

# SCOR Group

SCOR delivers on promises and actively pursues its strategy, confirming its commercial dynamism in an attractive reinsurance market

Victor Peignet, CEO, SCOR Global P&C

*SCOR*

## Notice

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Certain statements contained in this presentation are forward-looking statements, of necessity provisional, that are based on risks and uncertainties that could cause actual results, performance or events to differ materially from those in such statements.

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Additional information regarding risks, uncertainties and pending litigations is set forth in the 2008 reference document registered with the AMF under number D.09-0099, as updated in the half year report and subsequent press releases, all available on SCOR website [www.scor.com](http://www.scor.com).

The Group's financial information is prepared on the basis of IFRS and interpretations issued and approved by the European Union. The presented Q3 2009 financial results are unaudited.

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**Reinsurance industry and SCOR Q3 2009 YTD highlights**

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**SCOR's strategy based upon consistent execution of clearly communicated objectives**

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**SCOR confirms its commercial dynamism in an attractive reinsurance market**

# Year-to-date 2009 renewals confirm SCOR's September 2008 view of the reinsurance industry...

## SCOR's September 2008 analysis of 2009 renewals<sup>-1)</sup>

- *Insurers' capital losses and constraints to increase demand for reinsurance*
- *Reinsurance conditions and prices due to turn upwards and stand firmer than expected*
- *Near-term inflationary trends to be factored in reinsurance pricing*
- *Reinsurance industry to remain disciplined and to focus on technical profitability*
- *Demand for reinsurance likely to increase as reinsurance is in most cases the best capital shield option*

## What we have seen so far in the 2009 renewals

- Increased demand for reinsurance, including QS surplus capital relief
- Price increases (3% to 5%) with positive trend across the three consecutive main renewal dates
- Growing perception of future inflationary risk
- Improved expected technical ratios reported across the industry compared to first semester of 2008
- Confirmation of de-correlation of reinsurance vis-à-vis GDP (reinsurance industry P&C premium growth +3%, Life +13%)<sup>-2)</sup>

# ...and the “mega stress test” resulting from the financial crisis enables us to draw a few conclusions on reinsurance

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## Reinsurance was not at the epicenter of the financial crisis

- Banking industry at the epicenter
- Insurance and reinsurance “victim” of the crisis, especially on their asset side
- Some reinsurers affected, especially those with off-balance sheet exposures

## Reinsurance demonstrated its resilience

- No government interventions or bailouts needed
- Strong solvency preserved
- Continuity of supply of capacity to primary insurers (in contrast to financial market dislocation)
- Proven flexibility of reinsurance offering versus financial market solutions: no discontinuity, no disruption, no dislocation

## Regulators should differentiate between industries

- Industry is supportive of Solvency II directive...
- ...but increasing worries concerning latest developments by CEIOPS<sup>(1)</sup>
- Banking concerns should not simply be transposed to the insurance business

# In the first nine months of 2009 SCOR has continued the consistent execution of its key strategic cornerstones...

## Deepening franchise

- Demonstration of Hub concept commercial and strategic relevance with significant progress in one-roof strategy
- Acquisition of US-based XL Re Life America to further strengthen SCOR Global Life proposition in the mortality-protection field and reinforce its position in the USA
- Opening of Life and P&C subsidiary in South Africa and Life branch office in the Netherlands

## Maintaining robust capital shield

- Re-opening of the Cat Bond market with innovative USD 200 million cover
- Extension of mortality swap with JP Morgan to protect the Group from pandemic risk
- Executing capital-driven underwriting with continued prudent asset allocation supported by newly created SCOR Global Investments



## Controlling risk appetite

- Confirmation of mid-level risk appetite, reviewed and endorsed by the Board and Risk Committee
- Continuation of methodical analysis of risks and uncertainty in the current environment
- SCOR's Enterprise Risk Management upgraded to "strong" by S&P

## Increasing diversification

- Significant SCOR Global Life premium growth, leveraging on its global presence
- Confirmation of commercial dynamism of the Group through strong 2009 P&C renewals



## ...delivering solid Q3 2009 year-to-date financials

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- **Annualized Return On Equity (ROE) of 10.5% despite lower investment returns caused by the financial crisis**
  - Gross written premiums at € 4 883 million, up 12.9% compared to Q3 2008 YTD<sup>-1)</sup>
  - Solid net income at €278 million, with Earnings Per Share (EPS) at € 1.55
  - Continued positive profit contribution of business engines:
    - SCOR Global P&C net combined ratio at 97.4%<sup>-2)</sup>, impacted by natural catastrophe losses of € 120 million pre-tax (5.3 pts of combined ratio)
    - SCOR Global Life operating margin at 5.2%; excluding net investment losses the Life operating margin is 5.7%
- **Shareholders' equity increases to €3.8 billion; implementation of asset management inflection program continues, reducing the liquidity position to €1.8 billion**
  - Book value per share strongly increases by 9.6% compared to Q4'08 to € 20.84
  - SCOR's business model continues to deliver strong operating cash flow of €656 million for the first nine months of 2009
  - In line with inflection program communicated at H1'09 and the IR day, liquidity position reduced by €2 billion compared to 30 June 2009

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SCOR's strategy based upon consistent execution of clearly communicated objectives

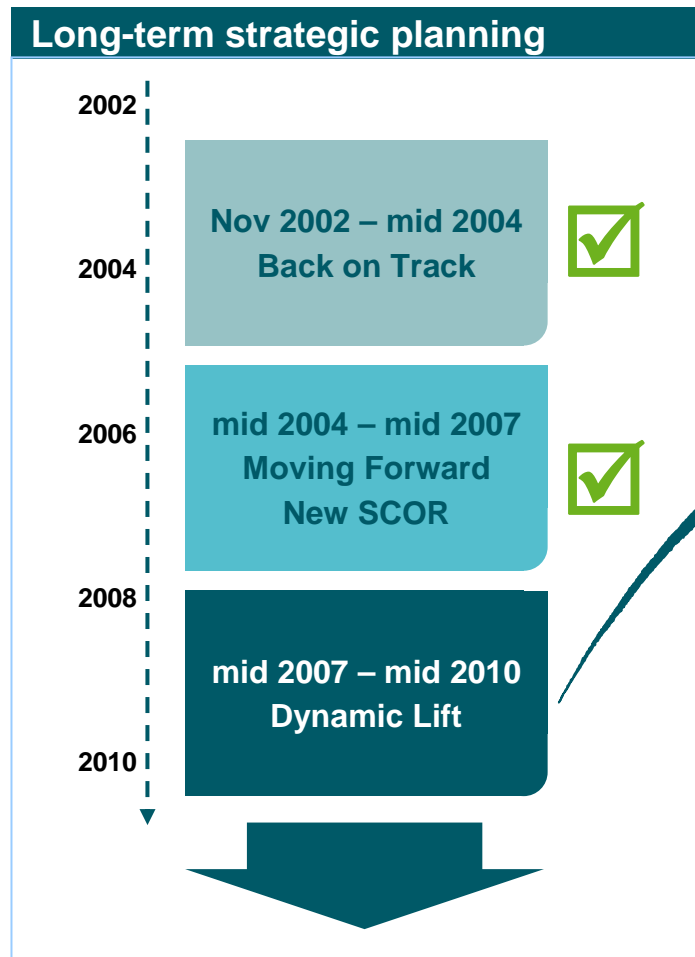
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SCOR confirms its commercial dynamism in an attractive reinsurance market

**SCOR**



# SCOR's strategy aims to achieve a rational set of objectives defined in a multi-year plan clearly conveyed to the markets



## SCOR confirms its Dynamic Lift plan which is likely:

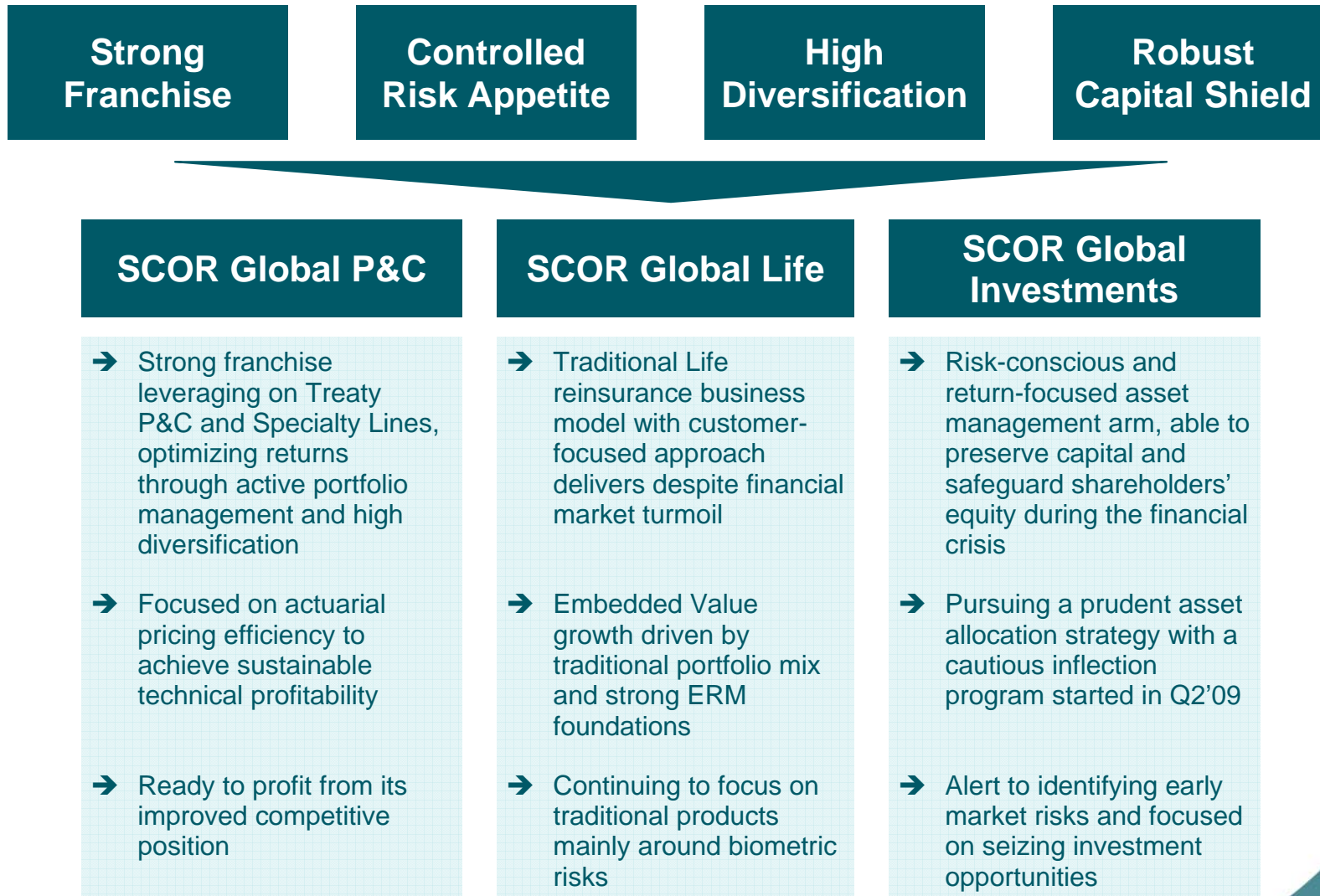
To secure a ROE of 900 bps above risk free rate over the cycle

To provide an “A+” level of security to clients by 2010

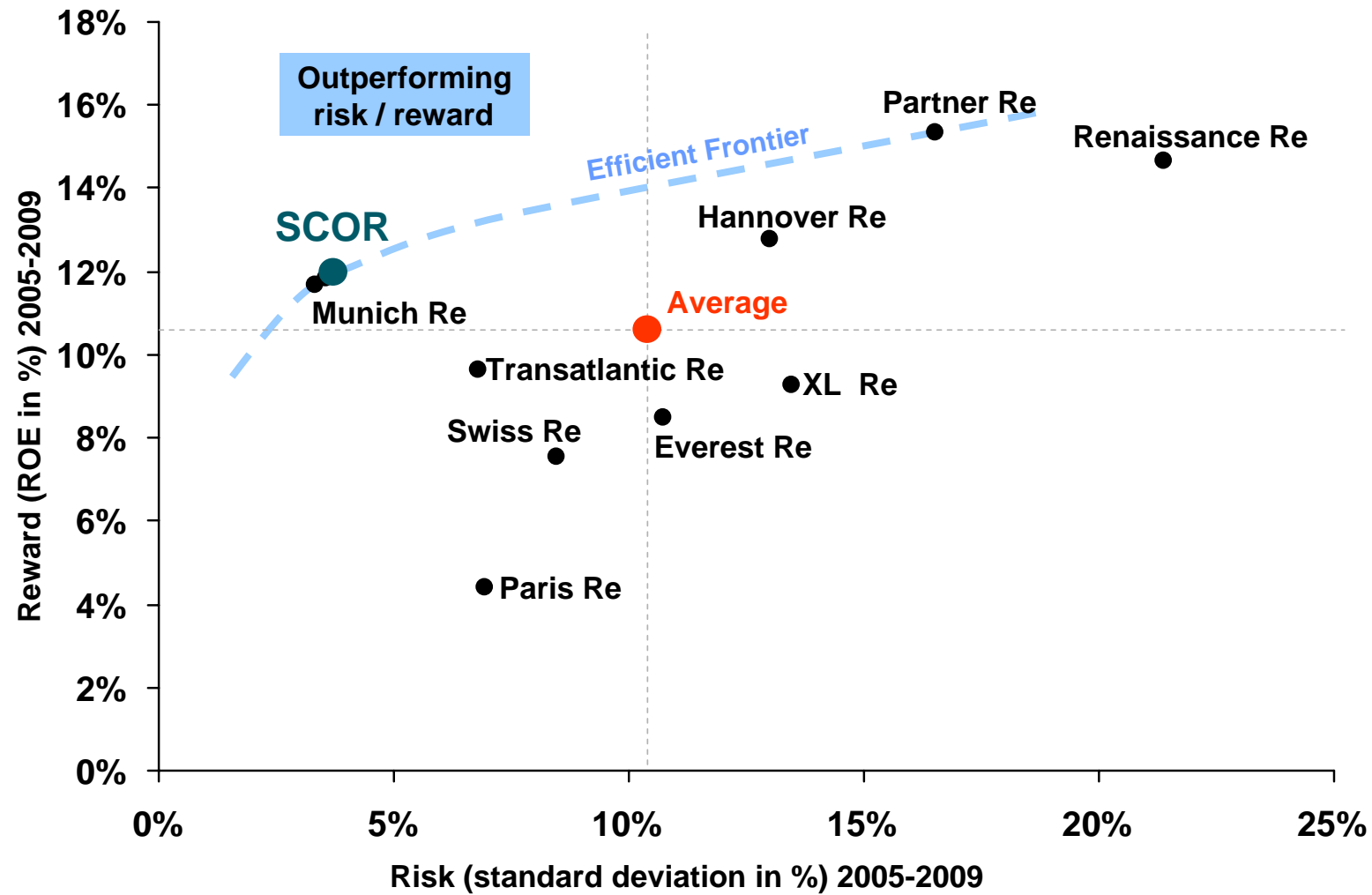
To self-finance the current business plan of the Group

To return excess capital to shareholders through various means

# The consistent execution of clear strategic cornerstones is improving the Group's position in the industry...



# ...supporting the continuity and stability of SCOR performance



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# 2010 positive reinsurance outlook driven by supply and demand forces

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## Key drivers of the supply of reinsurance

- Retrocession capacities have shrunk and are not likely to re-expand
- To date there are no significant new capacities entering the reinsurance industry
- The capital markets are likely (i) not to fully re-open and (ii) to re-open with more expensive terms and conditions
- Reinsurers stay disciplined, applying technical approaches to underwriting
- Potential medium-term inflationary pressures due to monetary policies likely to be factored in by the industry in its pricing models and tools

## Key drivers of the demand for insurance & reinsurance

- Economic stabilization (low interest rates, GDP recovery, etc.) should drive an increase in demand for insurance
- The liquidity crisis is over, but balance sheets still have to be restructured
- Insurers will be relying on more reinsurance to comply with stricter requirements on their solvency (eroded by the financial crisis)
- Increased claims paying ability and willingness causes lead buyers to give priority to counterparty reinsurers that have proved to be resilient during the crisis



**The reinsurance market should carry on showing positive signs of technically profitable and growing operations in 2010 and 2011**

# SCOR ready to take up business opportunities thanks to positive drive, client relationship focus & fully operational status

## Positive reinsurance outlook expected to continue

- Reinsurance demand has historically increased in recessionary times
- Primary insurers' capital losses and constraints<sup>1)</sup> likely to drive higher reinsurance demand
- Reinsurance market capacity not expected to increase in the short-term
- January, April and July 2009 renewals confirm firming-up of pricing conditions

## SCOR is ready to take up business opportunities...

- SCOR benefits from the positive momentum created by the rating agency '09 upgrades (AM Best, S&P), and its improved relative position in the industry
- 2010 underwriting plans defined, strictly adhering to profitability targets
- The Group is geared to profit from its "fully operational" status and "grip" on reinsurance and financial markets

## ... focusing on client relationships to maximize endogenous growth

- Focusing on medium to long-term relationship with clients, pursuing consistent approach – "no stop and go"
- Confirming twin-engine strategy with Life and P&C businesses, for global offering and customized solutions
- Ensuring proximity to stakeholders with hub organization and local teams with global expertise support