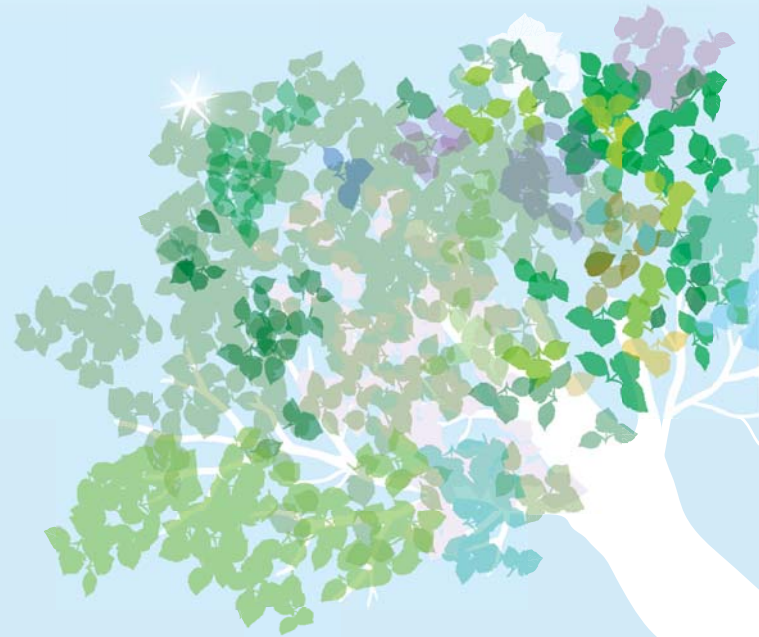


ANNUAL REPORT

2012

Year Ended March 20, 2012

*For a Better Tomorrow*



Japan CO-OP Insurance Consumers' Co-operative Federation



# ANNUAL REPORT 2012

Year Ended March 20, 2012

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



## Vision 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.

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5

We will positively face the problems of aging, health and welfare, and conduct activities to contribute to society, such as social welfare activities.



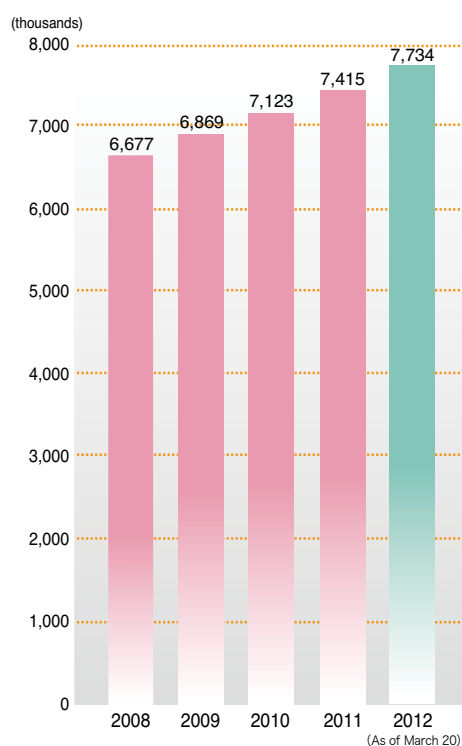
# Financial Highlights

For the years ended March 20,	Millions of yen*1		Millions of U.S. dollars*2
	2011	2012	2012
Ordinary income	¥170,315	¥183,554	\$2,196
Ordinary expenses	136,695	138,555	1,658
Ordinary surplus	33,620	44,998	538
Net surplus	6,070	8,494	101
<b>As of March 20,</b>			
Total assets	207,742	225,420	2,697
Total liabilities	133,406	144,173	1,725
Total capital	74,335	81,247	972
Number of policies (total)	7,415,905	7,734,977	—
Number of policies (direct insurance total)	6,983,602	7,300,132	—
Amount insured (direct insurance total) (¥ billions / \$ billions)	¥10,743	¥11,210	\$134
Solvency margin (%)	984.7	1,075.0	—

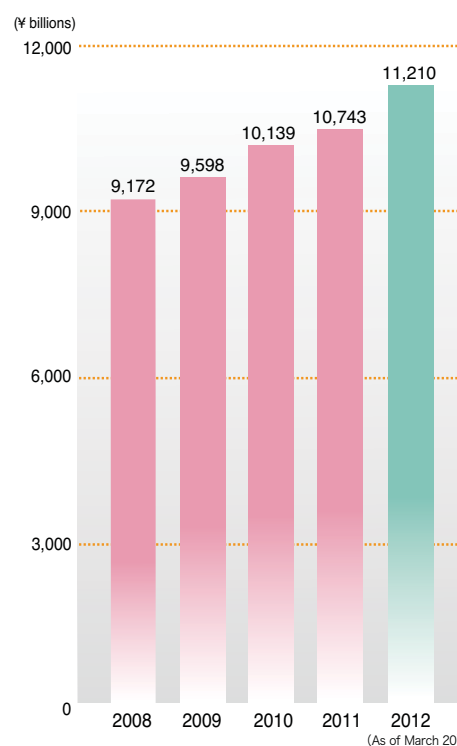
\*1. Yen Amounts are rounded down to the nearest ¥1 million.

\*2. U.S. dollar amounts are converted, for convenience only, at ¥83.56 = US\$1.00, the rate prevailing on March 19, 2012, and rounded down to the nearest \$1 million.

**Number of Policies (all total)**



**Amount Insured**



# Message from the President

Following the Great East Japan Earthquake last year, the Japan CO-OP Insurance Consumers' Co-operative Federation (JCIF) started visiting policyholders of CO-OP Insurance products in disaster-stricken areas to make payments of claims and disaster relief money. With cooperation from Co-ops in these areas as well as other Co-ops across the country, we managed to pay out 1.5 billion yen in claims to 2,700 policyholders and disaster relief money of 1.8 billion yen to 68,000 policyholders by the end of fiscal 2011, an effort that earned us many words of appreciation from policyholders. I would like to take this opportunity to express my deepest respect and gratitude once again to those who have kindly cooperated with us to achieve this accomplishment.

Although more than one year has passed since the devastating disaster of March 11, a sense of insecurity still lingers in our daily lives. During tough times such as these, Co-ops are relied upon all the more to make every effort to contribute to the development of local communities.

Incidentally, the United Nations has designated the year 2012 as the International Year of Co-operatives (IYC) in the hope that the spirit of cooperation will help the world pull through the current crisis. By joining forces with Co-ops across Japan in order to overcome these difficult times together, the JCIF is determined to serve as an example by embodying the value of Co-ops through its CO-OP Insurance business.

In the main, this annual report consists of reports on initiatives implemented during fiscal 2011. In our CO-OP Insurance business, the policyholder base of direct insurance products (three types) expanded to over 7.3 million. At the same time, payment of insurance claims for these products exceeded 61.3 billion yen in total, a figure that well demonstrates our commitment to providing Co-op members with timely support when needed, the primary objective of our business.



In September 2011, we introduced a whole-life mutual insurance product, *Zutto-i.*, which attracted within six months of launch more than 47,000 policyholders, many of whom particularly welcomed the release of this new product. With the broad appeal of *Zutto-i.* so affirmed, we have renewed our determination to further promote the product this fiscal year.

In addition to securing an extensive and solid policyholder base for *Zutto-i.*, we will also strive to enhance our operational quality and reinforce our business foundation during fiscal 2012. Meanwhile, concerted efforts will also be made to become the first-choice provider of mutual insurance that serves as the centerpiece of livelihood security for Co-op member households. This is a target set out in the JCIF Long-term Vision 2020 and the culmination of long deliberations stretching back to the previous fiscal year.

We humbly thank you for your ongoing support of CO-OP Insurance.

A handwritten signature in black ink that reads "Tomomi Yano". The signature is written in a cursive, flowing style.

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



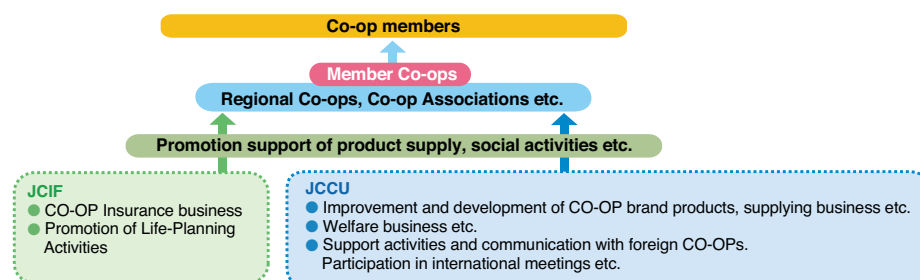
# Outline of the JCIF

## JCIF, Co-op and JCCU

Our organization is a union of 154 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.

## 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.

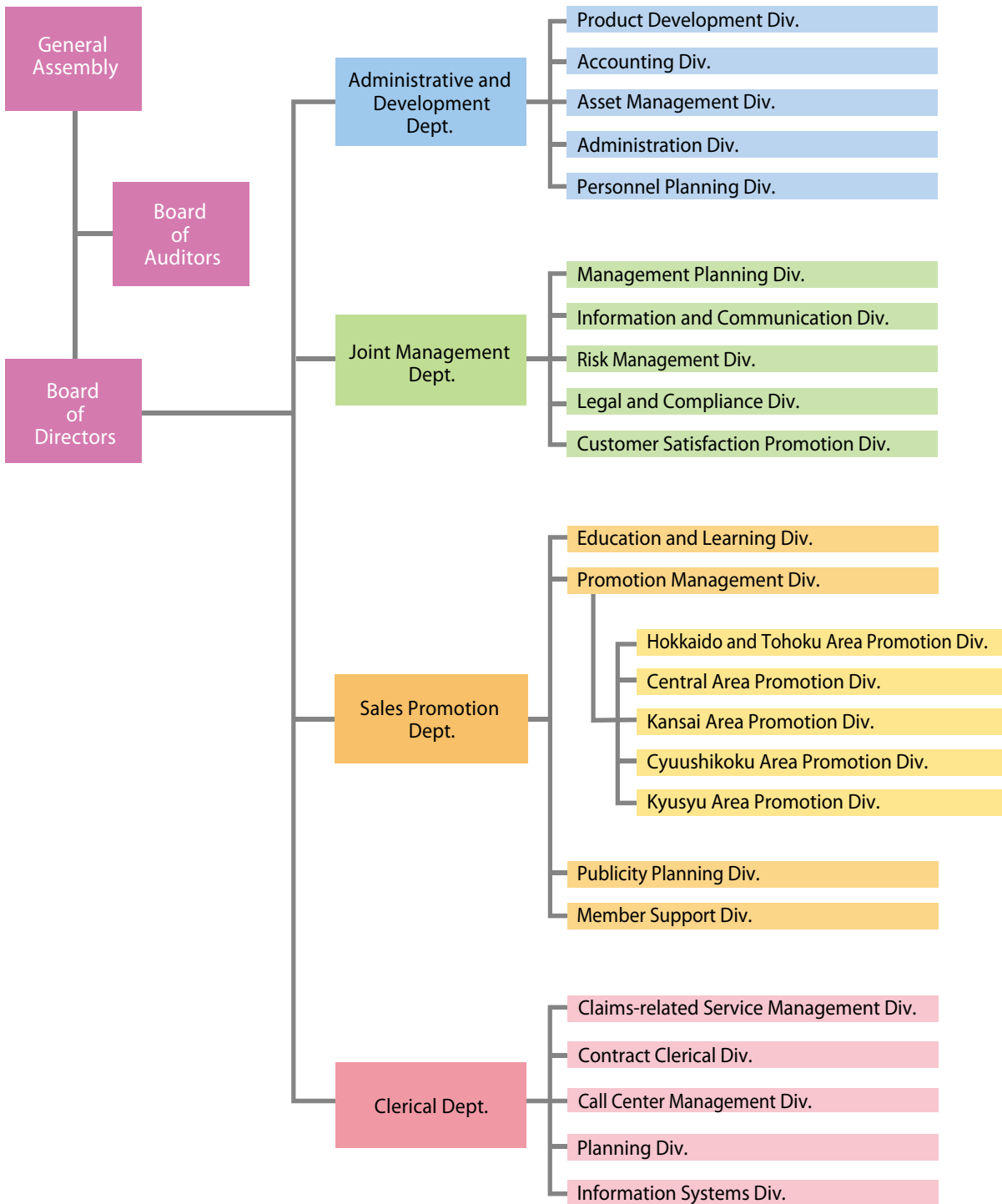
Under the revised Co-op Law adopted last year, mutual insurance organizations exceeding a certain size are prohibited from engaging in subsidiary business such as those in the retail field.

Up until 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 insurer is directly responsible for paying claims to policyholders.

# Structure of JCIF

As of June 21, 2012



# 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 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.



## 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.



## 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.



## 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*, *i.-Plus* and *Zutto-i.*

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 JCIF. ZENROSAI and JCIF work together to provide a full line-up of CO-OP Insurance.

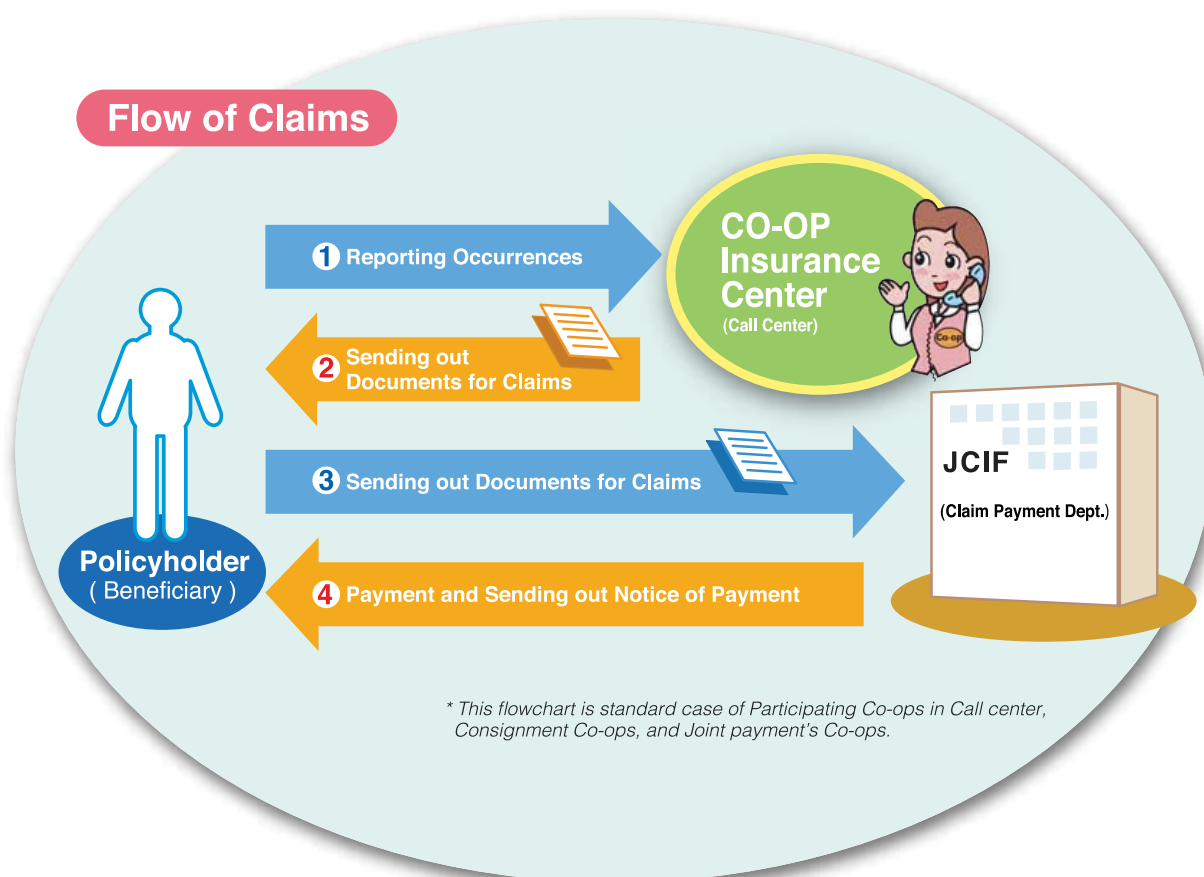


# Payment of Claims

## 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 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 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*, *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 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

## 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

Product development risks and insurance underwriting risks are 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. For example, we make efforts to achieve an appropriate level of benefit payment rate by identifying, examining, analyzing and regularly monitoring these risks, as well as verifying them when developing and reviewing products.

### ● Asset Management Risks

Asset management risks are the 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. Under this system, we confirm the status of asset management execution, risks, etc. on a regular basis at board meetings etc. In addition, we carry out sound asset management that best suits the nature of each fund and debt, focusing on safety, profitability and liquidity.

### ● ALM Risks

ALM risks are the risks incurred when asset and liabilities terms 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. In addition, to prevent accidents in the office and in system development and operations, we have in place the Rules of Conduct for Prevention of Serious Accidents, the Information Security Policy and the Rules for Reporting Operational Accidents.

## 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

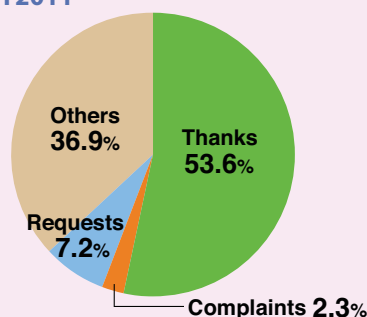
### (1) The consultation center receives complaints and opinions by telephone

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 complaints, opinions, and requests in 2006.

#### ● Complaints we received at the consultation center in FY2011

We had 11,649 complaints and requests in fiscal 2011.

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, 2012 there are 2,857 advisors active at member Co-ops across Japan.

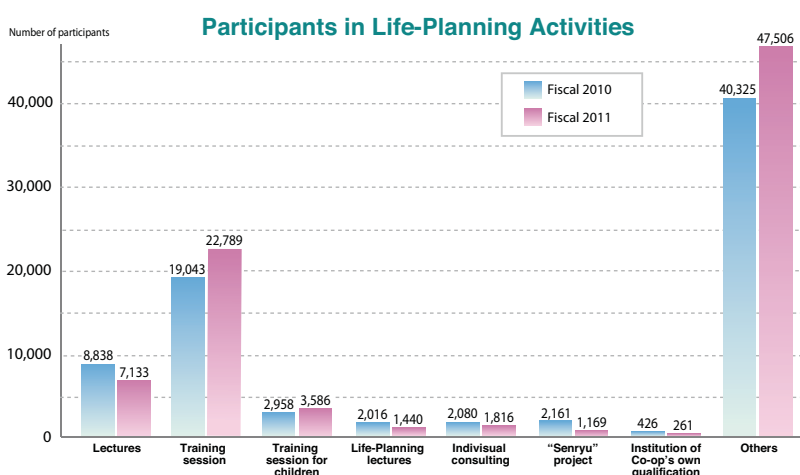


### Co-op carries out the following Life-Planning activities:

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

### ● Developments in Life-Planning Activities

Life-Planning activities have now become firmly established as Co-op activities. In fiscal 2011, more than 77,000 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 more than 312 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* 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 2011 the call center fielded 44,074 calls for advice.



## Social Contribution Activities

In fiscal 2012, JCIF, which provides mutual insurance with the aim of helping to realize a prosperous society, will start offering subsidies to organizations engaged in the activities specified below as a new initiative to contribute to society. Each eligible organization will be provided with a subsidy in the amount of around 300,000 to 1 million yen, with the total amount to be paid out in fiscal 2012 set at 25 million yen.

**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



## Environmental Activities

JCIF took out the certification of ISO14001 in 2010. We build the environmental management by contriving ways to extract the factor of effect to the environment.



### Topics of FY2011

#### ● Turning off of lights project

We approved to the gist to the turning off of light campaign which the environmental ministry lectures, executel its project on June 2nd and December 10th, 2010. We did the light down of our office at 19:15. We could control the electrical amount used of approximately 500 kwh.



# Fiscal 2011 CO-OP Insurance Business Overview

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

## End of year policyholders totaled 7,734,977

When broken down by product, *Tasukeai* policyholders increased 2.1% from the previous year to 5,911,867, *i.-Plus* policyholders increased 11.8% to 1,340,777, *Zutto-i.* policyholders were 47,488, CO-OP Fire Insurance policyholders increased 1.5% to 396,306, *i.i.* policyholders decreased 79.8% to 2,284 and CO-OP Insurance *New-i.i.* policyholders increased 18.1% to 36,255.

## Insurance in force totaled ¥11,210 billion

CO-OP Insurance Group has total policies of ¥11,210 billion of direct insurance in force, an increase of 4.3% on the previous year.

## Premiums totaled ¥157 billion

CO-OP Insurance Group has total premiums of ¥157 billion, an increase of 4.0% on the previous year.

## 1,238,016 payments made

CO-OP Insurance Group made a total of 1,238,016 payments, an increase of 4.9% on the previous year.

## ¥61,563 million in payments made

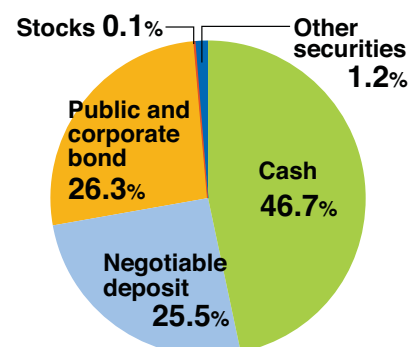
CO-OP Insurance Group has made a total of ¥61,563 million in payments for insurance claims, an increase of 8.8% on the previous year.

\* Refer to Page 6, about direct and indirect insurance.

## Asset Management

### Investment Assets

As of March 20,	Millions of yen*1		composition ratio (%)	Thousands of U.S. dollars*2
	2011	2012		2012
Cash	¥73,932	¥87,798	46.7%	\$1,050,718
Negotiable deposit	39,500	48,000	25.5%	574,437
Public and corporate bond	47,779	49,500	26.3%	592,388
Stocks	255	255	0.1%	3,051
Other securities	3,284	2,343	1.2%	28,039
<b>Total</b>	<b>¥164,751</b>	<b>¥187,897</b>	<b>100.0%</b>	<b>\$2,248,647</b>



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

\*2. U.S. dollar amounts are converted, for convenience only, at ¥83.56 = US\$1.00, the rate prevailing on March 19, 2012, and rounded down to the nearest \$1 thousand.

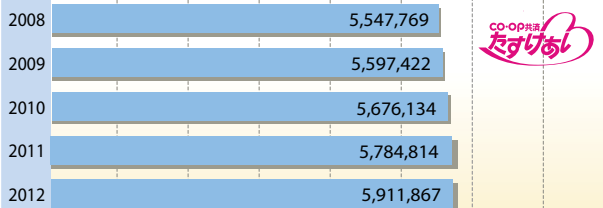
\*3. Money held in trust are transferable warranty deposits.

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

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

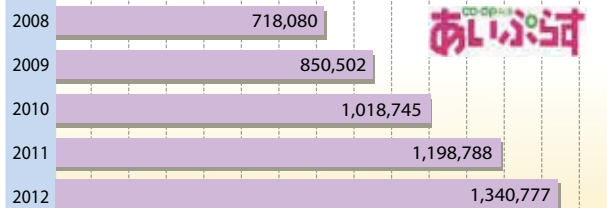
## Sectral CO-OP Insurance Business Overview

### CO-OP Insurance *Tasukeai*



As of March 20,	2011	2012
Number of Policies	5,784,814	5,911,867
Premium Income (¥ millions)	¥112,300	¥113,261
Claims Paid (¥ millions)	¥45,413	¥48,591

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



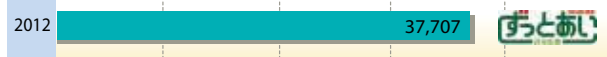
As of March 20,	2011	2012
Number of Policies	1,198,788	1,340,777
Premium Income (¥ millions)	¥39,391	¥43,274
Claims Paid (¥ millions)	¥11,149	¥12,944

### CO-OP Insurance *Zutto-i.* (Whole term-life)



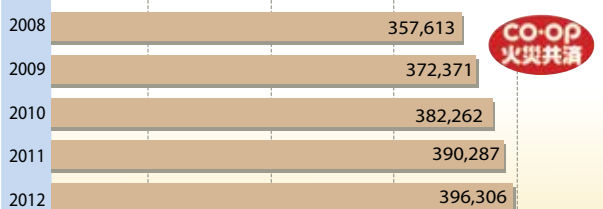
As of March 20,	2012
Number of Policies	9,781
Premium Income (¥ millions)	442
Claims Paid (¥ millions)	—

### CO-OP Insurance *Zutto-i.* (Whole term-medical)



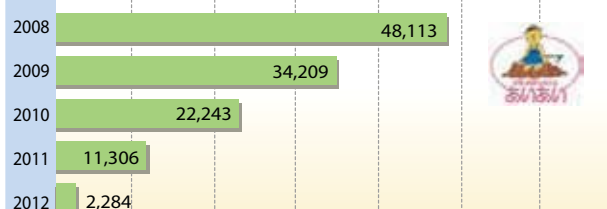
As of March 20,	2012
Number of Policies	37,707
Premium Income (¥ millions)	775
Claims Paid (¥ millions)	¥28

### CO-OP Fire Insurance



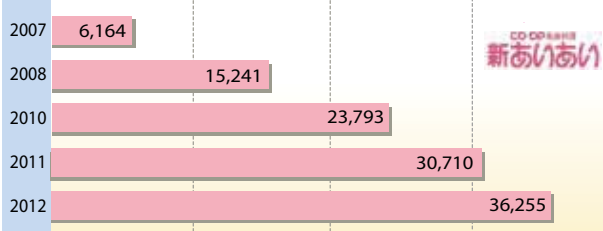
As of March 20,	2011	2012
Number of Policies	390,287	396,306
Premium Income (¥ millions)	¥4,557	¥4,697
Claims Paid (¥ millions)	¥1,022	¥1,090

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



As of March 20,	2011	2012
Number of Policies	11,306	2,284
Premium Income (¥ millions)	¥2,033	¥633
Claims Paid (¥ millions)	¥6,062	¥5,038

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



As of March 20,	2011	2012
Number of Policies	30,710	36,255
Premium Income (¥ millions)	¥4,070	¥5,003
Claims Paid (¥ millions)	¥447	¥531

# Balance Sheet

As of March 20,

	Millions of yen*1		Thousands of U.S. dollars*2
	2011	2012	2012
<b>Assets</b>			
Cash and time deposits	¥72,622	¥86,677	\$1,037,302
Money trust	13,728	13,103	156,809
Securities	78,399	88,116	1,054,523
Lones	16	14	167
Reinsurance account	121	118	1,412
Subcontracting account	7,432	6,057	72,486
Contract account	399	433	5,181
Other mutual insurance assets	133	171	2,046
Advance payments	16	18	215
Outstanding earnings	197	204	2,441
Other assets	2,071	1,301	15,569
Fixed assets for business use	22,286	19,294	230,899
Investment in affiliates etc.	192	227	2,716
Deferred tax assets	9,913	9,680	115,844
Deferred assets	208	—	—
<b>Total Assets</b>	<b>¥207,742</b>	<b>¥225,420</b>	<b>\$2,697,702</b>
<b>Liabilities</b>			
Policy reserves	¥116,515	¥131,428	\$1,572,857
Reinsurance account	181	163	1,950
Subcontracting account	4,072	3,959	47,379
Contract account	417	426	5,098
Other insurance liabilities	35	7	83
Outstanding outlays	1,067	1,376	16,467
Other liabilities	5,996	5,274	63,116
Allowance	4,525	651	7,790
Price fluctuation reserves	594	884	10,579
<b>Total Liabilities</b>	<b>¥133,406</b>	<b>¥144,173</b>	<b>\$1,725,382</b>
<b>Capital</b>			
Membership capital	¥72,828	¥80,567	\$964,181
Others	1,506	680	8,137
<b>Total Capital</b>	<b>¥74,335</b>	<b>¥81,247</b>	<b>\$972,319</b>
<b>Total Liabilities and Capital</b>	<b>¥207,742</b>	<b>¥225,420</b>	<b>\$2,697,702</b>

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

\*2. U.S. dollar amounts are converted, for convenience only, at ¥83.56 = US\$1.00, the rate prevailing on March 19, 2012, 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
	2011	2012	2012
<b>Ordinary Income:</b>			
Premium and other income	¥147,693	¥154,064	\$1,843,752
Reversal of allowance for reserve of insurance policy	21,562	23,499	281,223
Investment income	806	784	9,382
Other ordinary income	254	5,206	62,302
<b>Total ordinary income</b>	<b>¥170,315</b>	<b>¥183,554</b>	<b>\$2,196,673</b>
<b>Ordinary Expenses:</b>			
Claims paid	¥77,612	¥85,008	\$1,017,328
Provisions for policy reserves	12,846	8,522	101,986
Investment expenses	258	156	1,866
Operating expenses	41,770	44,376	531,067
Other ordinary expenses	4,208	491	5,876
<b>Total ordinary expenses</b>	<b>¥136,695</b>	<b>¥138,555</b>	<b>\$1,658,149</b>
Ordinary surplus	¥33,620	¥44,998	\$538,511
<b>Extraordinary Profit and Loss:</b>			
Extraordinary income	¥0	¥594	\$7,108
Extraordinary loss	298	2,258	27,022
Surplus before taxes	¥33,322	¥43,334	\$518,597
Corporate and other taxes	4,713	4,193	50,179
Adjustment of corporate and other taxes	-4,635	261	3,123
Transfer to reserve for claim rebate	27,174	30,385	363,630
Net surplus	6,070	8,494	101,651
Net surplus for the period	276	374	4,475
Reversal of reserve for start-up business	—	162	1,938
Reversal of reserve for catastrophe solatium	0	1,870	22,379
<b>Unappropriated surplus for the period</b>	<b>¥6,346</b>	<b>¥10,901</b>	<b>\$130,457</b>

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

\*2. U.S. dollar amounts are converted, for convenience only, at ¥83.56 = US\$1.00, the rate prevailing on March 19, 2012, 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>
	(As of March 20)	2011	2012
Total solvency margin* <sup>4</sup> ①	¥106,971	¥122,519	\$1,466,239
Total risks ②	21,726	22,795	272,797
<b>Solvency margin ratio = ① ÷ (② × 1/2) × 100</b>	<b>984.7%</b>	<b>1,075.0%</b>	<b>1,075.0%</b>

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

\*2. U.S. dollar amounts are converted, for convenience only, at ¥83.56 = US\$1.00, the rate prevailing on March 19, 2012, 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	Millions of yen* <sup>1</sup>		Thousands of U.S. dollars* <sup>2</sup>
	(As of March 20)	2011	2012
Basic profit* <sup>4</sup>	¥37,801	¥48,105	\$575,694
Investment profit* <sup>3</sup>	339	233	2,788
Mortality profit* <sup>3</sup>	36,030	46,910	561,393
Expense profit* <sup>3</sup>	1,432	961	11,500

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

\*2. U.S. dollar amounts are converted, for convenience only, at ¥83.56 = US\$1.00, the rate prevailing on March 19, 2012, 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.

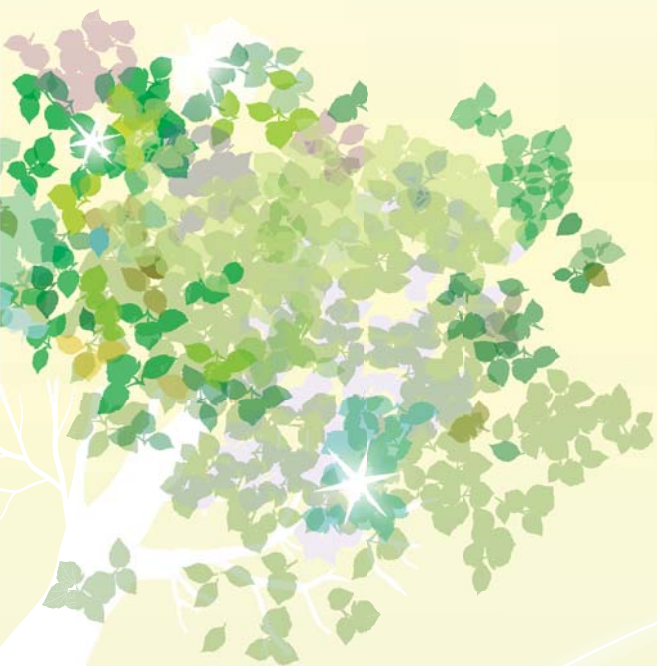
Equity Capital Ratio	Millions of yen* <sup>1</sup>		Thousands of U.S. dollars* <sup>2</sup>
	(As of March 20)	2011	2012
① Equity capital	¥74,335	¥81,247	\$972,319
② Contingency reserves	19,986	24,203	289,648
Revised equity capital [= ①+②]	94,322	105,451	1,261,979
③ Total assets	207,742	225,420	2,697,702
Equity capital ratio* <sup>3</sup> [= ①/③]	35.8%	36.0%	36.0%
<b>Revised equity capital ratio*<sup>4</sup> [= (①+②)/③]</b>	<b>45.4%</b>	<b>46.8%</b>	<b>46.8%</b>

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

\*2. U.S. dollar amounts are converted, for convenience only, at ¥83.56 = US\$1.00, the rate prevailing on March 19, 2012, and rounded down to the nearest \$1 thousand.

\*3. Equity capital ratio = Equity capital ÷ Total assets

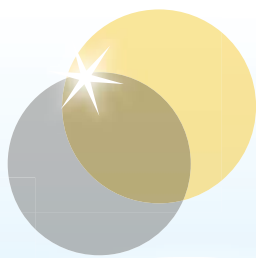
\*4. Revised equity capital ratio = Revised equity capital ÷ Total assets



## Profile of JCIF

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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	156 (as of March 20th, 2012)
Detail of operations	CO-OP Insurance Business



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

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