



ANNUAL REPORT 2014

National Mutual Insurance Federation
of Agricultural Cooperatives

DEEPER RELATIONSHIPS

PROFILE

Zenkyoren (National Mutual Insurance Federation of Agricultural Cooperatives) was founded in 1951 to create “Mutual aid” through cooperation under the motto “One for all, all for one.” The JA (Japan Agricultural Cooperatives) Group, to which Zenkyoren belongs, conducts a variety of businesses and provides a wide range of services through its societies (agricultural cooperatives). Zenkyoren is responsible for the JA insurance business.

The fundamental goal of Zenkyoren is to assist members and policyholders in establishing stable and secure farming and higher standards of living by insuring them against accidental loss of life and property damage. We meet this goal by offering both life and non-life insurance.

Zenkyoren continues to strengthen cooperative relationships with local agricultural cooperatives (primary societies) to provide members and policyholders with improved services and a greater sense of security.

ZENKYOREN'S VISION

MEASURES TO ACHIEVE THE ZENKYOREN THREE-YEAR BUSINESS PLAN FOR FISCAL 2013 – 2015

Zenkyoren aims to further expand operations based on viewpoints of members and policyholders. To this end, it has set the following basic direction in its three-year business plan for fiscal 2013 – 2015:

- Further expand unique JA insurance business activities rooted in the community
- Strengthen Zenkyoren's guidance and support functions for JA and increase management efficiency

MAIN STRATEGIES FOR FISCAL 2014

In fiscal 2014, we will work on the following initiatives as the key measures in the interim year of Zenkyoren's three-year business plan.

1. Promote business activities rooted in the community

Develop area strategies by JA based on local characteristics

Strengthen the coverage inspection program through follow-up visits to all members and policyholders

Further expand interaction with non-insured people, the next generation, and younger age groups

2. Improve member and policyholder satisfaction

Strengthen capabilities for responding to member and policyholder needs

Build a claims assessment system that will be completely effective even in the event of major disasters

Develop social contribution activities rooted in the community

3. Implement organizational reforms

Strengthen functions for providing guidance and support to JA

Develop bases for the broad regional coverage of underwriting and claims assessments for life insurance policies

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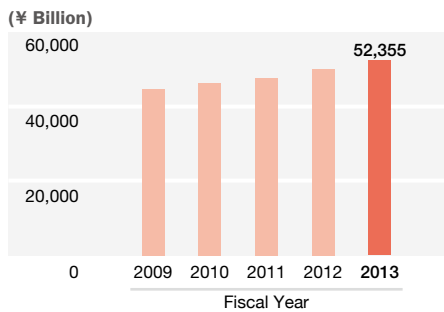
20 ZENKYOREN INFORMATION

Regarding fractional figure processing

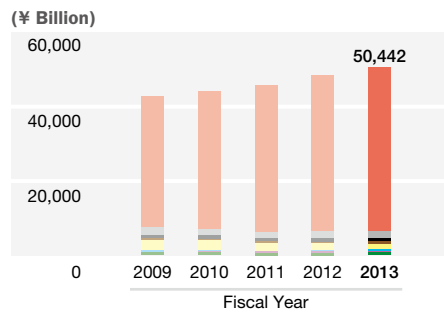
- Fractions in both yen and dollar amounts and the number of policies have been rounded down.
- Fractions in component ratios and year-on-year comparisons have been rounded off.

PRINCIPAL BUSINESS INDICATORS

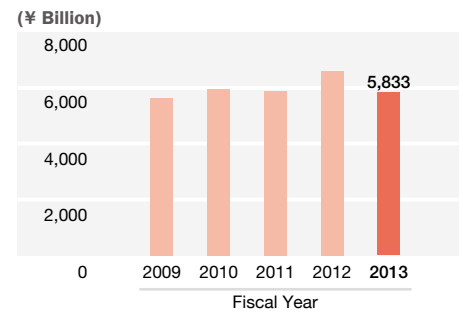
Total Assets



Working Assets

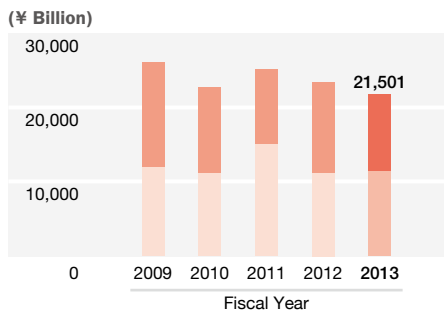


Total Premiums Received



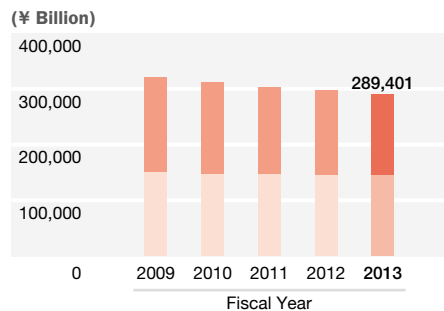
- Public and corporate bonds
- Foreign securities
- Equities
- Other securities
- Loans receivable
- Cash, bank deposits, and call loans
- Real estate investments
- Miscellaneous items

Long-Term Insurance, New Business



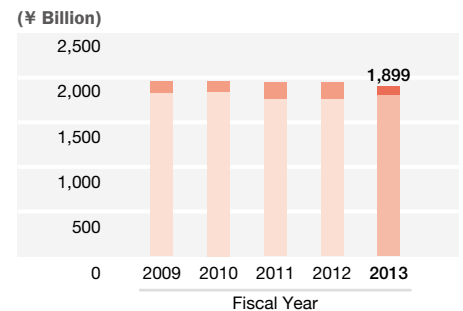
- * Amount insured
- Comprehensive Life Insurance
 - Building Endowment Insurance

Long-Term Insurance, Policies in Force



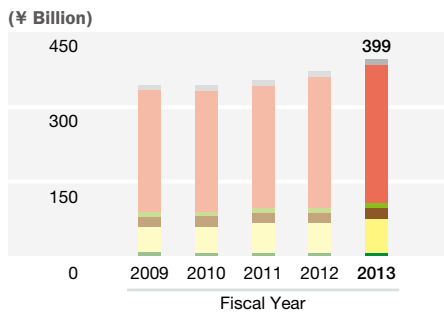
- * Amount insured
- Comprehensive Life Insurance
 - Building Endowment Insurance

Annuity Insurance



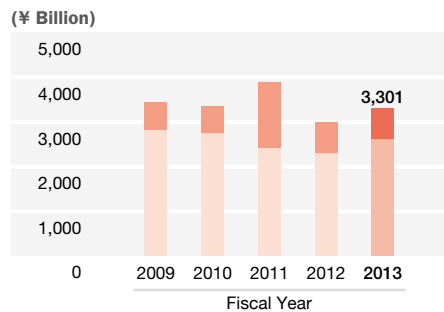
- * Annual amount
- New Business
 - Policies in Force

Short-Term Insurance, New Business



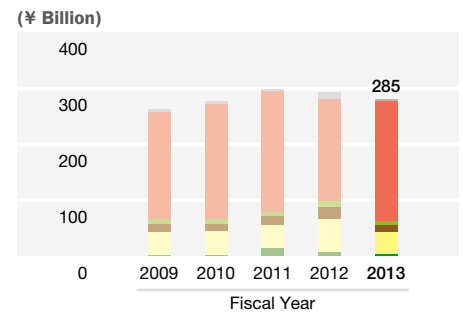
- * Premiums received
- Fire Insurance
 - Automobile Insurance
 - Personal Accident Insurance
 - Group Term Life Insurance
 - Automobile Liability Insurance
 - Others

Long-Term Insurance, Claims Paid



- Accident
- Maturity

Short-Term Insurance, Claims Paid



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

We Will Deepen Our Roots in Communities, Deliver More Security and Become More Trusted Based on the Philosophy of Mutual Aid

Introduction

Nearly three and a half years have passed since the Great East Japan Earthquake, which caused such enormous damage. Once again, we would like to offer our condolences to all those affected by this disaster. Moreover, we would also like to express our sympathies to those who have suffered in the many natural disasters that occurred in fiscal 2013, including heavy snow, typhoons and gusts of wind.

With respect to the Great East Japan Earthquake, we have worked as a member of the JA Group toward the recovery and reconstruction of the disaster-affected regions, while committing every effort to deliver claims payments and security to our policyholders as quickly as possible.

As a result, total claims paid amounted to over ¥970 billion. These claims were paid out from premiums received from policyholders, and policy reserves funded by those premiums. We believe that this result demonstrates the true worth of our business activities, which are closely rooted in communities, as well as the fruition of our business philosophy of “Mutual aid.”

Going forward, we will redouble our efforts to enhance the coverage we provide our members and policyholders, and build a complete assessment structure for claims payment, to ensure that we can be of service in an emergency.

Fiscal 2013 Initiatives and Future Business Developments

Initiatives for Developing Business Closely Rooted in Communities

In fiscal 2013, we introduced and developed area strategies at the JA Group to enhance insurance coverage and maintain or expand our business base. The area strategies are one of our methods for developing business promotion activities based on the local characteristics of each JA branch.

We enhanced insurance coverage through a coverage inspection program involving follow-up visits to all members and policyholders. To promote business in the life insurance field, we developed and launched Nursing Care Insurance in April 2013.

In fiscal 2014, which will be the interim year of Zenkyoren's current three-year business plan, we will continue to work toward the goal of providing complete coverage to all of our policyholders. This will be achieved by developing the use of tablets and strengthening our coverage inspection program to upgrade our policyholder services.

Initiatives for Upgrading Policyholder Services

Both our processing lead time for underwriting and completion rate of claims settlement improved after the launch of Zenkyoren's new insurance contract processing system ‘Kinds’ 12’ in April 2013, designed to accelerate our business processing speed.

Meanwhile, our other business and data processing systems are currently being overhauled, with new systems scheduled to start in stages from fiscal 2016 through 2018.



市村 幸太郎

KOTARO ICHIMURA
Chairman of the Supervisory Board

勝瑞 保

TAMOTSU SHOZUI
President of the Board of Directors

Initiatives to Prepare for Major Natural Disasters

To ensure prompt and proper payment of insurance claims in the event of a major natural disaster, Zenkyoren is building a claims assessment structure. Under this structure, the number of JA Natural Peril Investigation Staff was increased to 46,552 individuals in comparison to a targeted 30,100.

We have also formulated a business continuity plan in the event of a major natural disaster. In line with this, we established a data systems backup center in Hyogo Prefecture, and a claims inquiry center in Osaka in addition to Tokyo.

Initiatives for Implementing the JA Insurance Business Council's Recommendations

In May 2012, Zenkyoren's JA Insurance Business Council issued recommendations based on two central themes: 1) to further expand unique JA insurance business activities rooted in the community and 2) for Zenkyoren to strengthen its guidance and support functions for JA and increase management efficiency.

To implement the recommendations, we are introducing and developing area strategies for JA, based on local characteristics. Under these area strategies, we are strengthening guidance and support to JA, and consolidating and reorganizing our functions across prefectural boundaries.

To this end, two underwriting and claims assessment centers (mainly assessing claims for life insurance policies for the time being) were opened ahead of others for the Tokai and Hokuriku regions, and have been in operation since April 2014.

Initiatives for New Agricultural Risk Coverage and Services

We are in the process of enhancing the high quality and range of our agricultural risk coverage through a collaboration with a group company, the Kyoei Fire & Marine Insurance Company, and Tokio Marine & Nichido Fire Insurance Company. This enables us to combine our experience in providing insurance products to farmers with Tokio Marine's diverse product development capabilities and strong overseas network.

In Closing

For more than 60 years since commencing business activities, we have conducted business with the aim of expanding our circle of mutual assistance. Under this philosophy of "Mutual aid," we will deepen roots in communities and bring security and satisfaction to our members and policyholders by continuing to provide comprehensive coverage of life, homes and automobiles, and ensure sound management with the view to conducting business activities in good faith.

August 2014

About 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.

The agricultural cooperative system previously featured a three-tiered structure organized on local, prefectural and national levels. Under this system, prefectural federations provided local agricultural cooperatives (primary societies) with supplementary functions, by conducting activities that the primary societies themselves were unable to perform. The national federation provided complementary functions to support the prefectural federations 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 primary societies are being encouraged as a way to enhance the functionality and effectiveness of the three-tiered organizational structure.

JA Insurance Business

The 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. This merger further tightened the bonds between Zenkyoren and primary societies. It also reduced operating costs while giving members and policyholders better services and a greater sense of security.

The primary societies provide members and policyholders with consulting services and communicate directly with them in response to claims.

The primary societies and Zenkyoren jointly underwrite insurance policies.

Division of Roles between Primary Societies and Zenkyoren

Primary Societies (Agricultural Cooperatives):

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.

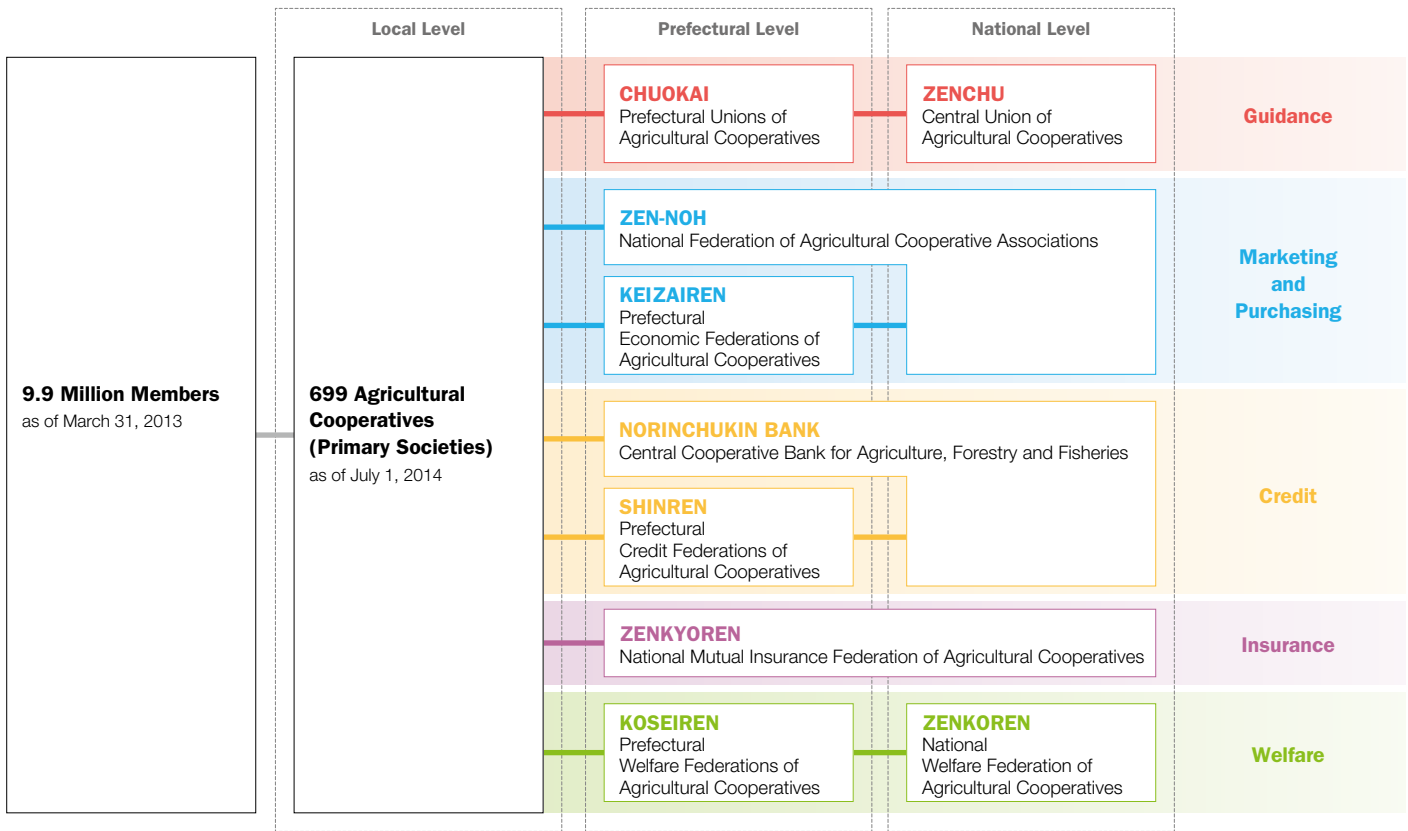
Zenkyoren:

Zenkyoren's services can be divided roughly into four areas. Together, these services provide comprehensive security to members and policyholders.

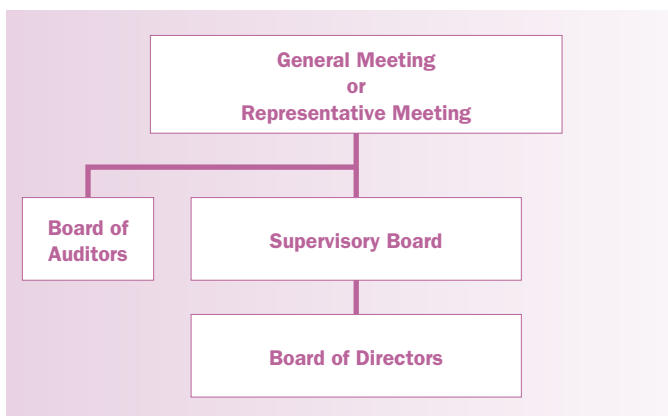
- (1) Protection against risks
- (2) Finance-related services
- (3) Information services
- (4) Welfare services

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, as well as planning and execution of public relations activities. It also manages investment funds, develops and operates information systems, holds educational and training programs, and conducts welfare activities.

Organizational Structure of the JA Group



Organizational Structure of Zenkyoren



Basic Policy on Building an Internal Control System

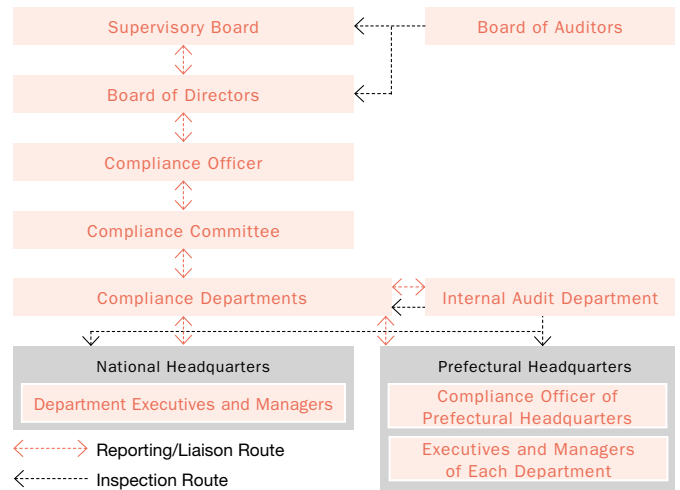
With its business activities rooted in its philosophy of mutual aid, Zenkyoren's mission is to continually respond to the trust and expectations of its members and policyholders by providing security and satisfaction. To achieve this mission, Zenkyoren considers compliance with applicable laws and regulations, its Articles of Association and other bylaws a fundamental part of its management approach and undertakes a number of initiatives to ensure its business is conducted appropriately. One specific measure is the establishment, by its Supervisory Board, of a Basic Policy on Building a Zenkyoren Internal Control System, under which said internal control system is being structured and run appropriately.

Compliance Approach at Zenkyoren

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 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.



Risk Management Initiatives

To bring a systematic approach to managing various risks, Zenkyoren has formulated a Basic Risk Management Policy, and works to handle risks consistently and appropriately.

Under this basic policy, risks are classified and managed systematically as underwriting risk, asset management risk, liquidity risk, operational risk, and information system risk.

Structurally, this has involved establishing a Risk Management Department, the department with overall responsibility for risk management, which in addition to overall supervision designates individual departments responsible for properly monitoring and controlling each type of risk.

In addition, an Enterprise Risk Management (ERM) Committee has been established to raise the sophistication of ERM going forward.

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.
Asset management risk	The risk of incurring losses due to fluctuation in the value of assets under management (market risk, credit risk, and real estate asset management 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.

THE GREAT EAST JAPAN EARTHQUAKE AND ZENKYOREN'S RESPONSE

Payment of Insurance Claims

A total of 2,475 assessors were dispatched for assessing claims, as JA and Zenkyoren worked as one to survey the damage and then to pay out the insurance claims promptly.

	Comprehensive life insurance	Building endowment insurance	Cooperative-owned building fire insurance
Number of claims	2,295	676,008	2,702
Claims paid (¥ billion)	33.5	930.4	11.5

(As of March 31, 2014)

Main Initiatives for Providing Assistance to the Affected Areas

In addition to quickly paying claims arising from the Great East Japan Earthquake of March 11, 2011, Zenkyoren also engaged in the following relief initiatives.

- Confirming the safety of policyholders, and establishing inquiry desks for evacuee policyholders

- Extending the grace period for payment of premiums by affected policyholders, and applying a special interest rate for loans on policies
- Providing roof patching sheets, donating ambulances and relief money, and so on

Preparation for Future Disaster-related Damage

Through reinsurance coverage and the contingency reserve provisions accumulated to date, Zenkyoren has secured sufficient collateral for payments even in the event of another major disaster at the same level of the Great East Japan Earthquake.

The solvency margin ratio was 821.2% as of March 31, 2014.



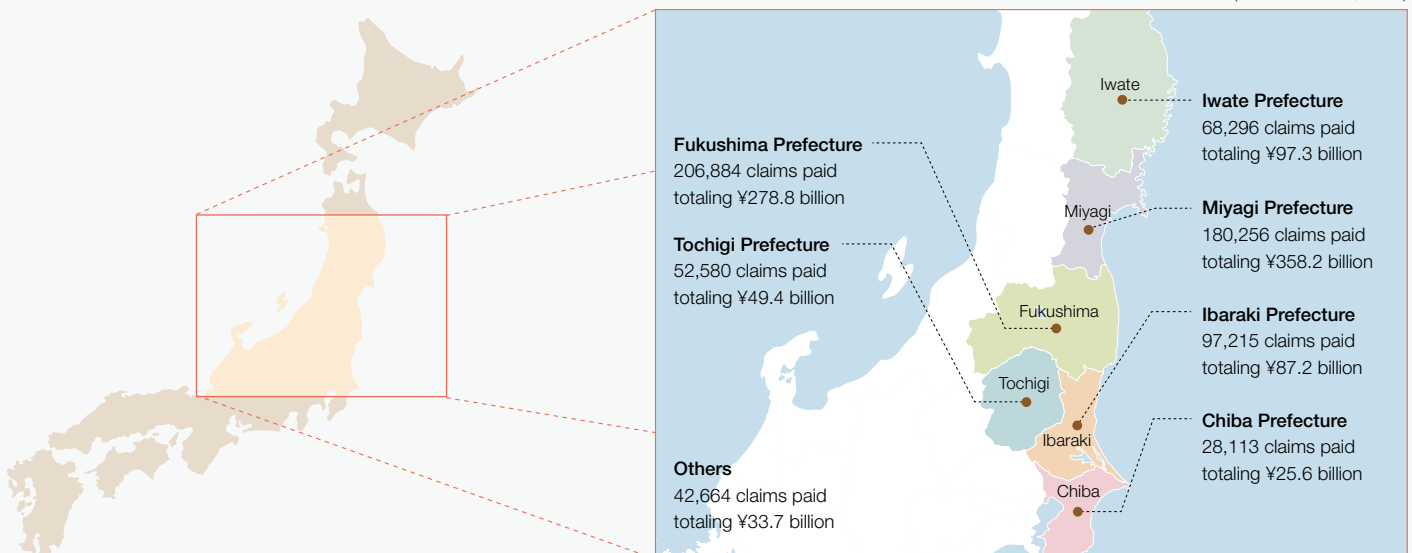
An claims assessment



An ambulance donated by Zenkyoren

Claims Paid for the Great East Japan Earthquake (Breakdown of Building Endowment Insurance Payments)

(As of March 31, 2014)



INSURANCE BUSINESSES

The JA Group is unique in its ability to provide life and non-life insurance, thus offering comprehensive coverage of life, homes and automobiles to match each member's and policyholder's lifestyle.

Coverage can be divided into two basic types, long-term and short-term insurance. The kinds of insurance offered are outlined below.

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 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.

3 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.

4 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.

5 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.

6 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 (Term Medical Insurance) are also available.

7 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.

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.

Insurance Offered

Item	Type	LONG-TERM INSURANCE (five or more years)	SHORT-TERM INSURANCE (less than five years)
LIFE INSURANCE		Comprehensive Life Insurance <ul style="list-style-type: none"> • Whole Life Insurance • Endowment Life Insurance • Term Life Insurance • Annuity Insurance • Children's Insurance • Medical Insurance • Term Medical Insurance • Cancer Insurance • Nursing Care Insurance 	<ul style="list-style-type: none"> • Group Term Life Insurance • Fixed-Amount Life Insurance
		Building Endowment Insurance	<ul style="list-style-type: none"> • Automobile Insurance • Automobile Liability Insurance • Fire Insurance • Cooperative-Owned Building Fire Insurance • Personal Accident Insurance • Liability Insurance • Volunteer Comprehensive Insurance
NON-LIFE INSURANCE			

Life Advisers—Trained Insurance Consultants

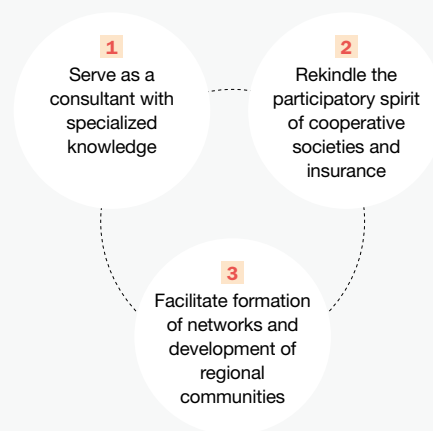
Life Advisers Representing the Primary Societies

Insurance schemes are becoming more sophisticated and complicated at the same time that members' and policyholders' needs are becoming more varied. In this environment, members and policyholders need someone they can turn to for helpful and accurate information.

Based on this situation, Zenkyoren introduced a Life Adviser system in 1994. As of the end of March 2014, 22,037 life advisers were helping members and policyholders throughout the country. Life advisers not only serve as a pipeline between members/

policyholders and the primary societies, they also provide sound advice and information on all aspects of members' and policyholders' insurance needs from the members' and policyholders' standpoint. In addition, they undertake a host of activities aimed at ensuring total member and policyholder satisfaction.

The Role of a Life Adviser (LA)



Investment Environment

At the beginning of fiscal 2013, the yield on 10-year Japanese Government Bonds (JGBs)—the prime indicator of domestic long-term interest rates—stood at 0.56%. After the Bank of Japan (BOJ) implemented a new phase of monetary easing both in terms of quantity and quality—namely the QQE—at the start of the fiscal year, the yield fell, reaching 0.315% on April 5, 2013, the lowest in the bond’s history. However, investors grew concerned that the central bank would have difficulty preventing long-term interest rates from rising, and the yield rose sharply to 1.00% on May 23.

After that, the bond yield declined gradually to touch 0.64% at the end of the fiscal year in response to the BOJ’s proactive JGB purchases.

In the domestic stock market, the Nikkei 225 Average started fiscal 2013 at ¥12,371, and then rose in response to the BOJ’s QQE and a weaker yen. Not long after, the market dipped momentarily when investors grew alarmed by the abrupt rally and sold off some of their stock holdings.

In December, in response to strong corporate earnings in Japan, the market pushed the index above ¥16,000 for the first time in about six years.

Then, in the months that followed, funds began flowing away from emerging countries as the U.S. Federal Reserve began tapering out its monetary policy of quantitative easing. The resulting fall in the currencies of emerging countries upset global markets, and the

Nikkei 225 Average declined to ¥14,827 by the close of fiscal 2013.

On the foreign exchange markets, the yen stood at ¥94.21/\$1 at the start of fiscal 2013. The yen strengthened for a short time before investors were prompted to buy a large amount of dollars when the U.S. Federal Reserve began tapering out its quantitative easing. Consequently, the yen ended the fiscal year at ¥102.92 against the dollar.

	March 31, 2013	March 31, 2014
Long-term interest rates (10-year JGB yield)	0.56%	0.64%
Stock market (Nikkei 225 Average)	¥12,397.91	¥14,827.83
Foreign exchange market (¥/\$ rate)	¥94.05	¥102.92

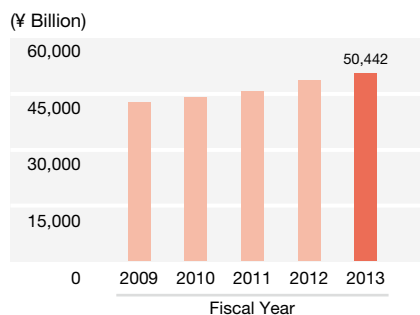
JGB: Japanese Government Bond

Investment Policy

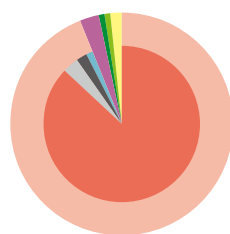
Zenkyoren is engaged in both the life and non-life insurance businesses. Moreover, most of our liabilities are liability reserves at fixed long-term interest rates because the main products we market are long-term insurance policies with predetermined fixed rates of return.

To secure funds for paying claims and other insurance refunds in the future, Zenkyoren invests mainly in fixed-income assets (government and corporate bonds, and loans) denominated in yen. In order to enhance profitability, it also invests in some equities and foreign bonds.

Working Assets



Breakdown of Working Assets



Securities	93.9%
Public and corporate bonds	87.0%
Foreign securities	3.5%
Equities	2.1%
Other securities	1.3%
Loans receivable	3.0%
Cash, bank deposits, and call loans	0.8%
Real estate investments	0.7%
Miscellaneous items	1.6%

REINSURANCE

Current Situation of Asset Management

We invested primarily in yen-denominated bonds to maintain and enhance stable earnings over the long term. In addition, we also invested in equities and foreign bonds. When investing in equities and foreign bonds, we pay adequate attention to market trends and price fluctuation risks (market risks).

(See the graphs on page 10.)

International Investments

In its overseas investments, Zenkyoren pays extremely close attention to exchange risks, country risks 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

As part of natural disaster risk management, risks deriving from Building Endowment policies, Cooperative-Owned Building Fire policies, and retrocession risks from the National Agricultural Insurance Association are ceded to multiple reinsurers.

The Reinsurance Panel in Zenkyoren is stringently selected considering the following elements:

- Past performance of each reinsurance company
- Credit ratings by third-party rating agencies
- Financial strength

Utilizing reinsurance diversifies the risk portfolio, contributing to firm and stable business operations.



Zenkyoren Asset Management of America Inc. (ZAMA), New York



Zenkyoren Europe Limited (ZEL), London

INTERNATIONAL INITIATIVES

Zenkyoren's Links with International Organizations

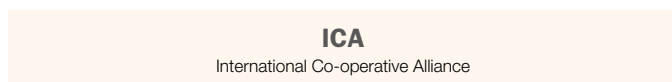
Zenkyoren is a member of the International Co-operative Alliance (ICA*¹), a worldwide association of cooperatives, and is also a member of the International Cooperative and Mutual Insurance Federation (ICMIF*²), one of the ICA's special committees.

Based on the spirit of mutual assistance and democracy, these international organizations operate around the world with the aim of contributing to the further development of cooperatives' activities and cooperative insurance.

*1 The ICA (established in 1895) is comprised of members from 268 organizations in 93 countries, and is the world's largest NGO with approximately 1 billion members. The ICA is registered as an advisory body of the United Nations Economic and Social Council.

*2 The ICMIF (established in 1922) is comprised of members from 223 organizations in 72 countries.

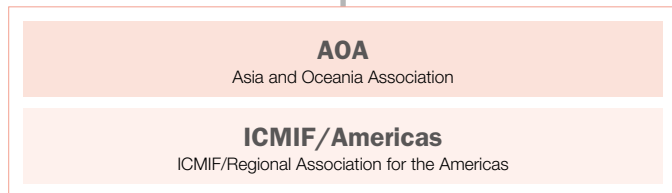
Global Partnership



Special Committees



Regional Associations



Zenkyoren's International Activities

Zenkyoren serves on the directorship of the ICMIF, and participates in various committees. Zenkyoren also belongs to the Asia and Oceania Association (AOA), a regional body of the ICMIF. From its founding in 1984 until today, directors of Zenkyoren have served as chairs of the AOA, and Zenkyoren has been the AOA's secretariat.

By participating in AOA General Meetings held to discuss issues such as the association's policy direction, finances and management, as well as by participating in AOA seminars for managers and employees of member organizations, Zenkyoren contributes to information exchange among members in different countries, improving understanding of insurance practices, and supporting the development and expansion of cooperative insurance organizations.

Collaboration among Japanese and Overseas Cooperatives

In Japan, a new national cooperative alliance, Cooperatives Japan, was formed in 2013 in commemoration of the United Nations designating 2012 as the International Year of Cooperatives (IYC). The mission of this alliance is to promote the values of cooperatives and the functions they serve in society throughout Japan.

The chairs of the ICA and ICMIF visited Japan in June 2013, and Zenkyoren accompanied them to tour areas affected by the Great East Japan Earthquake, as well as joining mass meetings. Zenkyoren also participated in events commemorating the International Day of Co-operatives to raise awareness of the functions and activities of cooperatives. At the same time, Zenkyoren worked for the permeation and development of the global cooperative movement by participating in the ICA General Assembly, ICMIF Biennial Conference and events of the AOA.

DOMESTIC INITIATIVES

Human Resource Development

Zenkyoren's Human Resource Development Guidelines are aimed at fostering people capable of meeting the expectations and earning the trust of members and policyholders in local communities. Under these guidelines we are working to develop employees who share the Zenkyoren philosophy and bring specialized skills and knowledge to their respective fields.

The Makuhari Training Center

Zenkyoren's Makuhari Training Center (founded in 2006) is a facility that provides comprehensive training relevant to the operations of Zenkyoren, such as in automobile, property and medical-related insurance in addition to general training in the insurance business.

Training Facilities

The Makuhari Training Center has classrooms for various types of training courses, such as small group discussions and lectures for a large number of trainees,

and classrooms and exhibition rooms for trainees to effectively learn expertise and skills in Comprehensive Life Insurance, Building Endowment Insurance, and Automobile Insurance.

Online Network

Zenkyoren's operations span the whole of Japan.

Accordingly, we process data from across the country at a cutting-edge computer center in eastern Japan, with the aim of delivering necessary services to policyholders and enhancing the speed with which policies are processed.

The online network we have built to link operations nationwide is one of the most extensive networks of its kind in the world. Our online network promotes efficient, streamlined operations and allows for communication in real-time between JA and members/ policyholders around the nation.



Makuhari Training Center, Chiba



Ishioka Center, Ibaraki



A training aid for medical knowledge



A training aid for houses



A training aid for automobiles



Kawasaki Center, Kanagawa

SOCIAL RESPONSIBILITIES

Health Care and Social Activities

To complement our insurance operations, Zenkyoren provides a host of human welfare services aimed at promoting better health and well-being for people in the community.

Health Care

To help our members to 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.

Service Dogs

We support activities to train and familiarize service dogs to assist those with disabilities as a result of traffic or other accidents with everyday tasks.

Through providing research support to the Japanese Service Dog Resource Academy, Japan’s only such

academic organization, business support to the Support Dog Association, and conducting activities to promote understanding towards acceptance of service dogs, we help those with disabilities to become independent and participate in society.



A service dog opening the door (photo by the Japanese Service Dog Resource Academy)

The Nakaizu and Beppu Rehabilitation Centers

In 1973 Zenkyoren established rehabilitation centers in Nakaizu (Shizuoka Prefecture) and Beppu (Oita Prefecture), for people with physical disabilities as a result of traffic accidents or other mishaps. The centers provide a wide range of services, including physical rehabilitation, occupational therapy, and socialization training. Our comprehensive range of human welfare and rehabilitation services makes a positive contribution to the lives of people in need of help.

Cultural Activities

In order to convey the spirit of cooperation, the so-called “Mutual assistance,” 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.

In fiscal 2013 we held our 57th calligraphy contest and our 42nd traffic safety poster contest. Both contests are the largest of their kind. Students across the country submitted over 1,460,000 entries to the calligraphy contest and more than 160,000 entries to the traffic safety poster contest.

BUSINESS OPERATIONS

AS OF MARCH 31, 2014, 2013 AND 2012 US\$1=JPY102.92 (AS OF MARCH 31, 2014)

Total Assets

Total assets at the end of fiscal 2013 amounted to ¥52.3 trillion, an increase of 3.3% compared to the previous fiscal year. This included ¥48.0 trillion in policy reserves accumulated to prepare for the payments of insurance claims to policyholders and other claims, which represented 91.9% of total assets.

	FY2011	FY2012	FY2013	
	(¥ Billion)	(¥ Billion)	(¥ Billion)	(US\$ Million)
Total Assets	¥47,633	¥50,690	¥52,355	\$508,702

Working Assets

	FY2011	FY2012	FY2013	
	(¥ Billion)	(¥ Billion)	(¥ Billion)	(US\$ Million)
Working Assets	¥45,742	¥48,582	¥50,442	\$490,114

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

Sales of new long-term insurance policies were ¥4.3 trillion in terms of the maturity amount insured, a decrease of 27.1%, and ¥21.5 trillion in terms of the amount insured, a decrease of 8.2%.

Total policies in force were ¥52.7 trillion in terms of the maturity amount insured, an increase of 0.6%, and ¥289.4 trillion in terms of the amount insured, a decrease of 2.7%.

Long-Term Insurance, New Business

Type of Insurance	FY2011		FY2012		FY2013		
	Policies (Thousands)	Amount (¥ Billion)	Policies (Thousands)	Amount (¥ Billion)	Policies (Thousands)	Amount (¥ Billion)	Amount (US\$ Million)
Comprehensive Life Insurance	2,028	¥10,043	2,409	¥12,254	1,916	¥10,070	\$97,844
Building Endowment Insurance	949	15,040	758	11,170	835	11,429	111,050
Others	2	1	1	1	2	1	18
Total	2,979	¥25,084	3,169	¥23,426	2,753	¥21,501	\$208,914

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

Long-Term Insurance, Policies in Force

Type of Insurance	FY2011		FY2012		FY2013		
	Policies (Thousands)	Amount (¥ Billion)	Policies (Thousands)	Amount (¥ Billion)	Policies (Thousands)	Amount (¥ Billion)	Amount (US\$ Million)
Comprehensive Life Insurance	15,759	¥157,643	16,864	¥152,165	17,458	¥145,316	\$1,411,938
Building Endowment Insurance	10,871	146,077	10,696	145,153	10,587	144,073	1,399,863
Others	10	10	10	10	10	10	105
Total	26,642	¥303,730	27,571	¥297,329	28,056	¥289,401	\$2,811,908

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

Nursing Care Insurance

Nursing Care Insurance was launched in April 2013.

Type of Insurance	FY2013		
	Policies (Thousands)	Nursing Care Amount (¥ Billion)	Nursing Care Amount (US\$ Million)
New Business	105	¥249	\$2,428
Policies in Force	105	246	2,398

Annuity Insurance

With regard to sales of new Annuity Insurance policies, the annual amount was ¥103.1 billion, a decline of 6.8%, and policies in force amounted to around ¥1.8 trillion, a decrease of 1.2%.

	FY2011		FY2012		FY2013		
	Policies (Thousands)	Annual Amount (¥ Billion)	Policies (Thousands)	Annual Amount (¥ Billion)	Policies (Thousands)	Annual Amount (¥ Billion)	Annual Amount (US\$ Million)
New Business	198	¥ 114	190	¥ 110	173	¥ 103	\$1,001
Policies in Force	3,244	1,947	3,242	1,923	3,229	1,899	18,457

Short-Term Insurance

Sales of new short-term insurance policies decreased by 0.1% to 26 million in number, and premiums received for these contracts amounted to ¥399.5 billion, an increase of 7.2%.

Short-Term Insurance, New Business

Type of Insurance	FY2011		FY2012		FY2013		
	Policies (Thousands)	Premiums (¥ Million)	Policies (Thousands)	Premiums (¥ Million)	Policies (Thousands)	Premiums (¥ Million)	Premiums (US\$ Thousand)
Fire Insurance	1,435	¥ 12,091	1,435	¥ 12,124	1,434	¥ 12,261	\$ 119,131
Automobile Insurance	8,442	246,146	8,428	264,431	8,441	279,316	2,713,913
Personal Accident Insurance	11,961	9,143	12,138	8,919	12,066	9,540	92,693
Group Term Life Insurance	177	21,892	160	21,952	207	22,165	215,361
Automobile Liability Insurance	3,449	58,933	3,443	59,836	3,422	70,479	684,794
Others	480	5,937	451	5,520	469	5,786	56,218
Total	25,946	¥354,143	26,057	¥372,783	26,041	¥399,549	\$3,882,131

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

Claims Paid

Total claims paid in fiscal 2013 amounted to ¥3.6 trillion, an increase of 6.4% from the previous year.

Claims paid out at maturity accounted for ¥2.6 trillion, an increase of 11.2%, while accident payments were ¥971.4 billion, a decrease of 4.7%.

Long-Term Insurance, Claims Paid

Type of Insurance	FY2011			FY2012			FY2013					
	(¥ Billion)			(¥ Billion)			(¥ Billion)			(US\$ Million)		
	Accident	Maturity	Total	Accident	Maturity	Total	Accident	Maturity	Total	Accident	Maturity	Total
Comprehensive Life Insurance	¥ 592	¥1,581	¥2,173	¥551	¥1,542	¥2,094	¥543	¥1,786	¥2,330	\$5,284	\$17,359	\$22,644
Building Endowment Insurance	969	845	1,814	168	811	979	136	831	968	1,329	8,083	9,413
Others	—	1	1	0	1	1	0	2	2	0	22	22
Total	¥1,561	¥2,428	¥3,989	¥720	¥2,355	¥3,075	¥680	¥2,620	¥3,301	\$6,614	\$25,466	\$32,080

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

Short-Term Insurance, Claims Paid

Type of Insurance	FY2011	FY2012	FY2013	
	(¥ Million)	(¥ Million)	(¥ Million)	(US\$ Thousand)
Fire Insurance	¥ 5,145	¥ 6,495	¥ 5,106	\$ 49,611
Automobile Insurance	215,996	219,686	214,376	2,082,938
Personal Accident Insurance	8,794	8,226	8,154	79,226
Group Term Life Insurance	14,394	13,491	12,787	124,242
Automobile Liability Insurance	41,694	40,854	41,850	406,626
Others	13,879	4,827	2,953	28,692
Total	¥299,904	¥293,582	¥285,227	\$2,771,346

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

Breakdown of Claims Paid

	FY2011	FY2012	FY2013	
	(¥ Billion)	(¥ Billion)	(¥ Billion)	(US\$ Million)
Payments for Comprehensive Life Insurance at maturity	¥1,581	¥1,542	¥1,786	\$17,359
Payments for risks covered by Comprehensive Life Insurance	592	551	543	5,283
Payments for damage covered by Automobile Insurance	215	219	214	2,082
Payments for Building Endowment Insurance at maturity	845	811	831	8,082
Payments for damage covered by Building Endowment Insurance	969	168	136	1,329
Others	131	112	110	1,077
Total	¥4,336	¥3,406	¥3,624	\$35,218

Value of Actual Net Assets

As of March 31, 2014, Zenkyoren had actual net assets valued at ¥11,910.2 billion, maintaining a high ratio to total assets of 22.7%.

	FY2011	FY2012	FY2013	
	(¥ Billion)	(¥ Billion)	(¥ Billion)	(US\$ Million)
Value of Actual Net Assets	¥9,191	¥11,900	¥11,910	\$115,722
Ratio to Total Assets	19.3%	23.5%	22.7%	

Value of Actual Net Assets

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 began provisioning the accumulation of additional liability reserves against certain Comprehensive Life Insurance contracts starting in fiscal 2010.

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

	FY2011	FY2012	FY2013	
	(¥ Trillion)	(¥ Trillion)	(¥ Trillion)	(US\$ Billion)
Liability Reserves	¥43.0	¥45.2	¥46.6	\$453

BALANCE SHEETS

AS OF MARCH 31, 2014 AND 2013 US\$1=JPY102.92 (AS OF MARCH 31, 2014)

	Millions of Yen		Thousands of U.S. Dollars
	FY2013	FY2012	FY2013
Assets			
Cash and Deposits	¥ 62,465	¥ 96,895	\$ 606,934
Call Loans	319,900	178,500	3,108,239
Money Trust	64,769	29,441	629,315
Monetary Claims Bought	740,100	659,267	7,191,025
Securities	47,388,772	45,393,011	460,442,792
Loans	1,526,575	1,880,098	14,832,641
Invested Real Estate	340,046	345,742	3,303,985
Outstanding Premiums	270,711	534,813	2,630,312
Reinsurance Receivables	18,205	20,145	176,887
Other Assets	179,567	165,976	1,744,724
Fixed Assets for Business	106,347	87,121	1,033,303
Capital Loans	100,000	100,000	971,628
Investments	311,733	312,139	3,028,892
Deferred Tax Assets	933,011	895,074	9,065,403
Reserves for Bad Debts	(6,332)	(7,036)	(61,532)
Reserves for Investment Losses	(262)	(200)	(2,552)
Total Assets	¥52,355,610	¥50,690,991	\$508,702,007
Liabilities			
Outstanding Reserves	¥ 883,628	¥ 777,807	\$ 8,585,586
Liability Reserves	46,637,479	45,285,368	453,143,016
Dividends Reserves	578,488	563,163	5,620,762
Reinsurance Payables	19,168	17,247	186,250
Agencies Payables	113	128	1,098
Insurance Funds	7,990	6,165	77,637
Other Liabilities	219,808	285,913	2,135,719
Other Reserves	36,227	38,457	351,994
Price Fluctuation Reserves	810,540	755,796	7,875,438
Total Liabilities	¥49,193,444	¥47,730,047	\$477,977,504
Net Assets			
Paid-in Capital	¥ 756,971	¥ 752,327	\$ 7,354,945
Treasury Paid-in Capital	(184)	(2)	(1,795)
Earned Surplus Reserves	279,085	260,718	2,711,669
Unappropriated Surplus at End of the Year	158,672	133,752	1,541,709
Other Surplus	1,331,951	1,268,258	12,941,615
Net Unrealized Gains on Securities	635,670	545,890	6,176,358
Total Net Assets	¥ 3,162,165	¥ 2,960,943	\$ 30,724,502
Total Liabilities and Net Assets	¥52,355,610	¥50,690,991	\$508,702,007

Note: Fiscal 2013 refers to the period from April 1, 2013 to March 31, 2014.

INCOME STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2014 AND 2013 US\$1=JPY102.92 (AS OF MARCH 31, 2014)

Income	Millions of Yen		Thousands of U.S. Dollars
	FY2013	FY2012	FY2013
Ordinary Income:			
Premiums and Other Insurance Income	¥5,864,252	¥6,731,287	\$56,978,744
Reversal of Policy Reserves	72,391	74,648	703,372
Investment Income	1,105,542	973,452	10,741,761
Other Ordinary Income	12,437	11,291	120,843
Total Ordinary Income	¥7,054,622	¥7,790,680	\$68,544,722
Expenses			
Ordinary Expenses:			
Benefits and Other Insurance Expenses	¥5,014,593	¥4,907,493	\$48,723,215
Provisions for Policy Reserves	1,477,399	2,347,323	14,354,834
Investment Expenses	100,752	110,764	978,942
Provisions for Price Fluctuation Reserves	54,743	51,562	531,906
Sales Expenses	25,242	24,769	245,266
General Administration Expenses	102,231	106,134	993,313
Other Ordinary Expenses	25,328	41,070	246,101
Total Ordinary Expenses	¥6,800,292	¥7,589,119	\$66,073,580
Surplus			
Ordinary Profits	¥ 254,330	¥ 201,560	\$ 2,471,142
Extraordinary Profits	6,946	8,027	67,498
Extraordinary Losses	983	1,683	9,551
Surplus before Taxes	¥ 260,293	¥ 207,903	\$ 2,529,089
Corporate and Other Taxes	131,879	103,708	1,281,375
Adjustments in Corporate Tax, etc.	(72,754)	(60,372)	(706,898)
Provisions for Policy Dividend Reserves	77,333	72,735	751,392
Net Surplus for the Year	¥ 123,835	¥ 91,832	\$ 1,203,219
Retained Earnings Brought Forward from the Beginning of the Year	12,070	3,506	117,284
Reversal from Voluntary Reserves	22,766	38,412	221,205
Unappropriated Surplus at End of the Year	¥ 158,672	¥ 133,752	\$ 1,541,709

ZENKYOREN INFORMATION

HISTORY

- 1947** Agricultural Cooperative Society Law enacted
- 1948** Agricultural Cooperative Insurance business started in Hokkaido
- 1951** National Mutual Insurance Federation of Agricultural Cooperatives (Zenkyoren) established
Launched operation of Cooperative-Owned Building Fire Insurance
- 1952** Launched operation of Endowment Life Insurance
- 1953** Launched operation of Building Endowment Insurance
- 1955** Launched operation of Fire Insurance
- 1958** Completed establishment of 46 Prefectural Federations, one for each of the prefectures in Japan (with the exception of Okinawa)
- 1961** Launched operation of Children's Insurance
- 1962** Launched operation of Group Term Life Insurance
- 1963** Launched operation of Automobile Insurance
- 1964** Joined the insurance committee of the International Co-operative Alliance (ICA)
- 1966** Launched operation of mandatory Automobile Liability Insurance
- 1969** Opened Atsugi Staff Training Center in Kanagawa Prefecture
Launched operation of Personal Accident Insurance
- 1972** Established Okinawa Prefectural Federation
International Cooperative Insurance Federation (ICIF) was derived from ICA and Zenkyoren became a member of ICIF
- 1973** Opened Nakaizu and Beppu Rehabilitation Centers in Shizuoka Prefecture and Oita Prefecture
- 1974** Online network system between National Federation and Prefectural Federations went into operation
Launched operation of long-term Life Insurance
- 1980** Launched operation of Agricultural Machinery Insurance
Launched operation of Agricultural Machinery Endowment Insurance
- 1981** Launched operation of Annuity Insurance
- 1983** Launched operation of Whole Life Insurance
- 1984** Opened Zenkyoren Automotive Training Center in Kanagawa Prefecture
Asia and Oceania Association (AOA) was set up as a regional association of ICIF
- 1985** Opened Zenkyoren Osaka Center in Osaka Prefecture
- 1988** Established Zenkyoren Asset Management of America Inc.
- 1989** Launched operation of Liability Insurance
Online network system for local Agricultural Cooperatives went into operation
Established Zenkyoren Europe Limited
- 1990** Launched operation of Group Endowment Insurance
- 1992** ICA/ICIF held International Congress in Tokyo
- 1993** ICIF changed its structure and was renamed ICMIF (International Cooperative and Mutual Insurance Federation)
- 1994** Set up Health Care Helpline
Opened Ishioka Center in Ibaraki Prefecture
- 2000** National and Prefectural Federations integrated
- 2001** Formed business alliance with the Kyoei Fire & Marine Insurance Company, Limited
- 2002** Launched Zenkyoren Happy & Dream Club (membership club for policyholders)
Launched operation of Cancer Insurance
Launched operation of Defined Contribution Annuity Insurance
Supervisory Board System introduced
- 2003** Kyoei Fire & Marine Insurance Company became a subsidiary
Launched operation of Medical Insurance
- 2004** Opened Kawasaki Center in Kanagawa Prefecture
AOA's 20th anniversary event held in Tokyo
- 2005** Opened Zenkyoren East and West Japan Underwriting Centers in Kanagawa Prefecture and Osaka Prefecture
Insurance Agency system introduced
- 2006** Opened Makuhari Training Center in Chiba Prefecture
- 2007** Launched the 3Q Visit Project (follow-up visits to all members and policyholders)
- 2008** Launched operation of a new type of single-premium Endowment Life Insurance
- 2009** Launched operation of New Medical Insurance
- 2010** Insurance Contract Law (new) enforced
- 2012** International Year of Cooperatives
- 2013** Launched operation of Nursing Care Insurance

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

Yukihiko Tanuma

Hisaichi Ishikawa

Nobuo Ohashi

Toyokuni Kakurai

Ryuji Wakabayashi

Mitsuo Takakuwa

Hisanobu Hirose

Toshio Muroi

Hideyoshi Kosaka

Hamaichi Yoshida

Yasuhiro Nakagawa

Takashi Takayasu

Toshiaki Nima

Toshihiro Miyatake

Mikisuke Yamasaki

Katsuyoshi Yamanaka

Hiroshi Sato

Shigeyoshi Kubo

Miyoshi Jahana

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

Junsei Nakamura

Masami Ishikawa

Managing Directors

Mototsugu Shimasaki

Fumio Yanai

Masashi Yamamoto

Shinichi Mima

Eiichi Takaara

Yoshihiko Murayama

Hironori Ishitoya

(As of July 24, 2014)

Board System

Since 2002, Zenkyoren has employed 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

JA Kyosai Building, 2-7-9, Hirakawa-cho

Chiyoda-ku, Tokyo 102-8630, Japan

Tel: +81-3-5215-9108 (International Affairs Division)

+81-3-5215-9248 (Securities Investment Department)

+81-3-5215-9246 (International Finance Division)

+81-3-5215-9390 (Reinsurance Office)

Fax: +81-3-5215-9484

Website: http://www.ja-kyosai.or.jp/about/annual/index_e.html



Zenkyoren Asset Management of America Inc.

340 Madison Avenue, 4F Suite D

New York, NY 10173, U.S.A.

Tel: +1-212-826-3644

Fax: +1-212-826-3814

Zenkyoren Europe Limited

7th Floor, 62 Cornhill

London EC3V 3NH, U.K.

Tel: +44-20-7283-9568

Fax: +44-20-7283-0545



http://www.ja-kyosai.or.jp/about/annual/index_e.html

