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Co-operative Insurance and Consumer Co-operation in Japan

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In recent years, the Mutual Aid Insurance Business managed by Consumer Co-operatives has grown rapidly in Japan. The future situation of this business, however, is far from certain because of the harsh reality following the liberalization and deregulation of the control of the Insurance System in Japan.

The Review of Consumer Co-operative Studies, No. 307 August 2001 (CCIJ's monthly journal), published a special issue on Co-operative Insurance. This article is wholly based on this issue.*

1. The Characteristic of the Co-operative Insurance in Japan

Most Japanese people associate Co-operative Insurance; know as the Mutual Aid Insurance Business, with the JA Insurance (Japanese Agricultural Co-operatives) or with ZENROSAI (National Worker's Consumer Co-operative Union) that

includes Mutual Aid Business as a specialty. Moreover, various other Co-operatives including the Consumer Co-operatives have entered into this huge business sector. The following table presents a picture of the industry:

Table 1. Fundamental Statistics of Co-operative Insurance in Japan in 1999

	Members	total assets (Billion yen)	no. of contracts (1000's)	amounts of C.I. (Billion yen)
1. ZENROSAI	13,700,000	1,567.7	32,463	203,329.2
2. Z.re-I. U.	-	45.6	0.4	-
3. N.C.C.U.	8,277,000	119.5	14,763	88,806.2
4. JCCU	13,863,000	32.8	2,824	14,748.9
5. UNIVCOOP	1,383,000	18.4	1,055	1,479.4
6. Others	7,662,000	1,405.7	13,708	73,300.2
<i>Total Con.Co-op(1-6)</i>	<i>44,885,000</i>	<i>3,189.7</i>	<i>64,813</i>	<i>1,663.9</i>
7. JA I.U.	9,128,000	35,602.0	62,312	481,958.7
8. F.I.U.	490,000	481.9	1,043	6,889.2
9. NIKKAREN	2,763,000	194.3	2,767	13,019.9
10. Others C.I.	5,144,000	161.8	8,883	148,487.1
Total	62,410,000	39,629.7	139,818	1,032,018.8

Abbreviations of Organizations? 2. ZENROSAI re-Insurance Union, 3. National Consumer Co-operative Union, 4. Japanese Consumers' Co-operative Union, 5. National University Consumer Co-operative Union, 7. Japan Agricultural Co-operative Insurance Union, 8. Fishermen's Co-operative Insurance Union, 9. Insurance of Small Business Co-operatives and so on, 10. including National Forestry Co-operative etc.

Source: *The Year Book of the Co-operative Insurance in 2001* edited by Japan Cooperative Insurance Association

Unfairly, in Japan, from a legal point of view, insurance businesses owned and operated by Co-operatives are not permitted to use of the term Insurance (HOKEN) because this expression can only be used by stock companies and mutual companies. For this reason, these Co-operative organizations usually use the term Mutual-Aid or (KYOSAI) in Japanese. However, there is no question about the performance of the insurance business sector of Co-operative organizations. Furthermore, most of the Japanese Co-operative Insurance businesses are also members of ICMIF (International Co-operative

and Mutual Insurance Federation), which is the Insurance Committee of ICA (International Co-operative Alliance).

2. Three Main Consumer Co-operation Organizations with Insurance Businesses

A. ZENROSAI

As a national organization, ZENROSAI was founded in 1976, but its pioneer organization was founded in 1954. Originally, ZENROSAI was based on Trade Unions and served the purpose of stabilizing their economic position

and improving the welfare of organized workers. As the business developed and the social environment changed, ZENROSAI began to target non-union members, non-organized workers and citizens. Within the terms of “KOKUMIN KYOSAI” (Mutual Aid for the Domestic People), released in 1983, regular life insurance for individuals is assured and this has had great success as seen by the March of 4,600,000 members in March of 2001. In addition, ZENROSAI supplies various other insurance such as: fire insurance, life assurance for groups, general medical insurance, pension insurance, automobile insurance, celebration or condolence insurance and so on. The three main Co-operative Insurances of ZENROSAI are fire insurance, collective insurance and KOKUMIN KYOSAI.

Within Japan, from the viewpoint of total assets in 1999, ZENROSAI was fourteenth in size among life-insurance companies, and seventh in size among insurance companies providing compensation for damages. Within Co-operative Insurance as a whole, ZENROSAI ranks second only after JA Insurance.

B. JCCU (Regional Consumer Co-ops)

JCCU, which was founded as the apex organization of the Japanese Consumer Co-operation in 1951, started the

insurance business in 1979. In 1984, JCCU offered Co-op Insurance called “TASUKEAI” (Mutual Aid). At first, TASUKEAI was unable to grow due to the lack of campaigns, experimentation and lack of understanding of member’s needs.

In the 1990s, TASUKEAI has experienced a rapid increase in growth. Many factors have played a part in this increase. These include: a successful promotional campaign for members through the HAN system, reinforcement of the business through each Co-op Society, the social insecurity following the crash of the “Bubble Economy.” In fact, several Insurance Companies went bankrupt following the crash. Furthermore, the HANSHIN Earthquake in Kobe and earthquake in AWAJI led many citizens to become members TASUKEAI. In fact, the membership of TASUKEAI increased rapidly from 9,8000 members in 1989, to 530,000 in 1992, to 1,090,000 in 1994, to 2,050,000 in 1997 and 3,270,000 in 2000.

Currently, TASUKEAI is divided into four sectors: the general sector, the feminine sector, the junior sector and aged sector. Recently JCCU started a new Regular Life Insurance called “AIPLUS” (translated, means plus love) aimed at young people their twenties and thirties. Nevertheless,

the total size of the Insurance Business of JCCU falls short of that of ZENROSAL.

C. University Co-op

The National University Co-operative Union founded in 1958 started an Insurance Business titled “Student Comprehensive Co-operative Insurance.” The insurance offered includes Life Insurance and Fire Insurance. A description of the membership, the benefits and the amounts of the benefits are as follows;

Table 2. Student Comprehensive Co-op Insurance Membership and Benefits

Year	Members	Benefit	Amount of Benefits (yen)
1981	30,287	259	1,000,000
1985	195,321	6,061	64,873,000
1990	480,980	16,854	125,795,000
1995	663,510	27,922	237,321,000
2000	706,424	29,181	299,704,000

Although at present the business appears to be going well, there is speculation that in the future the business will decline with the predicted decline in the number of students due to the decline in the number of births. Therefore, there is now discussion that the University Co-op Insurance business has arrived at a turning point.

3. Problems and Issues

The Co-operative Insurance sector of business is now coming under scrutiny and many questions need to be answered about this business. Of primary concern in the fact that this business is apt to neglect Co-operative Principles as the economic situation worsens and the recession intensifies. Secondly, the amount of money that the Insurance Business deals with is huge and the intent of the Co-ops to not put the benefits of its existing members first, but to focus on business expansion and stabilization of management is also coming into question.

Thirdly, Co-operative Insurance, at least in Japan, have no theoretical basis to stand on. What is Co-operative Insurance? What is its vision? The answers remain obscure. A firm theory and stated goals are urgently needed.

*The Articles included in the Review include:

- (1) SAKAI Koujiro, Changes and the Present Condition of Co-operative Insurance
- (2) HONMA Terumitsu, Contradictions and Security within Co-op Insurance: Re-evaluating Co-operative Insurance Theory

- (3) OHTOMO Hiromi, Current Situation and Prospects of Mutual Aid Insurance Business at Regional Consumer Co-ops
- (4) SATO Takashi, Mutual Aid Insurance Business of University Co-op
- (5) ABE Koji, Co-operative Insurance Business of ZENROSAI: Development of Activity Based on their "Second Term Plan's Vision for the 21st Century"

**At CHIBA Co-op" which embraced 360,119 members, the members of TASUKEAI totals 129,079. CHIBA Co-op is always trying to listen to the opinions of members.

***Upcoming Dates**

21st JSCS Annual Congress

The Japanese Society for Co-operative Studies will hold its 21st Annual Congress on October 6-7 2001 at Ikenobo College in Kyoto prefecture. The focus of the Congress will be the "The Basic Problem of the Business System in Co-operatives and Plans for

Future Innovations." The format for the congress includes presentations of four reports, one scholarly report and three reports from representatives from the Agricultural Co-ops, Consumer Co-ops and Credit Co-ops. This will be followed by an open forum debate.

Dr. Peter Davis, Department of Management, Leister University will be attending the Congress on the invitation of JSCS. Dr Davis will make a special presentation, "Management based on Values of Co-operation." He will also report on the current studies of the JSCS.

From Korea, leaders from Agricultural Co-operators as well as scholars will attend and make reports at the sectional meetings.

For further information, contact the Consumer Co-operative Institute of Japan.