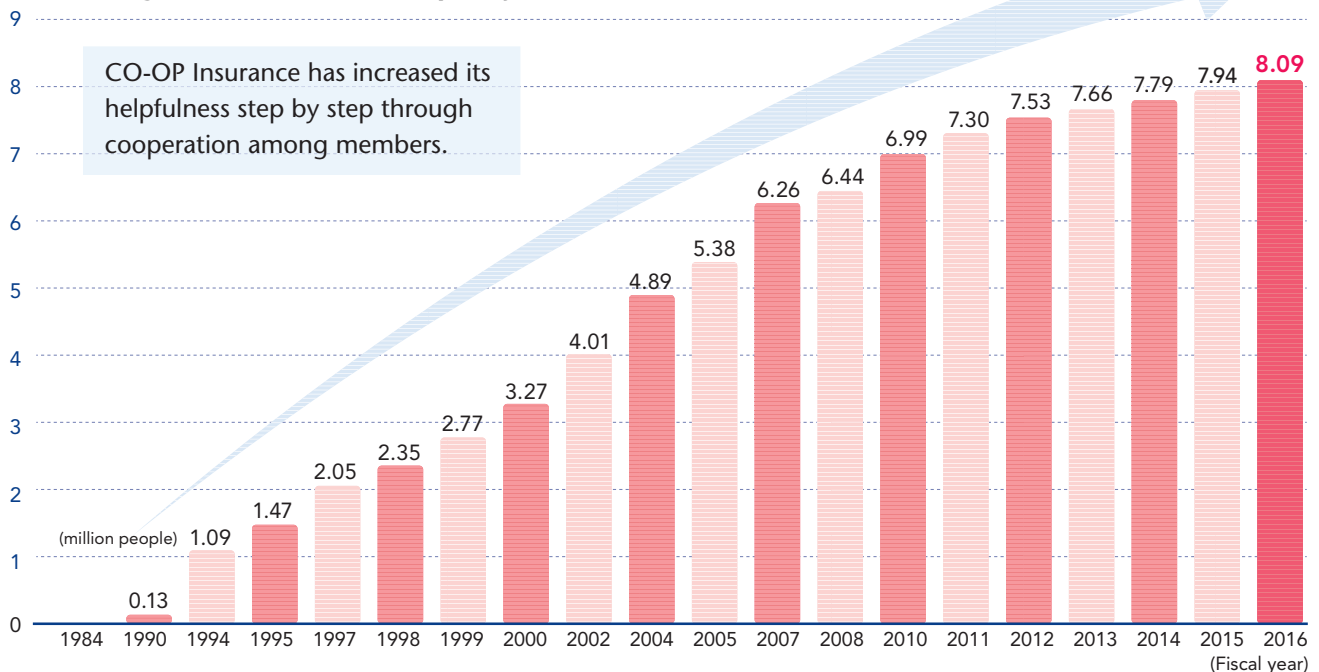


Topics of FY2016

Changes in the number of policyholders.

In 1984, CO-OP Insurance *Tasukeai* started providing an insurance coverage of one million yen for death and of 20,000 yen for inpatient care for a premium equivalent to the price of a cup of coffee, adding term life insurance named *i.-Plus* in 2000 and whole life insurance named *Zutto-i.* in 2011. As a result of these efforts, the number of policyholders in JCIF products contracts with us reached 8.09 million people in March 2017. The spirit of mutual cooperation for supporting each other's future has been carried on without change since the launch of CO-OP Insurance.

Changes in the number of policyholders



We were rated as the top life insurance provider in customer satisfaction for the fourth straight year, and rated at the fifth in the combined annual category.

CO-OP Insurance won first place in the life insurance category of the FY 2016 Japanese Customer Satisfaction Index (JCSI) published by the Service Productivity & Innovation for Growth (SPRING) of the Japan Productivity Center for the fourth straight year. The survey forming the basis of the index is one of the most extensive customer satisfaction surveys in Japan, based on the opinions of over 120,000 customers.

CO-OP Insurance also took fifth place in the combined annual category, among 421 companies/brands from 32 business categories.



In September 2016, we renewed the insurance product of *Tasukeai*.

CO-OP Insurance develops and improves insurance products based on our policyholders' opinions.

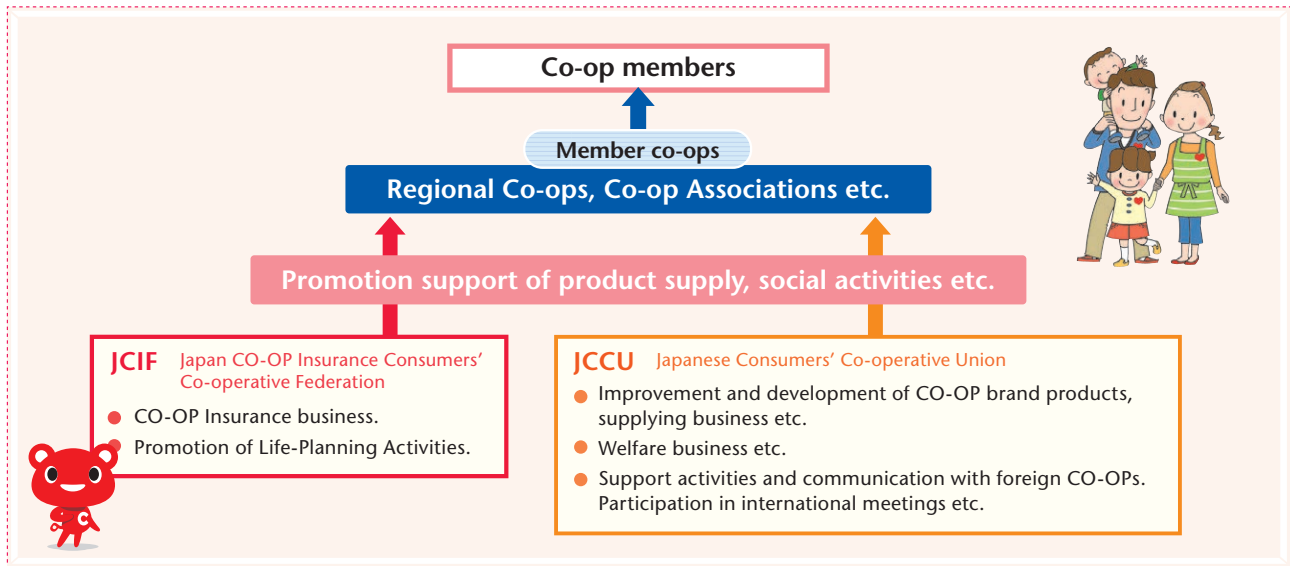
Since September 2016, the policy period of the plan of *Tasukeai* for children has been extended by a year, so that the insured are covered until reaching the age of 20. We also launched a special policy option for advanced medical care, which is available at a monthly premium of 100 yen.

Outline of the JCIF

JCIF, Co-op and JCCU

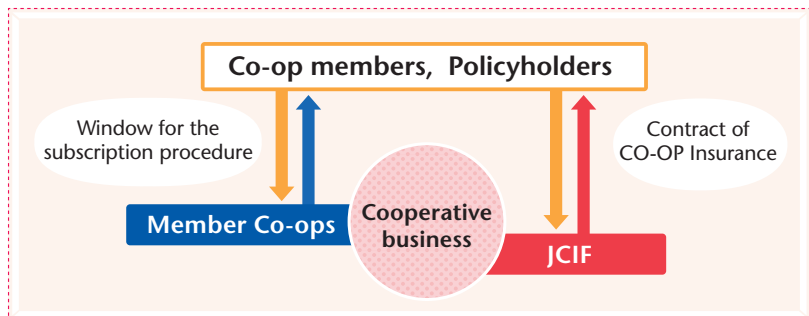
Our organization is a union of 149 consumer cooperative societies from across the nation. Although each member Co-ops is an independent legal entity, each provides CO-OP insurance to its members in cooperation with the union.

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



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)

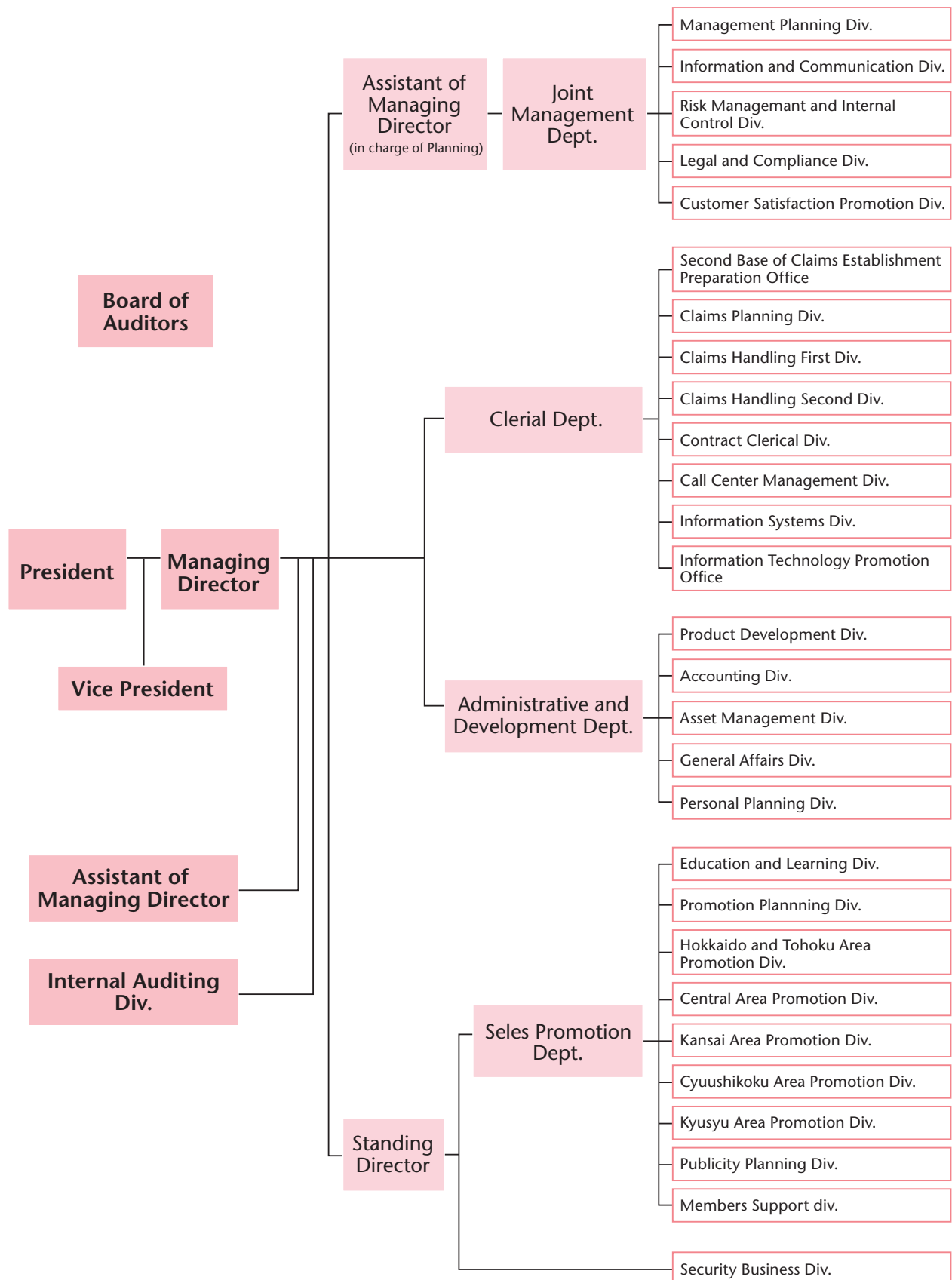
The JCIF develops products tailored to the needs of its members and others.

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 July 14, 2017



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 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



This insurance simply provides cover for death, which can be added cancer, hospitalization, and surgery of the insured. The maximum sum insured is ¥30 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 Insurance *Zutto-i.*

— Whole life Insurance



This insurance provides cover for lifetime hospitalization, surgery and death.

There are 2 types. One is whole life insurance which covers lifetime death. The other is medical insurance which covers lifetime hospitalization and surgery.

i.-Plus *Platinum 85*



Platinum 85, launched in September 2017, is an insurance product available for people aged 65 to 70, continuously covering inpatient treatment and death until the age of 85. Its coverage does not change from the time of contract to its expiration. Optional amounts of coverage for medical operations and death can also be added as needed.

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 damaged from a third party and earthquakes etc.

CO-OP Life 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.

Direct and Indirect Insurance Products Offered

CO-OP Insurance offers direct and indirect insurance products. In direct insurance contracts, JCIF as a contract underwriter is responsible for collecting insurance premiums and paying insurance benefits. We offer four direct insurance products: CO-OP Insurance *Tasukeai*, CO-OP Insurance *i.-Plus*, and CO-OP Insurance *Zutto-i.*, Whole Life Insurance and Whole-life Medical Insurance.

CO-OP Insurance also provides member households with indirect insurance in the areas beyond the coverage of its direct insurance products, in alliance with *ZENROSAI**, property and casualty insurance firms, etc.

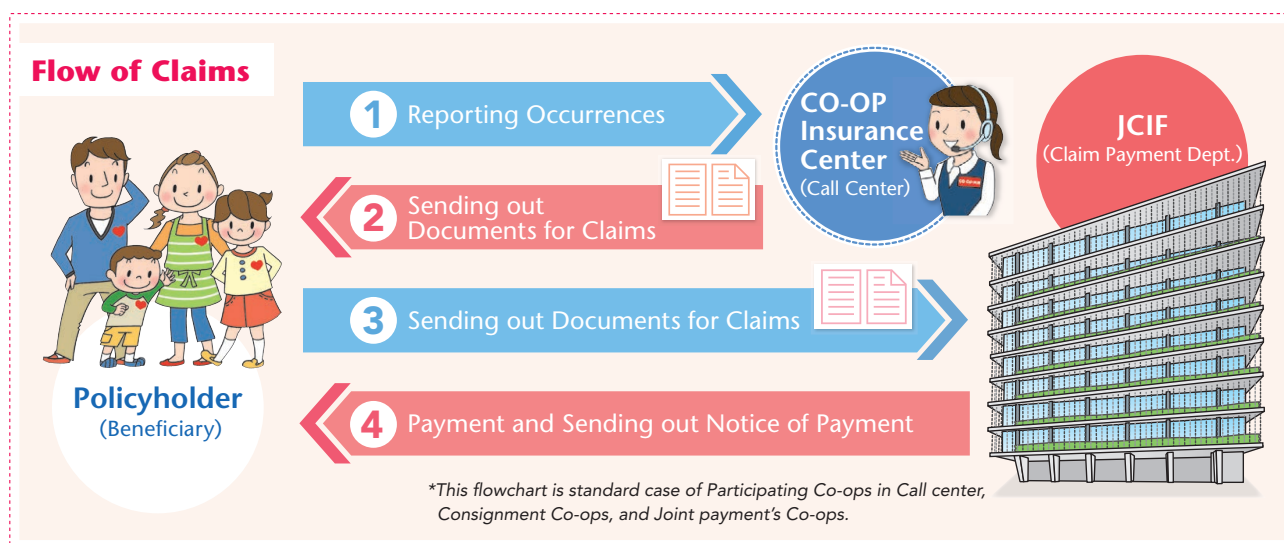
* In CO-OP Insurance contracts, each contract underwriter is individually responsible for insurance coverage according to the scope of its underwriting, instead of sharing joint responsibility.

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 **ZENROSAI**.) 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 detail 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*, *Zutto-i*, 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 natural disaster. In the event of a devastating disaster occurring cooperate in order to ensure swift and certain payment so that the burden on policyholder may be alleviated even slightly.

Enclosing origami cranes with forms necessary for claims

When sending claimants forms necessary for claiming insurance benefits, CO-OP Insurance encloses origami cranes made by Co-op members around the country. This activity originated around 1992, when Co-op staff in charge of insurance in Nagano Prefecture began to enclose origami cranes with such documents to express their sympathy.

In the process of paying insurance benefits or relief money to victims of the Great Hanshin and Awaji Earthquake in 1995, we enclosed origami cranes with documents sent to them. Since these origami cranes met with a favorable reaction from many recipients, this activity was expanded nationwide. While many volunteers currently participate in making origami cranes at Co-ops around the country, some recipients of origami cranes in turn send us origami cranes of their own making, resulting in a growing circle of people connected to each other with origami cranes. Moreover, many respondents to the questionnaire enclosed with the announcement of insurance benefit payment express their thanks for origami cranes. These activities have steadily contributed to spreading the spirit of mutual help.

Risk Management and Compliance System

Risk Management System

In pursuing sound management of the mutual insurance business, JCIF makes efforts to identify risks and implement proper risk management.

Risk associated with the mutual insurance business include the following: Business risks; Project development risks and insurance underwriting risks; Asset management risks; Liquidity risks; ALM risks; Office work risks and System risks, etc.

JCIF manages the risks which we have, and monitors or controls. Each risk is monitored or controlled by the responsible department.

Business risks

Risks related to the managerial strategic decision and the flaw or external factor of management system in the general management. It will suffer the big impact when it becomes obvious.

We manage to provision the process of appraisal, understand the risk etc.

Product development risks and insurance underwriting risks

Risks that stem from fluctuations in the incidence rate of accidents covered beyond the forecasts made at the time of setting the premium.

We manage these risks with due consideration for business stability.

Asset management risks

Risks of suffering a loss in the value of assets held due to fluctuations in interest rates, stock prices, foreign exchange rates, etc. or deterioration in the financial position of financial institutions with which we conduct transactions.

We ensure appropriate management of these risks based on a set of rules including the Rules for Asset Management and the Regulations for Managing Asset Management Risks, which we established in accordance with the Ordinance for Enforcement of the Consumer Cooperatives Act.

Liquidity risks

Risks that a given security or asset cannot be traded quickly enough in the market to prevent a loss (or make the required profit).

We manage this risk to keep enough cash flow and monitor the risk or the cash flow regularly.

ALM risks

Risks incurred when asset and liabilities term are mismatched, forcing the company to buy and sell assets, or to take on liabilities, when conditions are unfavorable.

We manage to secure the funds corresponding to liabilities by the setting a fair guaranteed yields, the monitoring of interest surplus and loss and so on.

Office work risks and System risks

Office work risks are the risks of suffering a loss due to officers or staff executing inaccurate administrative work, causing an accident, or committing a fraud.

System risks are the risks of suffering a loss due to flaws in our computer system including failure and malfunction, or fraudulent use of our computers.

With respect to office work risks and system risks, we conduct analysis and assessment, identify significant risks, and take protective measures.

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.

Business Operations Based on Policyholder Feedback

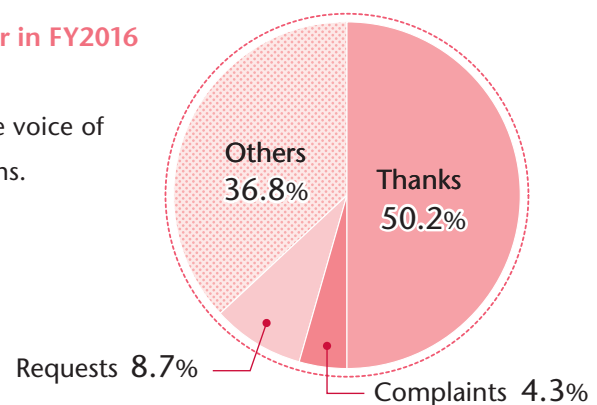
(1) The consultation center receives complaints and opinions by telephone

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 complains, opinions, and requests in 2006.

Complaints we received at the consultation center in FY2016

We had 194,800 complaints and requests in fiscal 2016.

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.

Activities

Life-Planning Activities

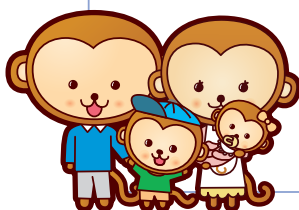
Life-Planning activities enable Co-op members to learn about money matters in their lives. In the principle topic of Revising Coverage, members gain the capability to independently select insurance that is really necessary.

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, 2017 there are 3,936 advisors active at member Co-ops across Japan.



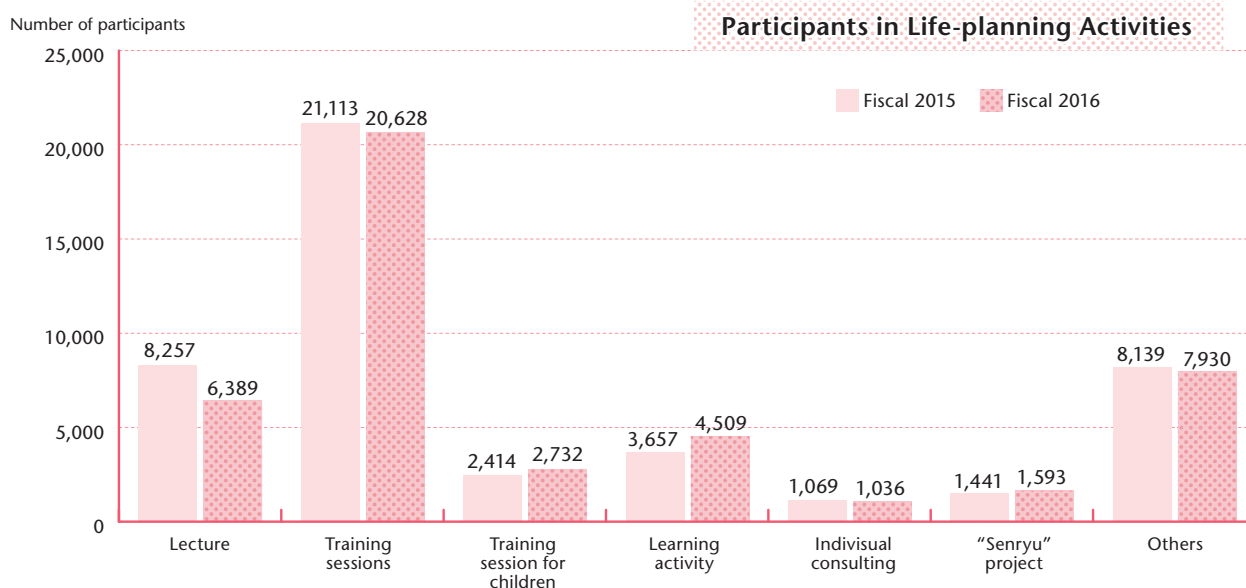
Co-op carries out the following Life-Planning activities:

- Lectures on Revising Coverage
- Training sessions on revising lifestyles
- Learning activity in each region
- 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 2016, more than 44,000 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 policyholders 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 more than 359 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*, *Zutto-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 medial facility to use. During fiscal 2016 the call center fielded 42,209 calls for advice.



Social Contribution Activities

While Co-ops conduct their operations aiming to further improve people's lives, the current social situation requires us to pay careful attention to the entire local societies and cooperate with other organizations and governmental bodies to solve difficulties in people's everyday lives. For this purpose, JCIF initiated a grant program in fiscal 2012, aiming to create a richer society. This grant program supports activities conducted through a network involving a Co-op and other organizations to solve problems.

As a result of the screening procedure, a total of 22,851,428 yen was paid in grants to 38 applicants in fiscal 2016.

To be eligible, organizations must be engaged in one of the following activities, each of which is based on the values shared by JCIF

1. Activities aimed at protecting people's livelihoods and helping them resolve everyday issues
2. Activities aimed at protecting people's lives and supporting unique lifestyles
3. Activities aimed at supporting the lives of women and children



Fiscal 2016 CO-OP Insurance Business Overview

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

End of year policyholders totaled 8,521,919

When broken down by product, *Tasukeai* policyholders increased 0.2% from the previous year to 5,899,057, *i-Plus* policyholders increased 3.8% to 1,755,819, *Zutto-i.* policyholders increased 18.8% from the previous year to 440,252, *CO-OP Fire Insurance* policyholders decreased 0.5% to 399,531, and CO-OP Insurance *new-i.i.* policyholders decreased 5.6% to 27,208.

Insurance in force totaled ¥11,967 billion

CO-OP Insurance has total policies of ¥11,967 billion of insurance in force(JCIF products only), an increase of 1.9% on the previous year.

Premiums totaled ¥180 billion

CO-OP Insurance has total premiums of ¥180 billion(JCIF products only), an increase of 2.9% on the previous year.

1,307,826 payments made

CO-OP Insurance made a total of 1,307,826 payments(JCIF products only), an increase of 0.3% on the previous year.

¥64,403 million in payments made

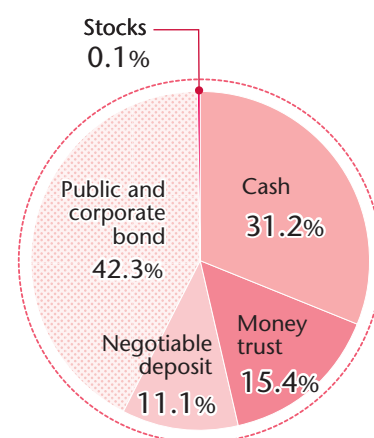
CO-OP Insurance Group has made a total of ¥64,403 million in payments for insurance claims(JCIF products only), an increase of 2.3% on the previous year.

* Refer to Page 8, about direct and indirect insurance.

Asset Management

Investment Assets

As of March 20,	JPY Millions ^{*1}		composition ratio(%)	USD Thousands ^{*2}	
	2016	2017		2017	2017
Cash	¥ 58,583	¥ 101,406	31.2%	\$ 893,602	
Money trust ^{*3}	36,792	50,143	15.4%	441,866	
Negotiable deposit	81,000	36,000	11.1%	317,236	
Public and corporate bond	120,520	137,719	42.3%	1,213,597	
Stocks	255	255	0.1%	2,247	
Foreign bond	0	0	0.0%	0	
Other securities	0	0	0.0%	0	
Total	¥ 297,150	¥ 325,523	100.0%	\$ 2,868,549	



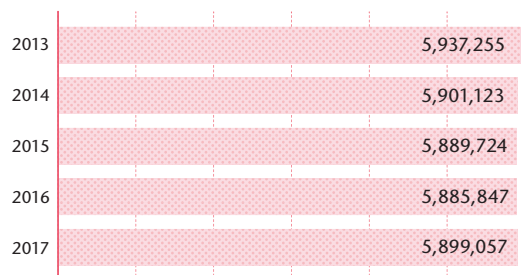
*1. Yen Amounts are rounded down to the nearest ¥1 million.

*2. U.S. dollar amounts are translated, for convenience only, at ¥113.48= US\$1.00, the rate prevailing on March 20, 2017, and rounded down to the nearest \$1 thousand.

*3. Money held in trust are transferable warranty deposits.

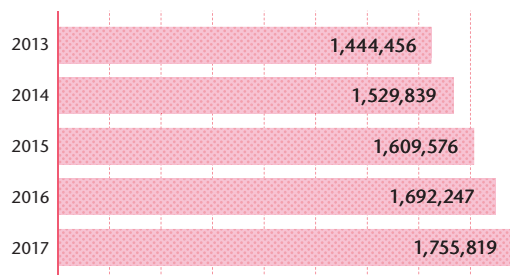
■ Sectral CO-OP Insurance Business Overview

CO-OP Insurance *Tasukeai*



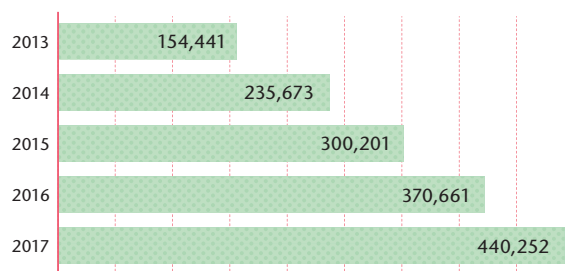
As of March 20,	2016	2017
Number of Policies	5,885,847	5,899,057
Premium Income (¥millions)	¥106,759	¥105,998
Claims Paid (¥millions)	¥43,510	¥42,647

CO-OP Insurance *i.-Plus*



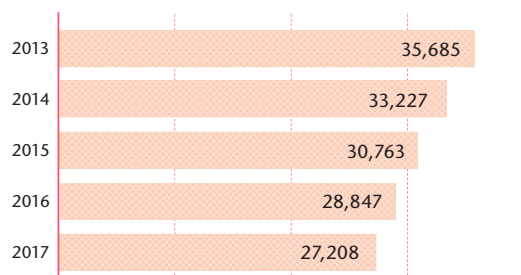
As of March 20,	2016	2017
Number of Policies	1,692,247	1,755,819
Premium Income (¥millions)	¥53,545	¥56,362
Claims Paid (¥millions)	¥17,324	¥19,260

CO-OP Insurance *Zutto-i.*



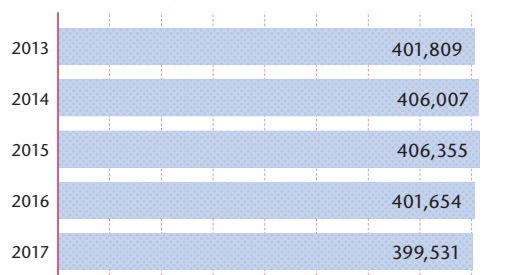
As of March 20,	2016	2017
Number of Policies	370,661	440,252
Premium Income (¥millions)	¥15,197	¥18,167
Claims Paid (¥millions)	¥2,116	¥2,495

CO-OP Insurance *New i.i.*



As of March 20,	2016	2017
Number of Policies	28,847	27,208
Premium Income (¥millions)	¥4,391	¥4,186
Claims Paid (¥millions)	¥669	¥429

CO-OP Fire Insurance



As of March 20,	2016	2017
Number of Policies	401,654	399,531
Premium Income (¥millions)	¥4,623	¥4,560
Claims Paid (¥millions)	¥947	¥1,036

Balance Sheet

As of March 20,

Assets	JPY Millions ^{*1}		USD Thousands ^{*2}
	2016	2017	2017
Cash and time deposits	¥ 58,583	¥ 101,406	\$ 893,602
Money trust	36,792	50,143	441,866
Securities	201,775	173,974	1,533,080
Loans	–	–	–
Reinsurance account	56	66	581
Subcontracting account	6,268	6,233	54,925
Contract account	310	311	2,740
Other mutual insurance assets	116	101	890
Advance payments	19	45	396
Outstanding earnings	221	195	1,718
Other assets	1,135	1,381	12,169
Fixed assets for business use	10,306	9,472	83,468
Investment in affiliates etc.	270	270	2,379
Deferred tax assets	13,746	14,399	126,885
Deferred assets	–	–	–
Total assets	¥ 329,601	¥ 358,044	\$ 3,155,128
Liabilities			
Policy reserves	¥ 197,594	¥ 215,745	\$ 1,901,172
Reinsurance account	142	190	1,674
Subcontracting account	3,966	4,172	36,764
Contract account	0	0	0
Other insurance liabilities	137	51	449
Outstanding outlays	1,905	2,008	17,694
Other	7,083	6,729	59,296
Allowance	994	1,144	10,081
Price fluctuation reserves	2,510	2,974	26,207
Total liabilities	¥ 214,336	¥ 233,018	\$ 2,053,383
Capital			
Membership capital	¥ 114,038	¥123,664	\$ 1,089,742
Others	1,226	1,322	11,649
Total Capital	¥ 115,265	¥ 124,986	\$ 1,101,392
Total liabilities and Capital	¥ 329,601	¥ 358,004	\$ 3,154,776

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

*2. U.S. dollar amounts are converted, for convenience only, at ¥ 113.48 = US\$1.00, the rate prevailing on March 20, 2017, and rounded down to the nearest \$1 thousand.

Income Statement

■ For the years ended March 20,

Ordinary Income:	JPY Millions ¹		USD Thousands ²
	2016	2017	2017
Premium and other income	¥ 176,296	¥ 181,249	\$ 1,597,188
Reversal of allowance for reserve of insurance policy	28,566	30,241	266,487
Investment income	1,401	1,392	12,266
Other ordinary income	296	253	2,229
Total ordinary income	¥ 206,560	¥ 213,137	\$ 1,878,189

Ordinary Expenses:

Claims paid	¥ 93,817	¥ 97,091	\$ 855,578
Provisions for policy reserves	14,352	15,097	133,036
Investment expenses	64	106	934
Operating expenses	49,989	52,268	460,592
Other ordinary expenses	61	185	1,630
Total ordinary expenses	¥ 158,285	¥ 164,750	\$ 1,451,797
Ordinary Surplus	¥ 48,275	¥ 48,387	\$ 426,392

Extraordinary Profit and Loss:

Extraordinary income	0	–	–
Extraordinary loss	¥ 889	¥ 733	\$ 6,594
Surplus before taxes	¥ 47,386	¥ 47,653	\$ 419,924
Corporate and other taxes	5,073	4,664	41,099
Adjustment of corporate and other taxes	– 735	– 690	– 6,080
Transfer to reserve for claim rebate	32,672	33,295	293,399
Net surplus	10,376	10,384	91,505
Net surplus for the period	467	525	4,626
Reversal of reserve for start-up business	–	–	–
Reversal of reserve for office system maintenance	326	521	4,591
Reversal of reserve for business continuity planning	396	–	–
Reversal of reserve for catastrophe solatium	4	231	2,035
Reversal of subscriber contribution	–	39	343
Unappropriated surplus for the period	¥ 11,570	¥ 11,703	\$ 103,128

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

*2. U.S. dollar amounts are converted, for convenience only, at ¥ 113.48 = US\$1.00, the rate prevailing on March 20, 2017, and rounded down to the nearest \$1 thousand.

Solvency Margin Ratio and Others

Solvency Margin Ratio ^{*3}

(As of March 20)	JPY Millions ^{*1}		USD Thousands ^{*2}
	2016	2017	2017
Total solvency margin ^{*4} ①	¥ 155,623	¥ 169,092	\$ 1,490,059
Total risks ②	26,724	27,370	241,187
Solvency margin ratio = ① ÷ (②×1/2)×100	1164.6%	1235.6%	1235.6%

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

*2. U.S. dollar amounts are converted, for convenience only, at ¥ 113.48 = US\$1.00, the rate prevailing on March 20, 2017, and rounded down to the nearest \$1 thousand.

*3. The solvency margin rate of JCIF is calculated based on the Ordinance for Enforcement of Co-op law as determined by the Ministry of Health, Labour and Welfare.

Therefore, it is incommensurable with the solvency margin rate of life insurance companies and nonlife insurance companies.

According to the Ministry of Health, Labour and Welfare, the rate needs more than 200%.

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

Breakdown of Basic Profit

(As of March 20)	JPY Millions ^{*1}		USD Thousands ^{*2}
	2016	2017	2017
Basic profit ^{*4}	¥ 50,381	¥ 50,266	\$ 442,950
Investment profit ^{*3}	79	- 5	- 44
Mortality profit ^{*3}	49,738	47,368	417,412
Expense profit ^{*3}	563	2,902	25,572

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

*2. U.S. dollar amounts are converted, for convenience only, at ¥ 113.48 = US\$1.00, the rate prevailing on March 20, 2017, 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

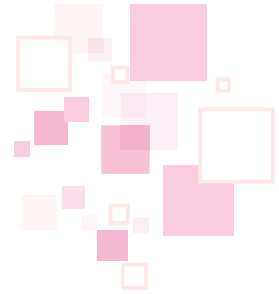
(As of March 20)	JPY Millions ^{*1}		USD Thousands ^{*2}
	2016	2017	2017
① Equity capital	¥ 115,265	¥ 124,986	\$ 1,101,392
② Contingency reserves	40,070	42,314	372,876
Revised equity capital [= ① + ②]	155,335	167,301	1,474,277
③ Total assets	¥ 329,810	¥ 358,004	\$ 3,155,128
Equity capital ratio ^{*3} [= ① / ③]	34.9%	34.9%	34.9%
Revised equity capital ratio ^{*4}	47.1%	46.7%	46.7%

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

*2. U.S. dollar amounts are converted, for convenience only, at ¥ 113.48 = US\$1.00, the rate prevailing on March 20, 2017, 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



Profile of JCIF

Name

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

Head office

4-1-13 Sendagaya, Shibuya-ku, Tokyo 151-0051, JAPAN

Established

November 5th, 2008

Number of Member Co-ops

149 (as of March 20th, 2017)

Detail of operations

CO-OP Insurance Business

JCIF is the Federation for Exclusively Providing Mutual Insurance Products

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

Up until FY2008, 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 insure is directly responsible for paying claims to policyholders.



日本コ-プ共済生活協同組合連合会

Japan CO-OP Insurance Consumers'
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