



Annual Report 2016

For the year ended March 31, 2016

Supporting Each Other

National Mutual Insurance Federation
of Agricultural Cooperatives



Unique Insurance Services

for the Agricultural and Rural Community in Japan

Zenkyoren (National Mutual Insurance Federation of Agricultural Cooperatives) was founded in 1951 to insure members of the farming community as a cooperative insurance organization under the motto “One for all, all for one.”

The 10-million member strong JA (Japan Agricultural Cooperatives) Group, to which Zenkyoren belongs, comprises primary societies (local-level agricultural cooperatives, called “JAs”) and supporting organizations at the prefectural and national levels. The JA Group conducts a variety of businesses and provides a wide range of services through JAs. Zenkyoren is tasked with providing insurance coverage for JA members and policyholders against accidental loss of life and property damage, and assisting them with worry-free coverage throughout their lives.

The core goal of Zenkyoren is to help secure members’ livelihoods through farming and elevate their standard of living. We meet this goal by identifying the needs of people in agriculture and their communities, then offering unique life and non-life insurance. Zenkyoren continues to strengthen cooperative relationships with local JAs to provide members and policyholders with improved services and a greater sense of security.

Regarding fractional figures

- Fractions in both yen and U.S. dollar amounts and the number of policies have been rounded down.
- Fractions in component ratios and year-on-year comparisons have been rounded off.

A Sound Foundation

(As of March 31, 2016)

Total Assets

¥55,837
billion

Working Assets

¥53,623
billion

Solvency Margin Ratio

797.7%

Comprehensive Life Insurance

21.7 million
policies
(Policies in Force)

Building Endowment Insurance

10.5 million
policies
(Policies in Force)

Automobile Insurance

8.3 million
policies
(Policies in Force)

Agricultural cooperatives and Zenkyoren work jointly toward the realization of better living standards and a sense of security for people who are close to the land.

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A Message from the Management

市村 幸太郎

Kotaro Ichimura
Chairman of the Supervisory Board



勝 瑞 保

Tamotsu Shozui
President of the Board of Directors



**Under the agricultural cooperatives' philosophy
of mutual aid, Zenkyoren will strive through
JA insurance business activities to
provide an ever-greater sense of security
and ever-higher confidence.**

Business Environment

Accelerating structural changes are transforming agriculture in Japan. With the farming population shrinking and aging, there is a growing trend toward larger-scale farming operations, such as community farming and corporate farming.

In response to this situation, the government is implementing a variety of measures with the aim of doubling incomes across the entire agricultural and rural sector over the next 10 years, under a plan designed to revitalize agriculture, forestry, fisheries, and rural communities. The revised Agricultural Cooperative Society Law, which took effect in April 2016, will have a major impact on the activities and organization of the JA Group, including the way members make use of JA businesses, the reform of the Prefectural and Central Unions of Agricultural Cooperatives (Chuokai and Zenchu), and changes to the executive structure of JAs.

At its 27th National Congress of Agricultural Cooperatives in October 2015, the JA Group took up the challenge of “creative self-reform” and adopted three fundamental goals calling for the expansion of farmer incomes, the expansion of agricultural production, and the revitalization of rural communities. The entire JA Group is now committed to this self-reform process.

Overview of Business Activities in Fiscal 2015

Fiscal 2015 (the year ended March 31, 2016) was the final year of Zenkyoren’s three-year business plan, which covered fiscal years 2013 through 2015. Based on the strategic directions identified in recommendations from Zenkyoren’s JA Insurance Business Council, we worked to develop community-based business activities that reflect our core goals to strengthen Zenkyoren’s guidance/support functions for JAs, and to improve management efficiency.

Specifically, individual JAs developed highly focused sales promotion activities through the introduction and implementation of area strategies based on regional

characteristics. In addition, we undertook community-focused sales promotion activities based on the use of tablet PCs during visits to current and potential policyholders.

We are also restructuring the Zenkyoren organization through reforms designed to strengthen our business functions. In October 2015, we completed the centralization of our life insurance claims assessment functions for all regions into eight locations. In addition to efficiency improvements, this centralization has also reduced the number of days required to settle claims.

We have also continued to upgrade our insurance policies and administrative and computing systems with the aim of improving policyholder services and reducing the clerical burden on JAs. When we revised our comprehensive life insurance business in April 2016, we also introduced new business procedures, primarily through the use of paperless and cashless systems.

Future Business Development

Zenkyoren, under a three-year business plan covering fiscal years 2016 through 2018, will support livelihoods and farming by promoting the spirit of mutual assistance in rural communities. In this plan, we have identified measures that will ensure steady progress toward the realization of our vision for Zenkyoren, including initiatives based on the agricultural cooperative reforms and self-reform efforts within the JA Group.

In keeping with our philosophy of mutual aid, we will work to expand our circle of mutual assistance in rural communities and develop cooperatives as community-based organizations focused on food and agriculture. We will also maintain our commitment to sound management and good faith in our business activities, so that we can continue to offer security and satisfaction to members and policyholders by providing comprehensive coverage of life, homes, and automobiles.

August 2016

Who is the JA Group?

The power of cooperatives:
bringing prosperity to agriculture and communities



Business of the JA Group

The JA (Japan Agricultural Cooperatives) Group, to which Zenkyoren belongs, is a national organization of farmers established in accordance with the Agricultural Cooperative Society Law. Based on a spirit of mutual aid, the JA Group undertakes cooperative business and other activities, for the purpose of enhancing agricultural operations and improving the standard of living among farmers. The JA Group provides its members with five essential services: insurance, guidance, credit, marketing and purchasing, and welfare.

Structure of the JA Group

The agricultural cooperative system previously featured a three-tiered structure organized on local, prefectural and national levels. Under this system, prefectural federations provided local primary societies (JAs) with supplementary functions, by conducting activities that the JAs themselves were unable to perform. The national federation provided complementary functions to support the prefectural federations and JAs, and make the

Group's activities more effective.

To cope with intensified global competition, the JA Group is reforming the organization and its business operations, with the aim of further improving agricultural operations and the living standard of farmers in years to come. Integration of prefectural and national federations and the consolidation of local JAs are being encouraged as a way to enhance the functionality and effectiveness of the organizational structure.

Function of JA Insurance Business

JA insurance business offers products and services designed to protect members' and policyholders' well-being, provide financial security, and improve their lifestyles.

In April 2000, Zenkyoren (then a national federation only) merged with all prefectural insurance federations, thus forming a two-tiered operation with each tier performing distinct functions.

Structure of the JA Group

Guidance

Chuokai and Zenchu make agricultural policy proposals, provide training, audits and guidance to JAs, conduct publicity activities and collaborate with international organizations.

Welfare

Koseiren and Zenkoren set up and operate hospitals and clinics, along with providing members and local residents with health checkups and health maintenance activities, as well as nursing care services.



Marketing and Purchasing

Keizairen and Zen-Noh conduct marketing and purchasing operations. Marketing involves delivering agricultural and livestock products produced by farmers to consumers. Purchasing involves supplying members with materials needed to manage farms and daily necessities.

Credit

Shinren and The Norinchukin Bank provide members and local residents with financial services such as savings, loans and exchange businesses.

Insurance

Guided by its business philosophy of "Mutual aid," Zenkyoren provides comprehensive coverage of life, homes and automobiles.

Primary Societies (JAs):

With regard to Insurance, at the local level, the primary societies provide direct liaison with members and policyholders and handle policy administration, processing and contract maintenance, as well as the payments of claims. They also provide members and policyholders with various kinds of information related to the purchase of insurance policies.



Zenkyoren:

Zenkyoren engages in a wide range of JA insurance activities that include planning and management, product development, underwriting, claims assessments, and providing information and materials for sales promotion and public relations activities. It also manages investment funds, develops and operates information systems, holds training programs, and conducts welfare activities.

The Zenkyoren Way



Mission

- Zenkyoren meets the trust and expectations of members and policyholders by providing security and satisfaction through business activities based on the philosophy of mutual aid that agricultural cooperatives strive for.
- Zenkyoren helps members and policyholders to secure and improve their living standards by providing comprehensive coverage of life, homes, and automobiles with the best security, price, and service.
- Zenkyoren contributes to the development of regional communities where people can enjoy secure and affluent lives by actively pursuing its business activities.

Links between Zenkyoren and Members/Policyholders

Local-level JAs and Zenkyoren provide members and policyholders with a sense of security by collaborating to underwrite and administer insurance policies.

JAs and Zenkyoren jointly support insurance services.



Vision

Zenkyoren will continue to protect the livelihoods of members and policyholders and contribute to the development of agriculture and regional communities through the long-term development of business activities and effective adaptation to change in the business environment, while also maintaining a strong integrated administrative structure with JAs.

Initiatives under the Zenkyoren Three-year Business Plan (Fiscal 2016-2018)

[SLOGAN]

Support for Rural Farming and Livelihoods in the Spirit of Mutual Aid

[POLICIES]

- We will strengthen our links with existing members and policyholders and cultivate new relationships.
- We will work to improve business efficiency and develop structures to provide long-term security.

1. Reinforcement of JA insurance system implementation to ensure a solid business foundation

- The development of community-focused business activities and the improvement of business promotion capabilities through area strategies
- Improvement of services to raise policyholder satisfaction
- Reinforcement of support to JAs and establishment of support structures through Zenkyoren

2. Contribution to community revitalization and the farming business through JA insurance business

- Community revitalization through expanded community contribution initiatives

- Expansion of farming business contribution initiatives
- Development of activities that contribute to the development of agriculture in conjunction with JA Group initiatives

3. Realization of Zenkyoren reforms and provision of long-term soundness and reliability

- Improvement of business efficiency and improvement of specialist capabilities through a sustained commitment to the Zenkyoren reform program
- Improvement of soundness and reliability as the foundations for long-term security

Business Overview

Insurance Businesses



Basic Policy

Zenkyoren's mission is to help members and policyholders achieve peace of mind by providing wide-ranging cover against various risks affecting their lives. Zenkyoren helps

policyholders to maintain their living standards by offering comprehensive coverage of life, homes and automobiles to suit their goals and life plans.

Comprehensive Life Insurance

21.7 million
Policies

Building Endowment Insurance

10.5 million
Policies

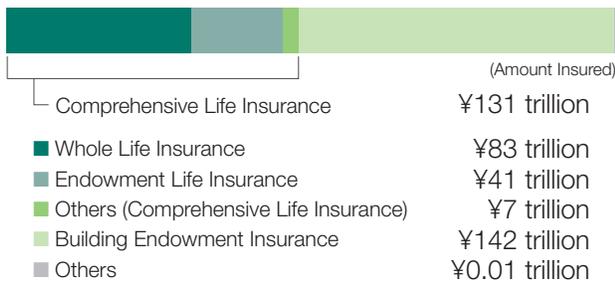
Automobile Insurance

8.3 million
Policies

(As of March 31, 2016)

Breakdown of Long-Term Insurance, Policies in Force (FY2015)

Long-Term Insurance, Policies in Force ¥273 trillion



Breakdown of Short-Term Insurance, New Business (FY2015)

Short-Term Insurance, New Business ¥400 billion



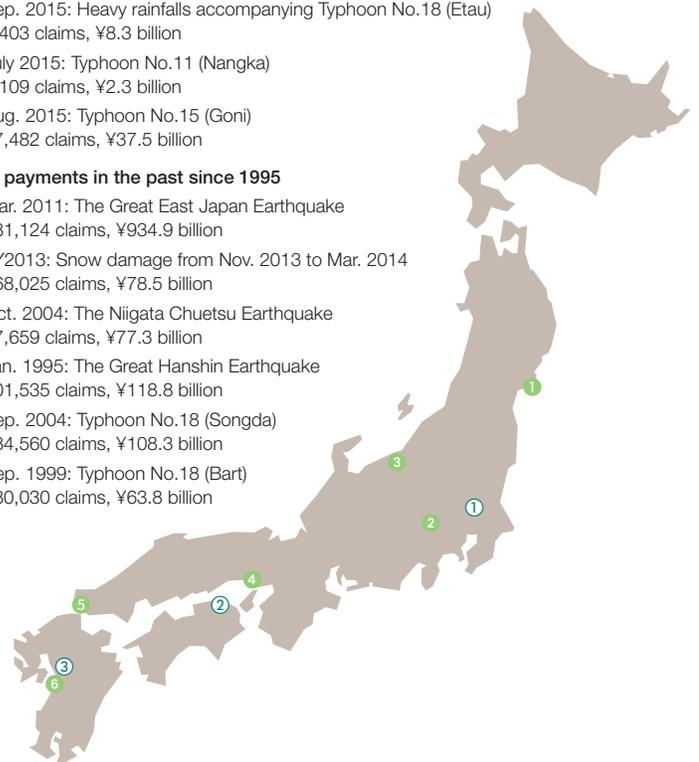
Building Endowment Insurance Payment (Claims paid for natural disasters)

Main payments in FY2015

- 1 Sep. 2015: Heavy rainfalls accompanying Typhoon No.18 (Eta) 6,403 claims, ¥8.3 billion
- 2 July 2015: Typhoon No.11 (Nangka) 8,109 claims, ¥2.3 billion
- 3 Aug. 2015: Typhoon No.15 (Goni) 97,482 claims, ¥37.5 billion

Main payments in the past since 1995

- 1 Mar. 2011: The Great East Japan Earthquake 681,124 claims, ¥934.9 billion
- 2 FY2013: Snow damage from Nov. 2013 to Mar. 2014 168,025 claims, ¥78.5 billion
- 3 Oct. 2004: The Niigata Chuetsu Earthquake 87,659 claims, ¥77.3 billion
- 4 Jan. 1995: The Great Hanshin Earthquake 101,535 claims, ¥118.8 billion
- 5 Sep. 2004: Typhoon No.18 (Songda) 284,560 claims, ¥108.3 billion
- 6 Sep. 1999: Typhoon No.18 (Bart) 180,030 claims, ¥63.8 billion



Major Types of Insurance

Life Insurance

Comprehensive Life Insurance

Comprehensive Life Insurance is a general term encompassing basic types of life insurance. A comprehensive range of benefits, including for death, disability, hospitalization, and medical treatment, is obtainable by combining various riders from each type.

1. Whole Life Insurance

Claims are paid upon death or serious disability of the insured. The objective is to protect the livelihood of the family of the insured. Conditions can be designed to suit individual policyholder needs.

2. Term Life Insurance

Claims are paid upon death or serious disability of the insured. The objective is to protect the livelihood of the family of the insured.

Since claims are not paid at maturity, premiums are less expensive than those for Endowment Life insurance.

3. Endowment Life Insurance

Claims are paid upon death or serious disability of the insured, or survival beyond the maturity date. The objective is to protect the livelihood of the family of the insured and to serve as a savings vehicle to provide financial security.

4. Children's Insurance

This insurance systematically accumulates funds for the education, weddings, and other major life events of the policyholder's child (the insured). Claims are paid upon death or serious disability of the insured, or survival beyond the maturity date or prescribed age, or upon the death or disability of the policyholder. In the event that the policyholder dies or suffers serious disability, an endowment pension is paid and premium payments are no longer required.

5. Medical Insurance

This policy covers the cost of hospitalization, including surgery, in the event of illness or injury. In addition to whole life plans, limited period plans are also available.

6. Nursing Care Insurance

This policy is to accumulate funds for use when a predetermined level of nursing care is required, linked with the public nursing care insurance system.

7. Annuity Insurance

Annuities are paid every year beyond the date specified in the policy for contracted years or throughout the lifetime of the insured to provide financial security.

Non-Life Insurance

1. Building Endowment Insurance

This policy insures buildings and movable property owned by the policyholder against damage caused by fire, earthquake, or other natural disasters.

Payment is also made upon death or serious injury of the insured or family members due to fire, earthquake, or other natural disasters.

Additionally, if the insured buildings or movable property survive intact beyond the maturity date, this insurance supplies funds for reconstruction or repurchase.

2. Automobile Insurance

This policy provides a broad range of insurance protection against automobile accidents, including accident cover for the insured and their family members, physical damage cover for vehicles, as well as cover for liability for damages to third parties, such as bodily injury or property damage.

Business Overview

Asset Management and Reinsurance



Basic Policy

Most of Zenkyoren's liabilities are liability reserves at fixed long-term interest rates because the main products are long-term insurance policies with predetermined fixed rates of return.

To secure funds for paying claims and other insurance refunds in the future, Zenkyoren invests mainly in fixed

income assets (public and corporate bonds, and loans) denominated in yen. In order to enhance profitability, it also invests in some equities.

Also Zenkyoren each year accumulates funds to build liability reserves and makes use of reinsurance for unforeseen crises and natural catastrophic events.

Working Assets

¥53.6 trillion



Liability Reserves

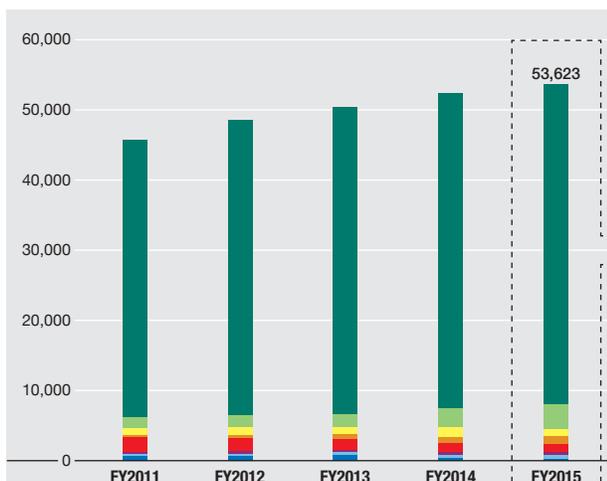
¥49.4 trillion



(As of March 31, 2016)

Working Assets

(¥ Billion)



Breakdown of Working Assets

Public and corporate bonds	85.0%
Foreign securities	6.6%
Equities	2.0%
Other securities	2.0%
Loans	2.2%
Real estate investments	0.6%
Cash, bank deposits, and call loans	1.3%
Miscellaneous items	0.3%

Investment Environment

At the beginning of fiscal 2015, the yield on 10-year Japanese government bonds, which is the prime indicator of Japanese long-term interest rates, stood at 0.41%. Despite a temporary increasing in reaction to rising interest rates in Europe and the United States, the overall trend was downward, mainly because of continuing uncertainty about the outlook for the world economy following an economic slowdown in China and other factors. The Bank of Japan's introduction of a negative interest rate policy triggered a sharp drop, and the yield ended the fiscal year at minus 0.05%.

In the Japanese stock market, the Nikkei 225 Average started fiscal 2015 at ¥19,129.75. A weaker yen and strong corporate earnings drove an uptrend that took the average close to ¥21,000. However, a stock market slump in China triggered a global downtrend in stock prices. The Nikkei index subsequently firmed, in part because of a stock market upswing in the United States, and expectations of monetary easing in Japan and Europe. However, trends have weakened since the end of 2015 because of growing fears of a global economic slowdown resulting from the crude oil price decline and other factors, and the Nikkei was down to ¥16,758.67 by the end of fiscal 2015.

At the start of fiscal 2015, the yen-dollar exchange rate stood at ¥120.13. Initially the yen remained weak because of firm trends in the U.S. economy. However, the Japanese currency subsequently began to strengthen in response to a combination of factors, including a global stock market slump triggered by a sharp decline in Chinese stock prices, fears of a global economic slowdown led by emerging market economies, and receding expectations of an early rise in the U.S. federal funds rate. By the end of fiscal 2015, the yen had reached ¥112.68 against the dollar.

	March 31, 2015	March 31, 2016
Long-term interest rate (10-year JGB yield)	0.40%	Minus 0.05%
Stock market (Nikkei 225 Average)	¥19,206.99	¥16,758.67
Foreign exchange rate (¥/\$)	¥120.17	¥112.68

JGB: Japanese government bond

International Investments

In its overseas investments, Zenkyoren pays extremely close attention to exchange risk, country risk and other risks, as we invest primarily in foreign-currency-denominated bonds and foreign equities, and in yen-denominated loans and bonds for foreign governments.

Our subsidiaries in New York (ZAMA) and London (ZEL) undertake support activities related to securities investments, overseas investments, and so on.

Reinsurance Activities

Reinsurance is a contract for transferring a part of insurance liabilities assumed by a direct insurance company to domestic and overseas insurance companies. Zenkyoren utilizes reinsurance as one of the risk diversifications in order to maintain sound business operation in case of natural catastrophic events. The reinsurance panels in Zenkyoren are stringently selected through consideration of their evaluation by the rating agencies and business performance.

Management System

Zenkyoren's Management



Basic Policy

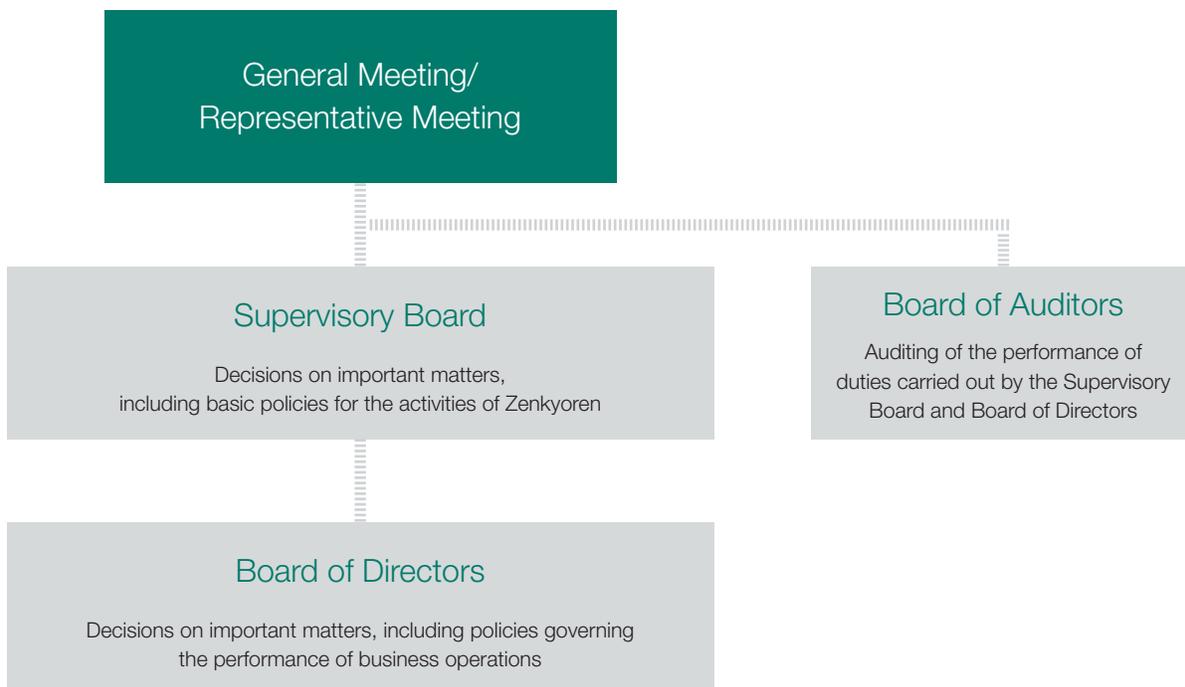
Zenkyoren adopted its Supervisory Board system with the aim of creating an executive structure capable of adapting flexibly to changes in the business environment. It also

established several committees, including the Compliance Committee and the Enterprise Risk Management (ERM) Committee, to strengthen its governance organization.

Decision-making System

Decision-making is basically administered under the Representative Meeting structure.

Governance Organization



Note: The General Meeting is made up of regular members and is the Zenkyoren's highest decision-making organ. The Representative Meeting is an alternative decision-making body consisting of elected representatives.

Board System

In 2002, Zenkyoren introduced the following board system to deal with rapid changes in the business environment, to respond to a wide range of businesses and, most importantly, to reflect the opinions and feedback of agricultural cooperatives more adequately.

1. The Supervisory Board determines important matters such as fundamental policies, and supervises business operations of the Board of Directors on behalf of agricultural cooperatives.
2. The Board of Directors executes daily business operations.
3. The Auditors inspect business operations for both the Supervisory Board and the Board of Directors.

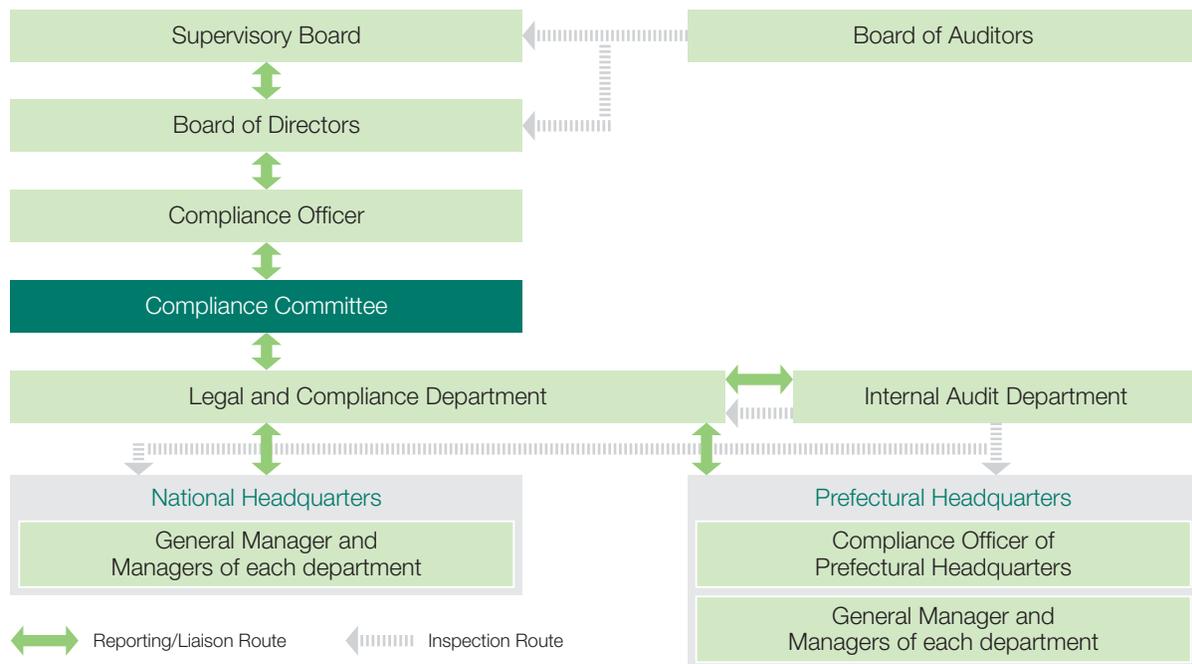
Zenkyoren's Approach to Compliance

Our business is strongly society-oriented by nature. This is why we emphasize compliance as an integral part of our business management.

In advancing its approach to compliance, Zenkyoren has assigned a Compliance Officer (President of the Board of Directors) and established compliance departments, with the latter responsible for a range of activities from covering overall planning and proposals to adjustments and promotion.

Furthermore, each prefectural headquarters has been assigned a Compliance Officer of Prefectural Headquarters (General Manager of the Prefectural Headquarters), with general managers and responsible managers posted at the departmental level. Every executive and employee strives to ensure that day-to-day operations at their respective worksites take place in strict compliance with applicable laws and regulations.

Compliance Structure



Risk Management System

Zenkyoren has formulated a Basic Risk Management Policy as a framework for an organizational approach to the management of various types of risk. Under this policy, we have categorized our risk exposure into five types of risk, as shown in the table. Risk management is based on quantitative and qualitative assessments based on the specific characteristics of each type of risk. At the same time, we apply an integrated risk management approach spanning all of our business activities.

We use statistical methods to quantify each type of risk according to uniform criteria. We assess and verify our capital adequacy by comparing aggregate individual risk charges to our financial strength.

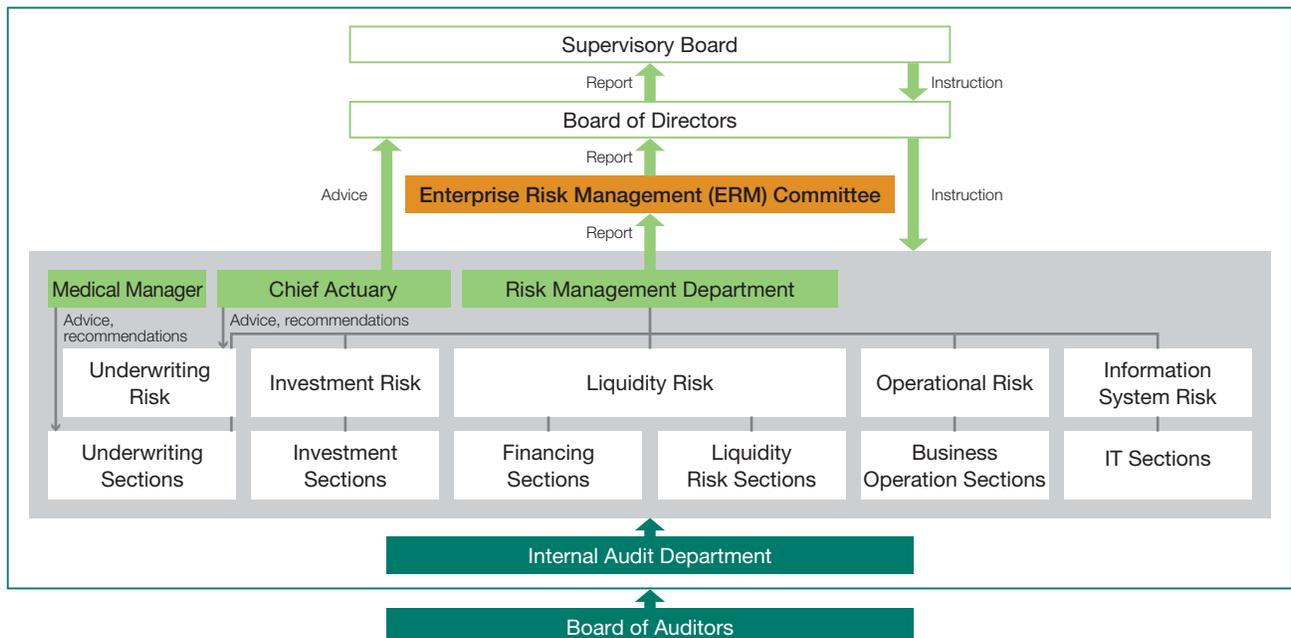
At the organizational level, overall risk management activities are coordinated by the Risk Management Department. There are also risk management units responsible for individual areas. This structure ensures effective monitoring and control of risks.

We have also established an Enterprise Risk Management (ERM) Committee. Its role is to deliberate on matters relating to risk affecting any aspects of our management and business operations, and to enhance our integrated risk management systems.

Five Types of Risk

Types of Risk	Risk Attributes
Underwriting Risk	The risk of incurring losses when economic conditions or the incidence of insured accidents fluctuate contrary to projections made at the time premiums were set.
Investment Risk	The risk of incurring losses due to fluctuation in the value of assets under management (market risk, credit risk, and real estate investment risk).
Liquidity Risk	The risk of incurring losses when, due to a temporary increase in surrender value or an outflow of funds owing to a major disaster, Zenkyoren is forced to sell off assets at prices significantly lower than under normal conditions in order to secure the required funds.
Operational Risk	The risk of incurring losses due to inadequate internal control systems, or officers and employees either failing to follow appropriate procedures or being the cause of accidents and misconduct, etc.
Information System Risk	The risk of incurring losses due to computer system failure, malfunction or flaw, or the misuse of information systems.

Risk Management Structure



Social Responsibilities

Zenkyoren's Initiatives



Basic Policy

Zenkyoren places a high priority on collaborative activities and relationship-building with cooperative associations in the insurance field and other organizations and groups, both within Japan and worldwide. We pursue these

activities as a way to create new value through collaboration among cooperative associations, while helping to promote the cooperative movement by disseminating information about the value and roles of cooperative associations.

National Initiatives

Activities in Japan

“Choose Co-operatives, Choose Equality.” This was the theme for the International Day of Co-operatives, which was celebrated in Tokyo in July 2015. The event was an opportunity for discussion of the contribution made by cooperatives to community development and the achievement of equality in society. Zenkyoren, together with its fellow cooperative organizations, reaffirmed its determination to inform society about the mission of cooperatives.

Cooperatives Japan* organized a support mission in September 2015 to areas of the Tohoku region affected by the Great East Japan Earthquake. Zenkyoren participated in this mission. In addition to carrying out voluntary activities at oyster farms, the Zenkyoren group also deepened their understanding of the activities of other cooperatives and collaborative activities among cooperatives in the areas of forestry, agriculture, and fisheries. In addition, Cooperatives Japan helped to

expand education about the cooperative movement by providing teaching materials for elementary school children and establishing an endowed lecture program for university students.

*Cooperatives Japan was formed in May 2013 to build on achievements resulting from initiatives during the United Nations International Year of Cooperatives (IYC) in 2012. It consists of 24 Japanese cooperative organizations (as of May 2015).



Collaboration with a fishery cooperative

Community Contribution Activities

Health Care and Social Activities

Zenkyoren considers its insurance business (provision of coverage) and social contribution activities (prevention of accidents and mutual aid activities after an accident) to be inseparable. Therefore, Zenkyoren conducts a host of social contribution activities aimed at promoting better health and well-being of its members and others in the community.

Health Care

To help our members enjoy better health and longer lives, Zenkyoren promotes health exams and medical checkups aimed at the early detection of disease.

Members can obtain information and advice from the Zenkyoren Health Care and Nursing Care Helpline. We also organize campaigns aimed at raising awareness of health issues and encouraging members to follow healthier lifestyles.

We also provide support for health-oriented activities, such as the “Rainbow Exercise” program that we developed.

Traffic Safety Course for Senior Citizens

In light of the increasing number of traffic accidents that involve senior citizens, Zenkyoren promotes the education of senior citizens in traffic safety measures to reduce the incidence of such traffic accidents.

Since the aging trend is more prominent in farming communities than in urban communities, we provide a traffic safety course that combines exercises easy enough for anyone, and laughter too, based on our newly developed original programs for senior citizens, “Traffic

Safety Rainbow Exercise” and “Traffic Safety Comic Monologue.”

Since 2008 we have been offering advice on safe driving, using special vehicles equipped with driving simulators based at seven locations around the country. Participants can learn the do’s and don’ts of safe driving through simulations of situations with a high accident probability.

Cultural Activities

In order to convey the spirit of cooperation, to elementary and junior high school students, nurture creativity, and let as many people as possible feel the importance of traffic safety through raising awareness of the Japanese culture of calligraphy and art education, Zenkyoren has sponsored calligraphy and traffic safety poster contests to help to reduce traffic accidents.

Our 59th calligraphy contest and our 44th traffic safety poster contest held in fiscal 2015 were the largest of their kind. Students across the country submitted over 1,390,000 entries to the calligraphy contest and more than 160,000 entries to the traffic safety poster contest.

Reborn Campaign

—Protecting the Global Environment—

Zenkyoren is helping to protect the global environment and ensure effective use of resources by promoting the use of reconditioned or recycled parts instead of new products to repair damaged motor vehicles. These activities focus on general repairs and repairs made during vehicle safety inspections.



Zenkyoren's Rainbow Exercise



Driving simulation



Traffic safety poster contest

International Initiatives

Overseas Activities

“More than Insurance” was the overall theme for the 2015 Biennial Conference of the International Cooperative and Mutual Insurance Federation (ICMIF)*¹. Held in Minneapolis, U.S.A. in October 2015, the event was an opportunity to share information about the role of cooperative and mutual insurance organizations in supporting communities and

Global Partnership



Special Committees



Regional Associations



combating climate change and poverty. During the conference, Zenkyoren President Tamotsu Shozui gave a presentation about the role played by Zenkyoren after the Great East Japan Earthquake. He emphasized the importance of preparing for major disasters.

Zenkyoren also participates in the Asia and Oceania Association (AOA)*², which is a regional association of the ICMIF. Zenkyoren executives attended a networking event in New Zealand in December 2015 to foster mutual understanding with other visiting organizations and share information about issues affecting member organizations.

Zenkyoren plays a central role in various international cooperative organizations as a member of the International Co-operative Alliance (ICA)*³ and the ICMIF. Zenkyoren President Tamotsu Shozui also serves as Chair of the AOA.

*¹ The International Cooperative and Mutual Insurance Federation (ICMIF) was established in 1922 and consists of 230 organizations from 71 countries (as of October 2015).

*² The Asia and Oceania Association of the ICMIF (AOA) was founded in 1984. It consists of 44 organizations from 14 countries in Asia and Oceania (as of October 2015).

*³ Founded in 1895, the International Co-operative Alliance (ICA) consists of 292 organizations from 95 countries (as of January 2015). With around 1 billion members, it is the biggest non-governmental organization in the world and is registered as an advisory body of the United Nations Economic and Social Council.



ICMIF biennial conference

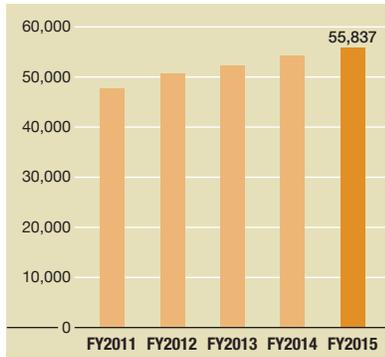


A networking event in New Zealand

Principal Business Indicators

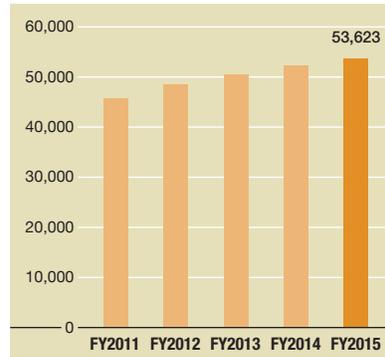
Total Assets

(¥ Billion)



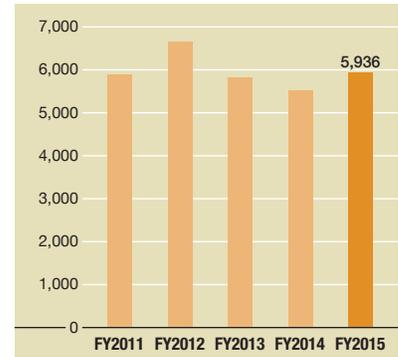
Working Assets

(¥ Billion)



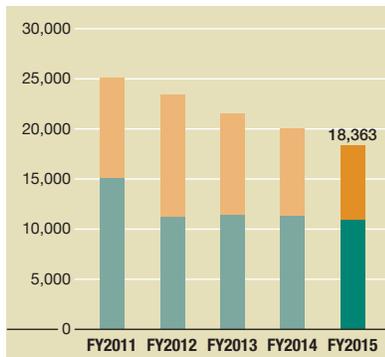
Total Premiums Received

(¥ Billion)



Long-Term Insurance, New Business

(¥ Billion)

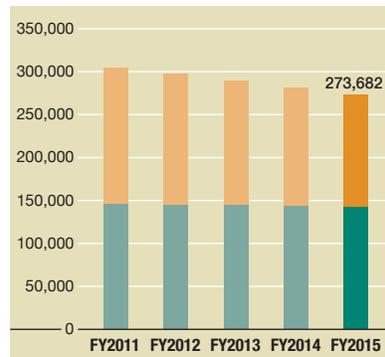


* Amount insured

- Comprehensive Life Insurance
- Building Endowment Insurance

Long-Term Insurance, Policies in Force

(¥ Billion)

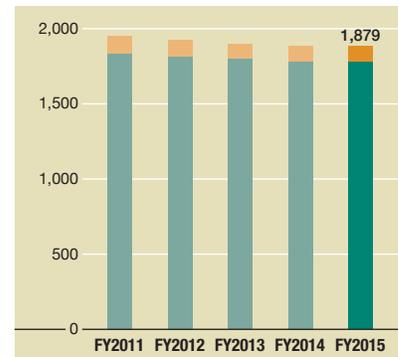


* Amount insured

- Comprehensive Life Insurance
- Building Endowment Insurance

Annuity Insurance

(¥ Billion)

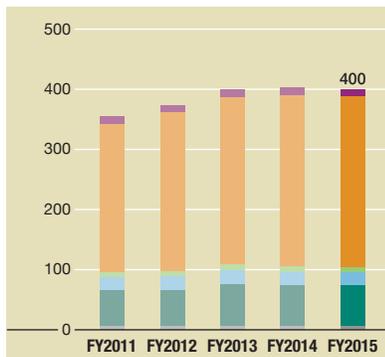


* Annual amount

- New Business
- Policies in Force

Short-Term Insurance, New Business

(¥ Billion)

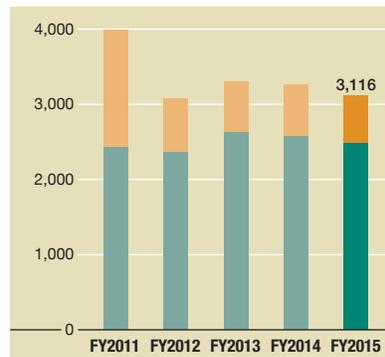


* Premiums received

- Fire Insurance
- Automobile Insurance
- Personal Accident Insurance
- Group Term Life Insurance
- Automobile Liability Insurance
- Others

Long-Term Insurance, Claims Paid

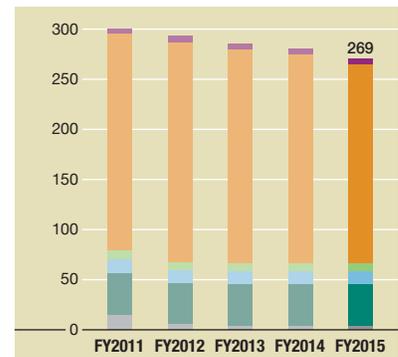
(¥ Billion)



- Accident
- Maturity

Short-Term Insurance, Claims Paid

(¥ Billion)



- Fire Insurance
- Automobile Insurance
- Personal Accident Insurance
- Group Term Life Insurance
- Automobile Liability Insurance
- Others

Business Operations

As of March 31, 2016, 2015 and 2014 US\$1=JPY112.68 (as of March 31, 2016)

Total Assets

Total assets at the end of fiscal 2015 amounted to ¥55.8 trillion, an increase of 3.1% compared to the previous fiscal year. This included ¥51.0 trillion in policy reserves accumulated to prepare for the payments of insurance claims to policyholders and other claims, which represented 91.4% of total assets.

	FY2013	FY2014	FY2015	
	(¥ Billion)	(¥ Billion)	(¥ Billion)	(US\$ Million)
Total Assets	¥52,355	¥54,178	¥55,837	\$495,540

Working Assets

	FY2013	FY2014	FY2015	
	(¥ Billion)	(¥ Billion)	(¥ Billion)	(US\$ Million)
Working Assets	¥50,442	¥52,349	¥53,623	\$475,890

Long-Term Insurance (New Business, Policies in Force)

Sales of new long-term insurance policies were ¥4.6 trillion in terms of the maturity amount insured, an increase of 16.5%, and ¥18.3 trillion in terms of the amount insured, a decrease of 8.2%. Total policies in force were ¥53.7 trillion in terms of the maturity amount insured, an increase of 1.6%, and ¥273.6 trillion in terms of the amount insured, a decrease of 2.7%.

Long-Term Insurance, New Business

Type of Insurance	FY2013		FY2014		FY2015		
	Policies (Thousands)	Amount (¥ Billion)	Policies (Thousands)	Amount (¥ Billion)	Policies (Thousands)	Amount (¥ Billion)	Amount (US\$ Million)
Comprehensive Life Insurance	1,916	¥10,070	1,586	¥ 8,731	1,533	¥ 7,449	\$ 66,111
Building Endowment Insurance	835	11,429	886	11,274	896	10,912	96,844
Others	2	1	2	1	2	1	12
Total	2,753	¥21,501	2,474	¥20,007	2,432	¥18,363	\$162,969

Note: The figures above exclude Nursing Care Insurance and Annuity Insurance.

Long-Term Insurance, Policies in Force

Type of Insurance	FY2013		FY2014		FY2015		
	Policies (Thousands)	Amount (¥ Billion)	Policies (Thousands)	Amount (¥ Billion)	Policies (Thousands)	Amount (¥ Billion)	Amount (US\$ Million)
Comprehensive Life Insurance	17,458	¥145,316	17,760	¥138,127	18,074	¥131,486	\$1,166,901
Building Endowment Insurance	10,587	144,073	10,529	143,052	10,548	142,184	1,261,842
Others	10	10	10	11	10	11	101
Total	28,056	¥289,401	28,300	¥281,191	28,633	¥273,682	\$2,428,846

Note: The figures above exclude Nursing Care Insurance and Annuity Insurance.

Nursing Care Insurance

Type of Insurance	FY2013		FY2014		FY2015		
	Policies (Thousands)	Nursing Care Amount (¥ Billion)	Policies (Thousands)	Nursing Care Amount (¥ Billion)	Policies (Thousands)	Nursing Care Amount (¥ Billion)	Nursing Care Amount (US\$ Million)
New Business	105	¥249	142	¥392	147	¥ 450	\$3,997
Policies in Force	105	246	243	615	377	1,007	8,936

Annuity Insurance

With regard to sales of new Annuity Insurance policies, the annual amount was ¥103.1 billion, a decrease of 1.6%, and policies in force amounted to around ¥1.8 trillion, a decrease of 0.4%.

Type of Insurance	FY2013		FY2014		FY2015		
	Policies (Thousands)	Annual Amount (¥ Billion)	Policies (Thousands)	Annual Amount (¥ Billion)	Policies (Thousands)	Annual Amount (¥ Billion)	Annual Amount (US\$ Million)
New Business	173	¥ 103	184	¥ 104	182	¥ 103	\$ 914
Policies in Force	3,229	1,899	3,236	1,885	3,253	1,879	16,676

Short-Term Insurance

Sales of new short-term insurance policies increased by 0.3% to 25 million in number, and premiums received for these contracts amounted to ¥400.2 billion, a decrease of 0.4%.

Short-Term Insurance, New Business

Type of Insurance	FY2013		FY2014		FY2015		
	Policies (Thousands)	Premiums (¥ Million)	Policies (Thousands)	Premiums (¥ Million)	Policies (Thousands)	Premiums (¥ Million)	Premiums (US\$ Thousand)
Fire Insurance	1,434	¥ 12,261	1,438	¥ 12,297	1,426	¥ 12,232	\$ 108,555
Automobile Insurance	8,441	279,316	8,363	284,554	8,389	283,024	2,511,750
Personal Accident Insurance	12,066	9,540	12,053	9,618	12,066	9,435	83,732
Group Term Life Insurance	207	22,165	158	21,247	174	20,959	186,004
Automobile Liability Insurance	3,422	70,479	3,315	68,102	3,338	68,357	606,647
Others	469	5,786	471	5,932	483	6,290	55,821
Total	26,041	¥399,549	25,800	¥401,752	25,879	¥400,299	\$3,552,529

Note: Cooperative-Owned Building Fire Insurance, Fixed-Amount Life Insurance, and Liability Insurance are included in "Others."

Claims Paid

Total claims paid in fiscal 2015 amounted to ¥3.4 trillion, a decrease of 4.2% from the previous year.

Claims paid out at maturity accounted for ¥2.5 trillion, a decrease of 3.7%, while accident payments were ¥912.1 billion, a decrease of 5.6%.

Long-Term Insurance, Claims Paid

Type of Insurance	FY2013			FY2014			FY2015					
	(¥ Billion)			(¥ Billion)			(¥ Billion)			(US\$ Million)		
	Accident	Maturity	Total	Accident	Maturity	Total	Accident	Maturity	Total	Accident	Maturity	Total
Comprehensive Life Insurance	¥543	¥1,786	¥2,330	¥532	¥1,710	¥2,243	¥516	¥1,699	¥2,215	\$4,584	\$15,078	\$19,663
Building Endowment Insurance	136	831	968	148	863	1,012	121	777	899	1,080	6,902	7,982
Others	0	2	2	0	1	1	0	1	1	0	15	15
Total	¥680	¥2,620	¥3,301	¥681	¥2,575	¥3,257	¥638	¥2,478	¥3,116	\$5,665	\$21,996	\$27,661

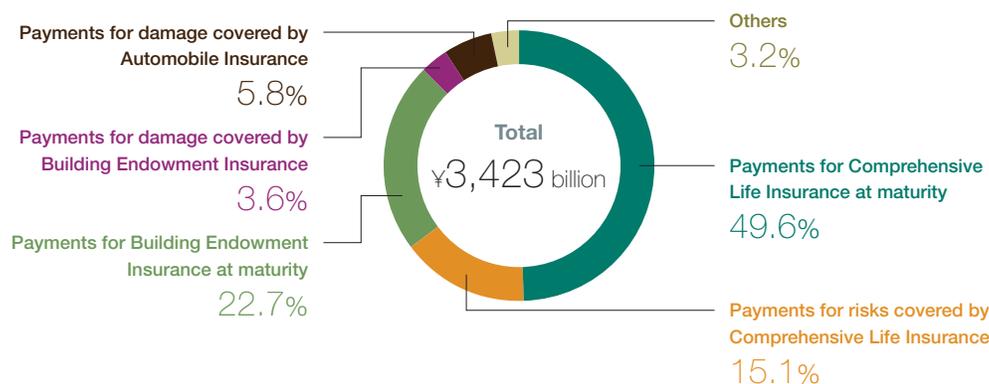
Note: The Comprehensive Life Insurance figures above include Nursing Care Insurance and Annuity Insurance.

Short-Term Insurance, Claims Paid

Type of Insurance	FY2013	FY2014	FY2015	
	(¥ Million)	(¥ Million)	(¥ Million)	(US\$ Thousand)
Fire Insurance	¥ 5,106	¥ 5,307	¥ 5,155	\$ 45,749
Automobile Insurance	214,376	208,634	199,018	1,766,222
Personal Accident Insurance	8,154	7,812	7,559	67,083
Group Term Life Insurance	12,787	12,506	12,874	114,252
Automobile Liability Insurance	41,850	41,977	41,623	369,391
Others	2,953	3,240	3,213	28,514
Total	¥285,227	¥279,480	¥269,446	\$2,391,249

Note: Cooperative-Owned Building Fire Insurance, Fixed-Amount Life Insurance, and Liability Insurance are included in "Others."

Breakdown of Claims Paid in Fiscal 2015



Note: The total amount includes insurance claims paid by the national federation such as Corporate Pension Insurance.

Value of Actual Net Assets

As of March 31, 2016, Zenkyoren had actual net assets valued at ¥18,653 billion, maintaining a high ratio to total assets of 33.4%.

	FY2013	FY2014	FY2015	
	(¥ Billion)	(¥ Billion)	(¥ Billion)	(US\$ Billion)
Value of Actual Net Assets	¥11,910	¥14,586	¥18,653	\$165,541
Ratio to Total Assets	22.7%	26.9%	33.4%	

Note: The value of actual net assets is one of the indicators to recognize broad capital, which is calculated by subtracting liabilities after deduction of items regarded as capital (reserves for price fluctuations, or contingency, etc) from the fair value of assets.

Accumulation of Ample Liability Reserves

Zenkyoren accumulates the liability reserves necessary for future insurance payments which is the highest level of reserves.

Furthermore, from the standpoint of achieving a sounder financial position and responding to inverted spreads, Zenkyoren provisions the accumulation of additional liability reserves against certain Comprehensive Life Insurance contracts and Building Endowment Insurance contracts.

Also, Zenkyoren each year accumulates funds to build liability reserves and carries out reinsurance for unforeseen crises and natural catastrophic events.

	FY2013	FY2014	FY2015	
	(¥ Trillion)	(¥ Trillion)	(¥ Trillion)	(US\$ Billion)
Liability Reserves	¥46.6	¥47.7	¥49.4	\$439

Balance Sheets

As of March 31, 2016 and 2015 US\$1=JPY112.68 (as of March 31, 2016)

Assets	Millions of Yen		Thousands of U.S. Dollars
	FY2015	FY2014	FY2015
Cash and Deposits	¥ 680,937	¥ 65,567	\$ 6,043,118
Call Loans	—	447,400	—
Money Trust	88,590	94,892	786,212
Monetary Claims Bought	83,364	193,920	739,835
Securities	51,285,056	49,897,102	455,138,949
Loans	1,170,095	1,316,077	10,384,231
Invested Real Estate	315,339	334,870	2,798,537
Outstanding Premiums	358,118	245,343	3,178,188
Reinsurance Receivables	17,092	16,382	151,691
Other Assets	261,900	176,713	2,324,287
Fixed Assets for Business	154,375	129,284	1,370,037
Capital Loans	100,000	100,000	887,468
Investments	309,631	310,499	2,747,879
Deferred Tax Assets	1,017,277	856,506	9,028,019
Reserves for Bad Debts	(4,066)	(6,067)	(36,091)
Reserves for Investment Losses	(200)	(200)	(1,774)
Total Assets	¥55,837,513	¥54,178,291	\$495,540,590
Liabilities			
Outstanding Reserves	¥ 933,485	¥ 906,068	\$ 8,284,395
Liability Reserves	49,482,314	47,776,126	439,140,175
Dividends Reserves	636,626	586,814	5,649,864
Reinsurance Payables	18,139	19,082	160,980
Agencies Payables	117	105	1,040
Insurance Funds	8,346	7,696	74,072
Other Liabilities	165,119	270,430	1,465,386
Other Reserves	48,341	48,966	429,018
Price Fluctuation Reserves	954,729	897,914	8,472,930
Total Liabilities	¥52,247,221	¥50,513,206	\$463,677,865
Net Assets			
Paid-in Capital	¥ 756,738	¥ 756,922	\$ 6,715,816
Treasury Paid-in Capital	—	(183)	—
Earned Surplus Reserves	330,333	303,852	2,931,607
Unappropriated Surplus at the End of the Year	208,980	176,780	1,854,637
Other Surplus	1,436,836	1,389,242	12,751,477
Net Unrealized Gains on Securities	857,403	1,038,472	7,609,187
Total Net Assets	¥ 3,590,291	¥ 3,665,085	\$ 31,862,725
Total Liabilities and Net Assets	¥55,837,513	¥54,178,291	\$495,540,590

Note: Fiscal 2015 refers to the period from April 1, 2015 to March 31, 2016.

Income Statements

For the years ended March 31, 2016 and 2015 US\$1=JPY112.68 (as of March 31, 2016)

Income	Millions of Yen		Thousands of U.S. Dollars
	FY2015	FY2014	FY2015
Income			
Ordinary Income:			
Premiums and Other Insurance Income	¥5,949,981	¥5,531,986	\$52,804,234
Reversal of Policy Reserves	68,170	73,930	604,989
Investment Income	1,160,723	1,110,002	10,301,064
Other Ordinary Income	10,319	11,075	91,579
Total Ordinary Income	¥7,189,194	¥6,726,994	\$63,801,868
Expenses			
Ordinary Expenses:			
Benefits and Other Insurance Expenses	¥4,793,140	¥4,989,032	\$42,537,632
Provisions for Policy Reserves	1,750,810	1,177,345	15,537,901
Investment Expenses	130,925	65,921	1,161,922
Provisions for Price Fluctuation Reserves	56,815	87,374	504,219
Sales Expenses	23,714	23,488	210,456
General Administration Expenses	103,549	102,389	918,973
Other Ordinary Expenses	53,580	40,027	475,513
Total Ordinary Expenses	¥6,912,536	¥6,485,579	\$61,346,618
Surplus			
Ordinary Profits	¥ 276,657	¥ 241,414	\$ 2,455,250
Extraordinary Profits	6,137	3,303	54,468
Extraordinary Losses	3,048	683	27,058
Surplus before Taxes	¥ 279,746	¥ 244,034	\$ 2,482,659
Corporate and Other Taxes	132,296	115,694	1,174,085
Adjustments in Corporate Tax, etc.	(90,779)	(76,019)	(805,638)
Provisions for Policy Dividend Reserves	107,801	71,952	956,706
Net Surplus for the Year	¥ 130,427	¥ 132,407	\$ 1,157,505
Retained Earnings Brought Forward from the Beginning of the Year	28,457	7,777	252,549
Reversal from Voluntary Reserves	50,095	36,596	444,581
Unappropriated Surplus at the End of the Year	¥ 208,980	¥ 176,780	\$ 1,854,637

Zenkyoren Information

History

1947	<ul style="list-style-type: none"> • Agricultural Cooperative Society Law enacted 	1988	<ul style="list-style-type: none"> • Established Zenkyoren Asset Management of America Inc.
1948	<ul style="list-style-type: none"> • Agricultural Cooperative Insurance business started in Hokkaido 		<ul style="list-style-type: none"> • Launched operation of Liability Insurance
1951	<ul style="list-style-type: none"> • National Mutual Insurance Federation of Agricultural Cooperatives (Zenkyoren) established • Launched operation of Cooperative-Owned Building Fire Insurance 	1989	<ul style="list-style-type: none"> • Online network system for local Agricultural Cooperatives went into operation • Established Zenkyoren Europe Limited
1952	<ul style="list-style-type: none"> • Launched operation of Endowment Life Insurance 	1990	<ul style="list-style-type: none"> • Launched operation of Group Endowment Insurance
1953	<ul style="list-style-type: none"> • Launched operation of Building Endowment Insurance 	1992	<ul style="list-style-type: none"> • ICA/ICIF held International Congress in Tokyo
1955	<ul style="list-style-type: none"> • Launched operation of Fire Insurance 	1993	<ul style="list-style-type: none"> • ICIF changed its structure and was renamed ICMIF (International Cooperative and Mutual Insurance Federation)
1958	<ul style="list-style-type: none"> • Completed establishment of 46 Prefectural Federations, one for each of the prefectures in Japan (with the exception of Okinawa) 	1994	<ul style="list-style-type: none"> • Set up Health Care Helpline • Opened Ishioka Center in Ibaraki Prefecture
1961	<ul style="list-style-type: none"> • Launched operation of Children's Insurance 	2000	<ul style="list-style-type: none"> • National and Prefectural Federations integrated
1962	<ul style="list-style-type: none"> • Launched operation of Group Term Life Insurance 	2001	<ul style="list-style-type: none"> • Formed business alliance with the Kyoei Fire & Marine Insurance Company, Limited
1963	<ul style="list-style-type: none"> • Launched operation of Automobile Insurance 		<ul style="list-style-type: none"> • Launched Zenkyoren Happy & Dream Club (membership club for policyholders)
1964	<ul style="list-style-type: none"> • Joined the insurance committee of the International Co-operative Alliance (ICA) 	2002	<ul style="list-style-type: none"> • Launched operation of Cancer Insurance • Launched operation of Defined Contribution Annuity Insurance • Supervisory Board System introduced
1966	<ul style="list-style-type: none"> • Launched operation of mandatory Automobile Liability Insurance 		<ul style="list-style-type: none"> • Kyoei Fire & Marine Insurance Company became a subsidiary
1969	<ul style="list-style-type: none"> • Opened Atsugi Staff Training Center in Kanagawa Prefecture • Launched operation of Personal Accident Insurance 	2003	<ul style="list-style-type: none"> • Launched operation of Medical Insurance
1972	<ul style="list-style-type: none"> • Established Okinawa Prefectural Federation • International Cooperative Insurance Federation (ICIF) was derived from ICA and Zenkyoren became a member of ICIF 	2004	<ul style="list-style-type: none"> • Opened Kawasaki Center in Kanagawa Prefecture • AOA's 20th anniversary event held in Tokyo
1973	<ul style="list-style-type: none"> • Opened Nakaizu and Beppu Rehabilitation Centers in Shizuoka Prefecture and Oita Prefecture 	2005	<ul style="list-style-type: none"> • Opened Zenkyoren East and West Japan Underwriting Centers in Kanagawa Prefecture and Osaka Prefecture • Insurance Agency system introduced
1974	<ul style="list-style-type: none"> • Online network system between National Federation and Prefectural Federations went into operation • Launched operation of long-term Life Insurance 	2006	<ul style="list-style-type: none"> • Opened Makuhari Training Center in Chiba Prefecture
1980	<ul style="list-style-type: none"> • Launched operation of Agricultural Machinery Insurance • Launched operation of Agricultural Machinery Endowment Insurance 	2007	<ul style="list-style-type: none"> • Launched the 3Q Visit Project (follow-up visits to all members and policyholders)
1981	<ul style="list-style-type: none"> • Launched operation of Annuity Insurance 	2008	<ul style="list-style-type: none"> • Launched operation of a new type of single-premium Endowment Life Insurance
1983	<ul style="list-style-type: none"> • Launched operation of Whole Life Insurance 	2009	<ul style="list-style-type: none"> • Launched operation of New Medical Insurance
1984	<ul style="list-style-type: none"> • Opened Zenkyoren Automotive Training Center in Kanagawa Prefecture • Asia and Oceania Association (AOA) was set up as a regional association of ICIF 	2010	<ul style="list-style-type: none"> • Insurance Contract Law (new) enforced
1985	<ul style="list-style-type: none"> • Opened Zenkyoren Osaka Center in Osaka Prefecture 	2012	<ul style="list-style-type: none"> • International Year of Cooperatives
		2013	<ul style="list-style-type: none"> • Launched operation of Nursing Care Insurance
		2014	<ul style="list-style-type: none"> • Operation Centers launched in the Hokuriku and Tokai regions
		2015	<ul style="list-style-type: none"> • Completed establishment of Operation Centers

Supervisory Board, Board of Auditors and Board of Directors

Supervisory Board

Chairman

Kotaro Ichimura

Deputy Chairmen

Keiichi Tabata

Nobuo Yamamoto

Other Members

of the Supervisory Board

Hitoshi Onodera

Tosen Fujio

Kazuo Kimura

Toyokuni Kakurai

Ryuji Wakabayashi

Tsutomu Koizumi

Mitsuo Takakuwa

Toshio Muroi

Koichi Nishizawa

Hamaichi Yoshida

Yasuhiro Nakagawa

Kiyoshi Nakatani

Kiyoshi Yamamoto

Toshihiro Miyatake

Takashi Hisaoka

Katsuyoshi Yamanaka

Hiroshi Sato

Shigeyoshi Kubo

Takakazu Sueyoshi

Naoshi Suzuki

Board of Auditors

Standing Auditors

Genyu Hiroya

Morito Yamazaki

Kenji Sone

Auditors

Kimito Amari

Hatsuo Komatsu

Board of Directors

President

Tamotsu Shozui

Senior Managing Directors

Fumio Yanai

Eiichi Takaara

Ryuji Sukegawa

Managing Directors

Shinichi Mima

Yoshihiko Murayama

Hironori Ishitoya

Yasushige Yoshimura

Masahiro Akimoto

Yasuhiro Yamada

(As of July 28, 2016)

Zenkyoren

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 **Co-operative enterprises build a better world**

