

# SCOR GROUP

Monte-Carlo *Rendez-vous*  
press conference

2010 renewals: SCOR confirming  
commercial dynamism in an attractive  
reinsurance market

*SCOR*

1

**How have 2009 reinsurance trends evolved since we met a year ago?**

2

**What has SCOR Global P&C achieved over the past 12 months?**

3

**What are SCOR Global P&C's expectations for the January 2010 renewals?**

4

**SCOR Group ready to take up business opportunities**

# 2009 year-to-date renewals confirm SCOR's September 2008 Monte-Carlo stance

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

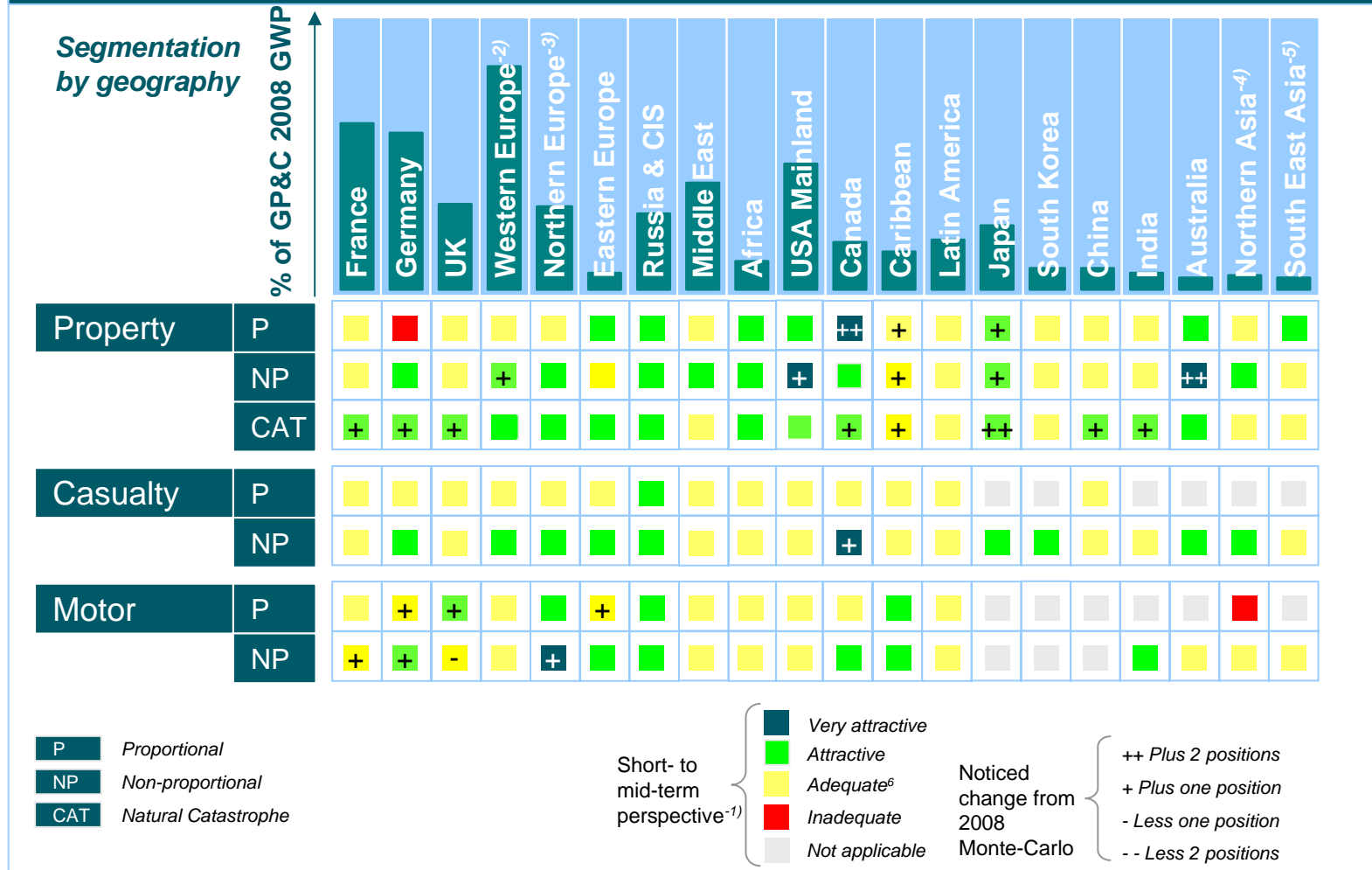
- *Insurers' capital losses and constraints to increase demand for reinsurance*
- *Reinsurance conditions and prices due to turn upwards and stand firmer than expected*
- *Near-term Inflationary trends to be factored in reinsurance pricing*
- *Reinsurance industry to remain disciplined and to focus on 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
- Price increases with positive trend across the three consecutive main renewal dates: 1/1, 4/1 and 7/1
- Growing consensus on inflationary concerns
- Improved expected technical ratios reported across the industry
- Confirmation of counter-cyclical nature of reinsurance:
  - The industry was open for business throughout the crisis, with variations by geography and products
  - There were no bailouts in the industry and no reinsurer bankruptcies

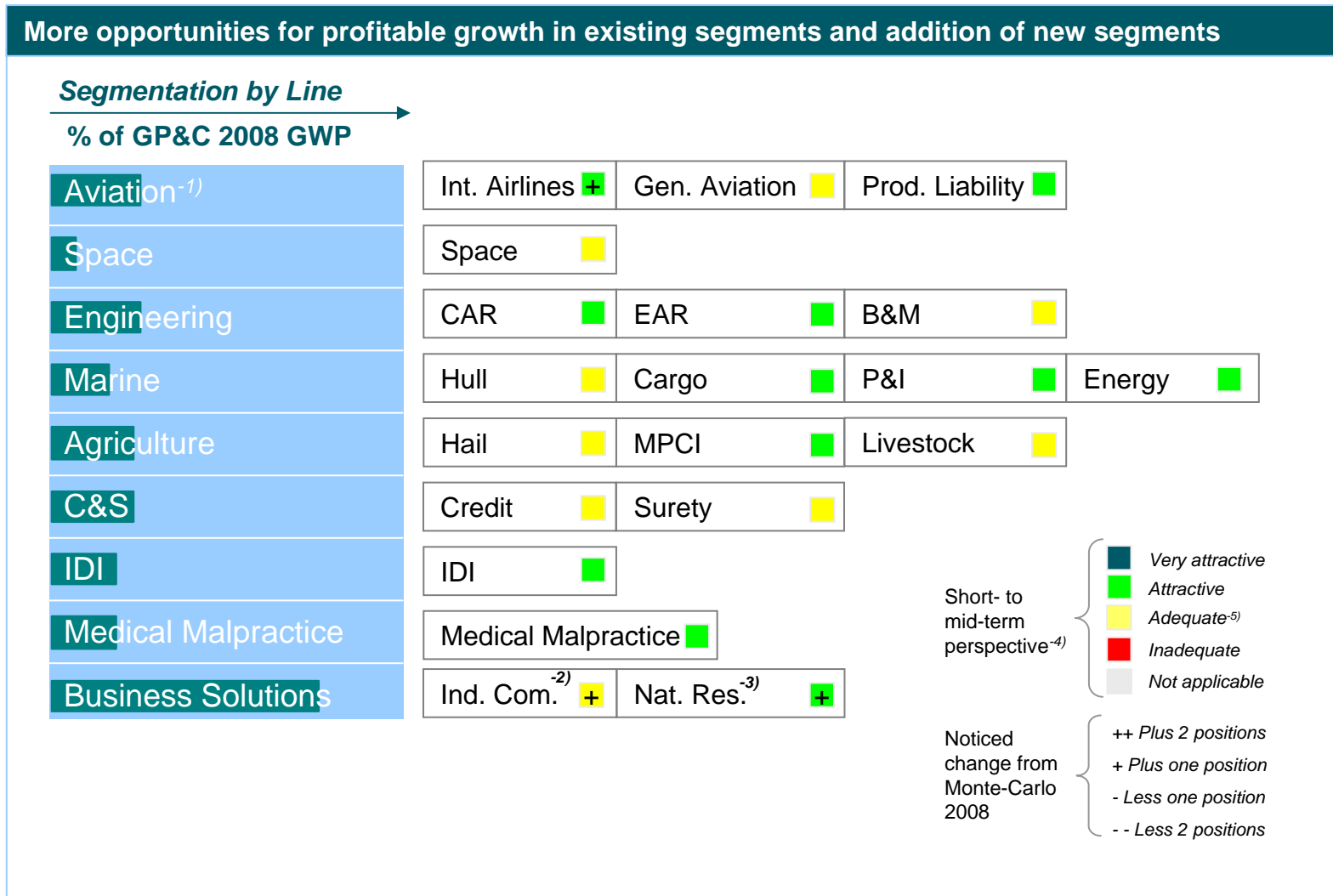
# Treaty P&C: active portfolio management opportunities for improved (i) diversification and (ii) expected returns

A highly valuable franchise resulting from 40 years of presence in the markets



(1- Situation as of July 2009, in the markets and the lines of business where SCOR Global P&C operates  
 (2- Western Europe: Austria, Cyprus, Greece, Italy, Malta, Portugal, Spain, Switzerland  
 (3- Northern Europe: Belgium, Luxemburg, The Netherlands, Scandinavia  
 (4- Northern Asia: Hong-Kong, Philippines, Taiwan, Vietnam  
 (5- Southern Asia: Indonesia, Malaysia, Singapore, Thailand  
 (6- i.e. adequate within planning period

# Specialty Lines & Business Solutions: opportunities for profitable growth, individually and in synergy with Treaty P&C



(1- Including GAUM

(2- Ind. & Com. = Industrial & Commercial risks (excluding Energy and Mining)

(3- Nat. Res. = Natural Resources (Onshore, Offshore and Mines)

(4- Situation as at July 2009, in the markets and the lines of business where SCOR Global P&C operates

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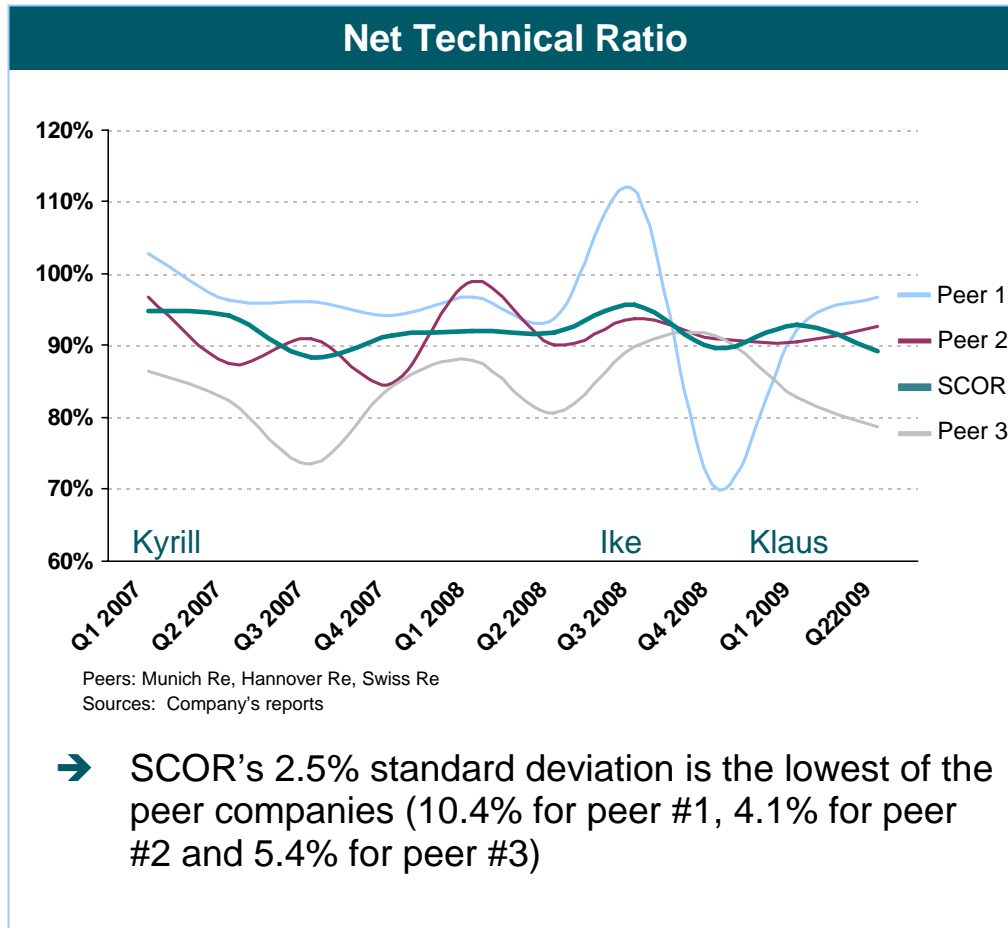
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SCOR Group ready to take up business opportunities

# SCOR Global P&C meets its objective to deliver a positive and stable technical performance...



SCOR Global P&C (SGPC) delivers superior stability with lowest volatility thanks to:

- **Active portfolio management**, benefiting from risk management-driven changes in reinsurance purchase policies
- **High diversification** compliant with the Group's risk appetite

...backed up by traditional and innovative retro structures

# ...thanks to the consistent application of the Dynamic Lift V2 Plan principles ...

## 2009 Achievements

### Technical profitability enablers

- Increased price objectives and operational efficiency:
  - Pushed actuarial loadings: higher spreads between target ROE and risk-free rates, latest and lowest interest rates, more capital allocated to long-tail to reflect higher risk of inflation
  - Alignment of actuarial pricing and nat cat organizations on hub and underwriting
  - Improved pricing monitoring (on-line expected profitability statistics) and nat cat modeling landscape
- Reducing costs:
  - Portfolio transfers to align administration of the past with the management of the present and future
  - Restructuring of legal entities

### Higher diversification

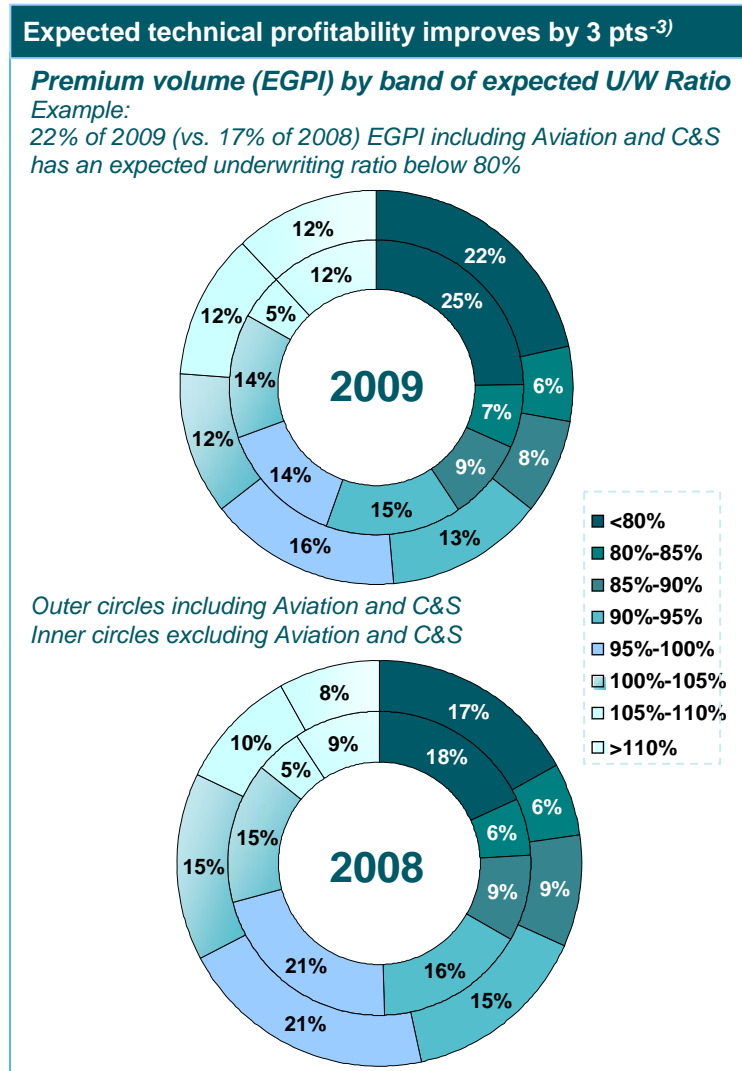
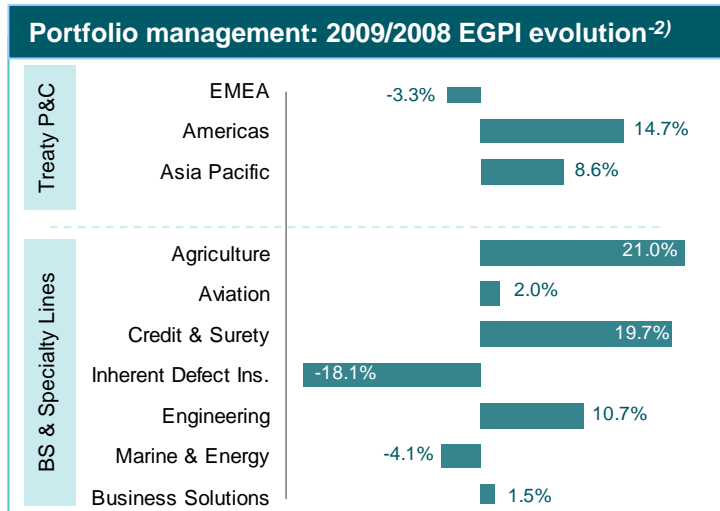
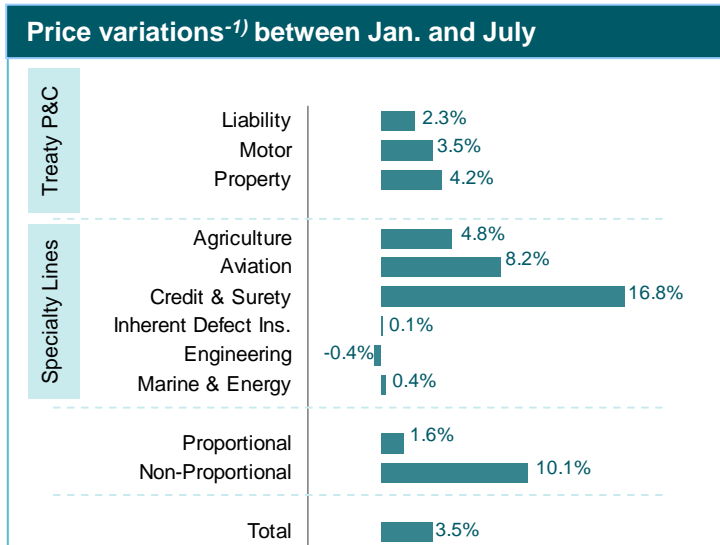
- Within Treaty P&C:
  - Geographic portfolio management: EMEA relative weight reducing while Americas and Asia Pacific increasing
  - Increased relative weight of Non-Proportional business
  - Rebalancing of business mix towards more profitable lines: increased Property Non-Proportional, reduced Property Proportional and Motor
- And with Specialty Lines:
  - Developing in Agriculture and Engineering
  - Introduction of Inherent Defects Insurance in new markets

### Expanding franchise

- Establishment of fully fledged subsidiaries in:
  - Russia
  - South Africa
- Strengthening of local presence in Brazil: licensed as Admitted Reinsurer
- Reactivation of underwriting presence in Australia
- Re-capturing and deepening of our franchise in the US regional insurers' segment
- Creation of a dedicated Structured Risk Transfer practice to enlarge offering (supporting capital relief surplus underwriting)



# ... resulting in improved expected technical profitability of 2009 underwriting year vs. 2008



(1- Price variations between January and July 2009 vs. 2008, as estimated as at July 20, 2009  
 (2- 2009 and 2008 Underwriting Years estimates of ultimate EGPI (Estimated Gross Premium Income) as at July 20  
 (3- Estimate calculated as at July 20 excluding Aviation and Credit & Surety, 1.5 pts otherwise

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# 2010 positive reinsurance outlook driven by supply and demand forces...

## 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**

# ...with SCOR Global P&C well placed to take up business opportunities thanks to its business strategy...

## SCOR Global P&C is committed to reinsurance and a worldwide presence...

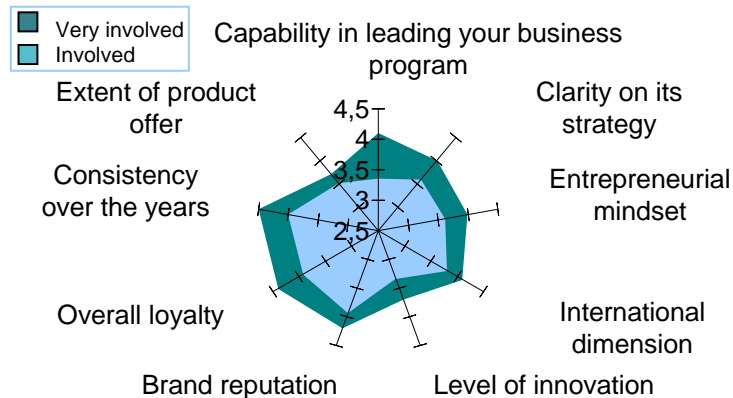
- Global reach and a wide range of capabilities to serve our clients ... but voluntarily underweighted in the US and in long-tail heavy casualty & financial lines vs. its peers
- Primary focus on reinsurance, with niche insurance businesses very selectively pursued, including securing access to specialty business
- Two well-balanced core business areas:
  - Treaty P&C: very much market specific, deserving a multi-domestic approach
  - Specialty Lines & Business Solutions: more global and, to a large extent, uncorrelated with Treaty P&C
- Worldwide operations managed with the required coordination (cross-selling and leveraging) through a single IT system providing on-line and real time data...
- ...to provide a competitive range of customized solutions at attractive terms & conditions

## ...capitalizing on diversification and a customized approach to clients

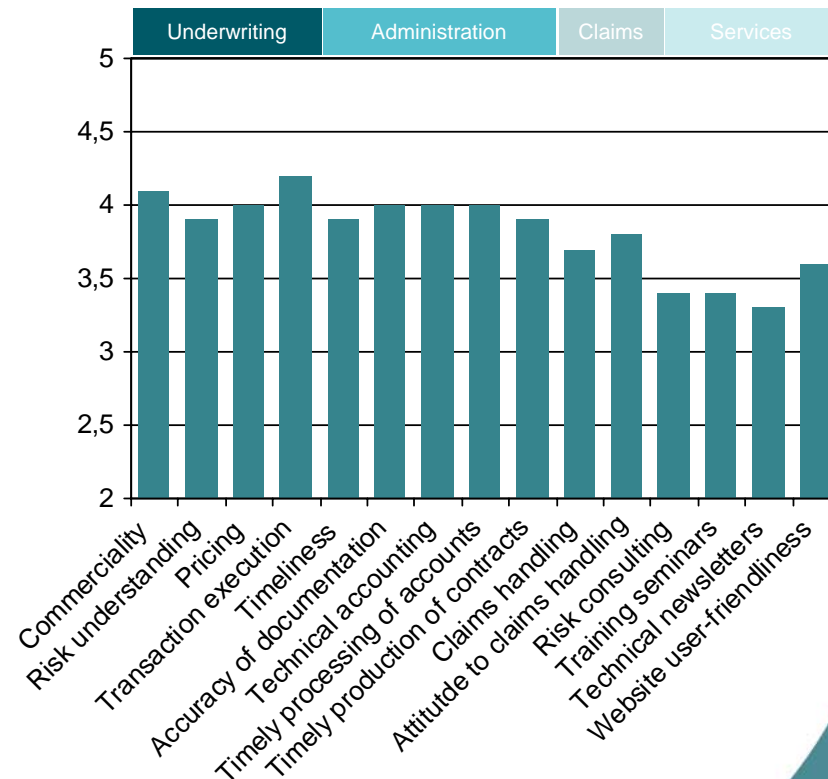
- Further expand the range of activities giving priority to uncorrelated risks offering the required profitability expectations
- Work on Treaty P&C geographical diversification: slight decrease of EMEA relative weight (65% in 2010 vs. 68% in 2008) with equivalent increase of the Americas (23% vs. 20%) and Asia Pacific
- Strengthen positions in Australia, Brazil, Russia (CIS) and South Africa, benefiting from investments in the local operations
- Continue to reinforce leading positions in Specialty Lines such as Agriculture, Engineering and IDI and be ready to take up opportunities in others like Aviation and Credit & Surety
- Recognize individual business merits by being client-specific when offering terms and conditions

...which is increasingly valued by its clients internationally, giving SCOR Global P&C an improved competitive position...

**Outstanding client perception<sup>1)</sup> of SCOR's core values, growing with involvement, and convergence over key SCOR assets**



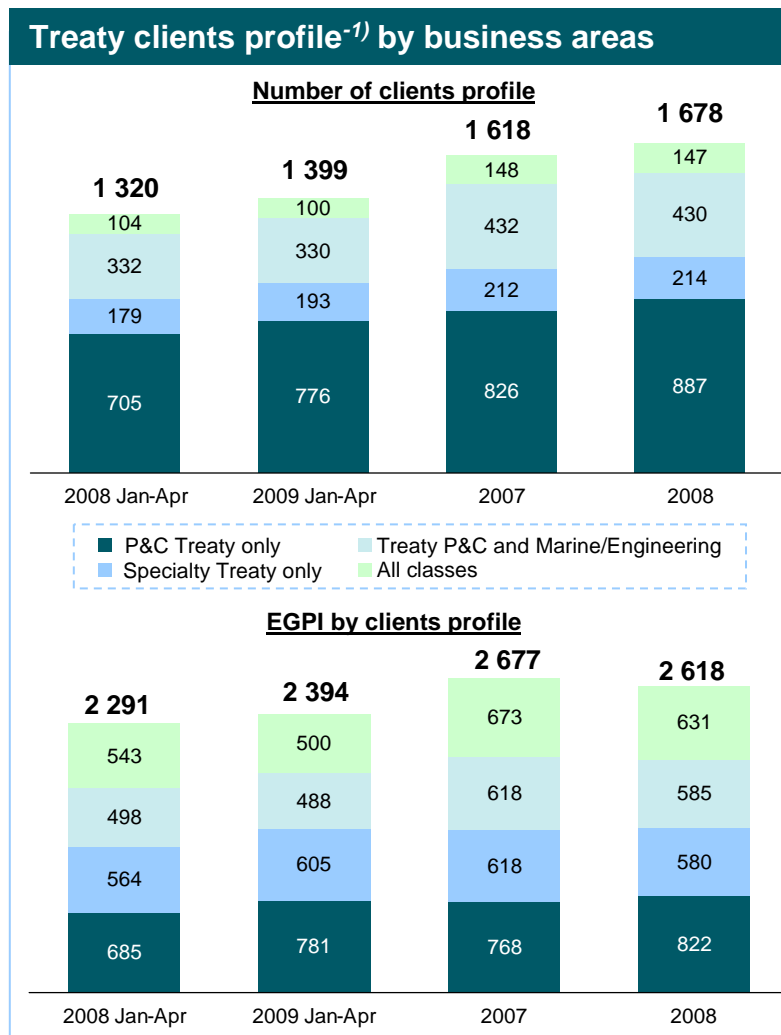
87% of respondents<sup>2)</sup> consider SCOR a reinsurance Partner



(1- As part of a global marketing process to enhance our understanding of our environment, its evolution, and the drivers for valuation of reinsurers by clients and producers, SCOR approached its underwriting teams and 1400 clients around the globe to seek their views on reinsurance purchase drivers and the SCOR brand's strengths, values and performance; scoring on a scale of 1 to 5 (5 being the highest)

(2- 37% reply rate which stands above average for similar anonymous online surveys

# ... and opportunities to capitalize on its existing Treaty P&C and Life relationships to cross-sell its Specialty Lines



## Potential for further commercial synergies

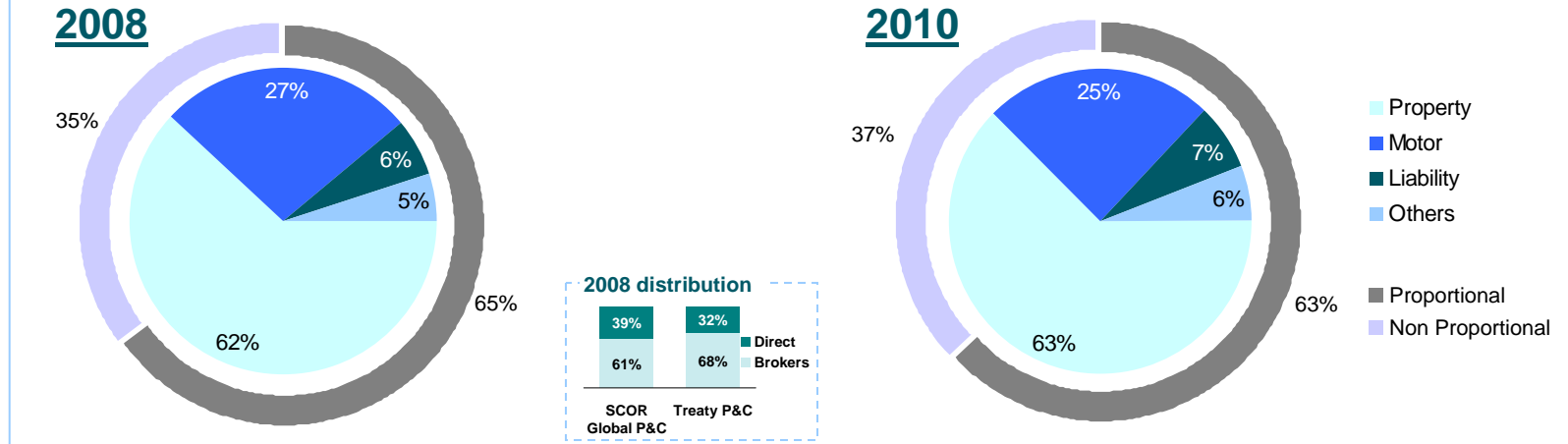
- ➔ Growing book of clients are shared by P&C Treaty and Specialty Lines
- ➔ Treaty P&C and Marine and Engineering Specialty Lines have many shared clients, representing a very significant potential for commercial synergies
- ➔ Agriculture, Credit & Surety and IDI are also benefiting from the Treaty P&C entries, just as Treaty P&C benefits from the added value of these Specialties
- ➔ Synergy opportunities are far from saturated

## Action plan for greater success

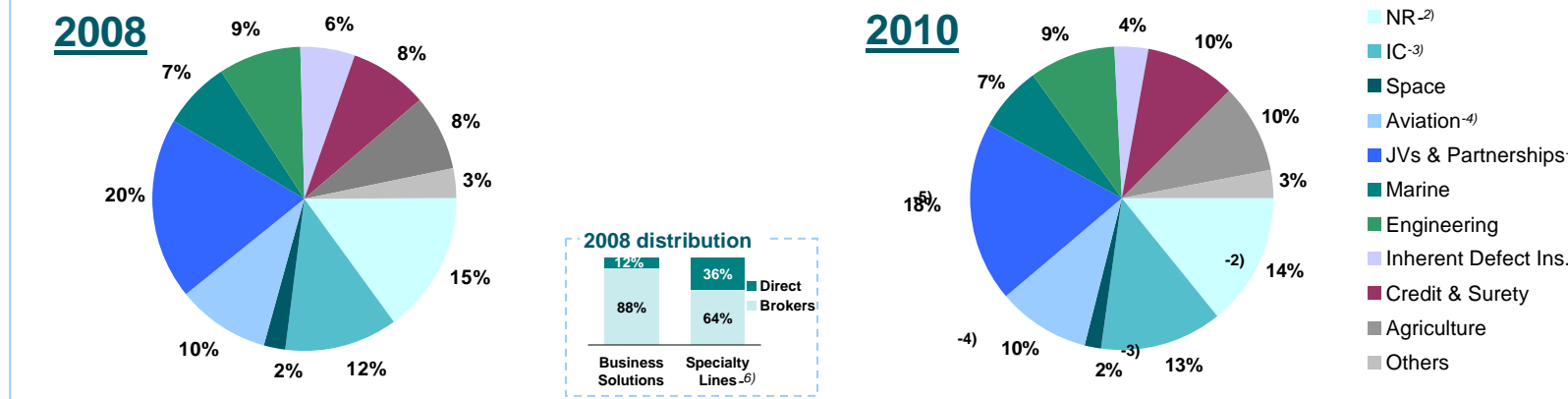
- ➔ Joint-ownership between Specialty Lines and Treaty P&C client relationship managers are established for the Marine and Engineering accounts from composite clients
- ➔ SCOR's unique proprietary global Information System, shared by all Business Units and legal entities, provides the real time global and detailed statistics required to closely monitor such dual relationships

# SCOR Global P&C plans for quasi-stability in its portfolio mix in the near term<sup>-1)</sup>

## Treaty P&C



## Specialty Lines and Business Solutions



(1- Excluding solvency surplus relief contracts in 2010

(2- NR = Natural Resources

(3- IC= Industrial and Commercial

(4- Aviation including GAUM

(5- JVs & Partnerships = MDU and Llyod's

(6- Excluding JVs & Partnerships and GAUM

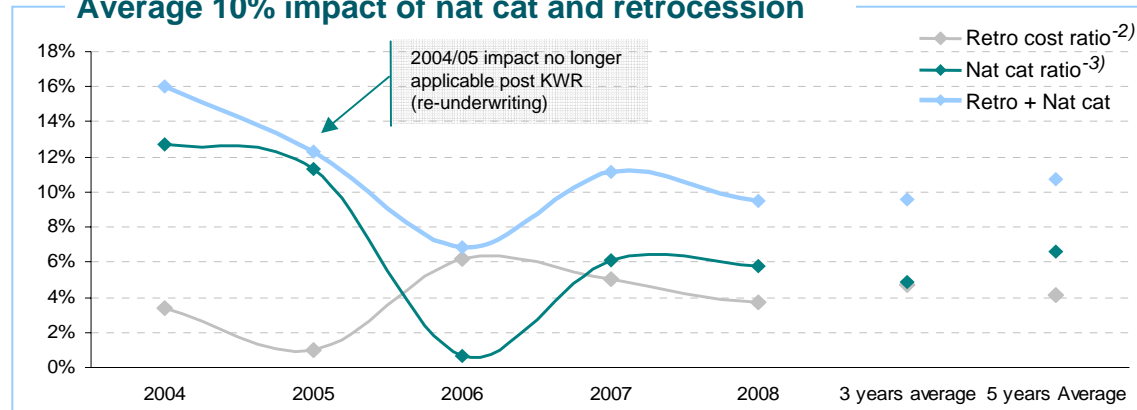
# SCOR Global P&C's portfolio is geared to profitability, leading to improved expectations for 2009 and 2010 accounting years

## From the gross underwriting ratio to the net combined ratio

Improved 2010 expectations driven by continued focus on profitability

	<u>Target</u>	<u>2010 Trend</u>
2009 gross underwriting ratio <sup>-1)</sup> of which nat cat losses budget for	87-88% -6%	Improvement from further portfolio management and terms & conditions
Average cat and retro combined impact	10%	Reduction and optimization of retrocession costs / retained nat cat costs
Net technical ratio	91-92%	Towards 90%
Expenses	6%	Towards 5%
<b>Net combined ratio</b>	<b>97-98%</b>	

### Average 10% impact of nat cat and retrocession



(1- After 0.7 pp positive impact of estimated nat cat related reinstatement premiums (inwards minus outwards)  
 (2- Retro cost ratio: the retrocession premium including inwards and outwards adjustments less retrocession recoveries divided by the net earned premium  
 (3- Nat cat ratio: the total amount of nat cat losses gross before retrocession recoveries divided by the net earned premium



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# The SCOR Group is resourcefully geared towards the current reinsurance and economic environments

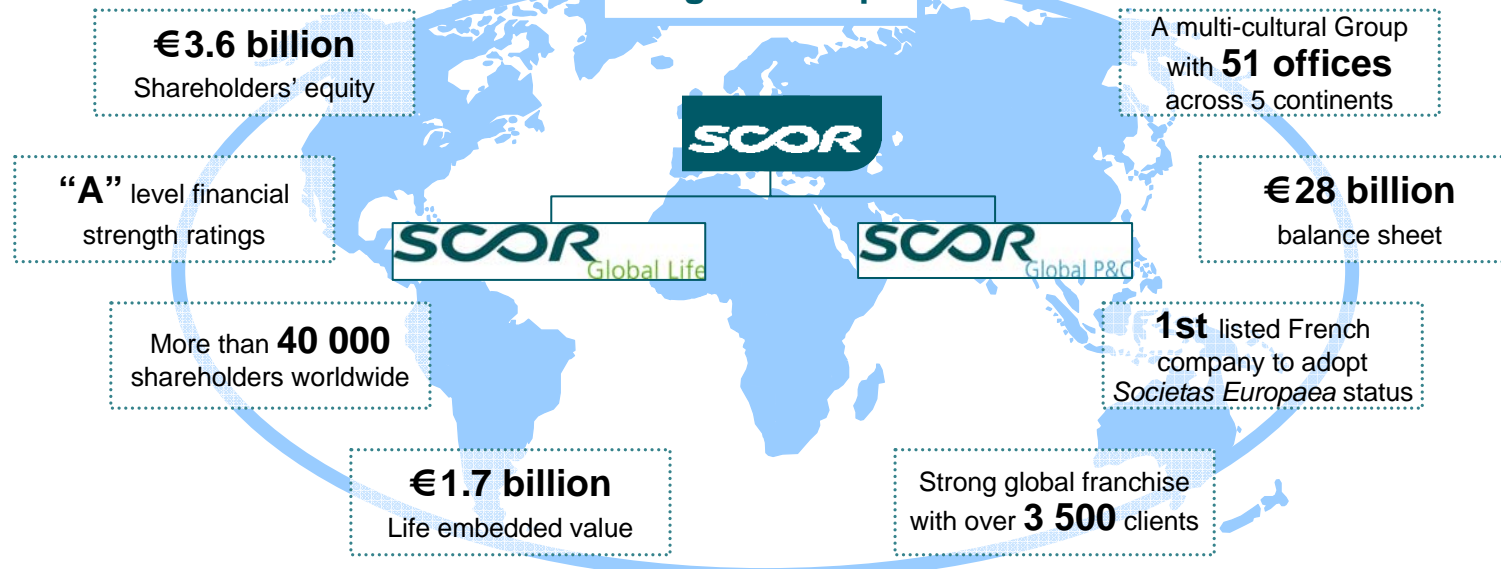
## Fully operational

- Stable and dedicated management
- Hub organization in place
- SCOR Global Investments established

## Rating advances

- Upgrade to “A” from S&P (stable outlook)
- Upgrade to “A2” from Moody’s (stable outlook)
- Upgrade to “A” from Fitch (stable outlook)
- AM Best “A-”, outlook changed to positive

## A powerful twin-engine Group



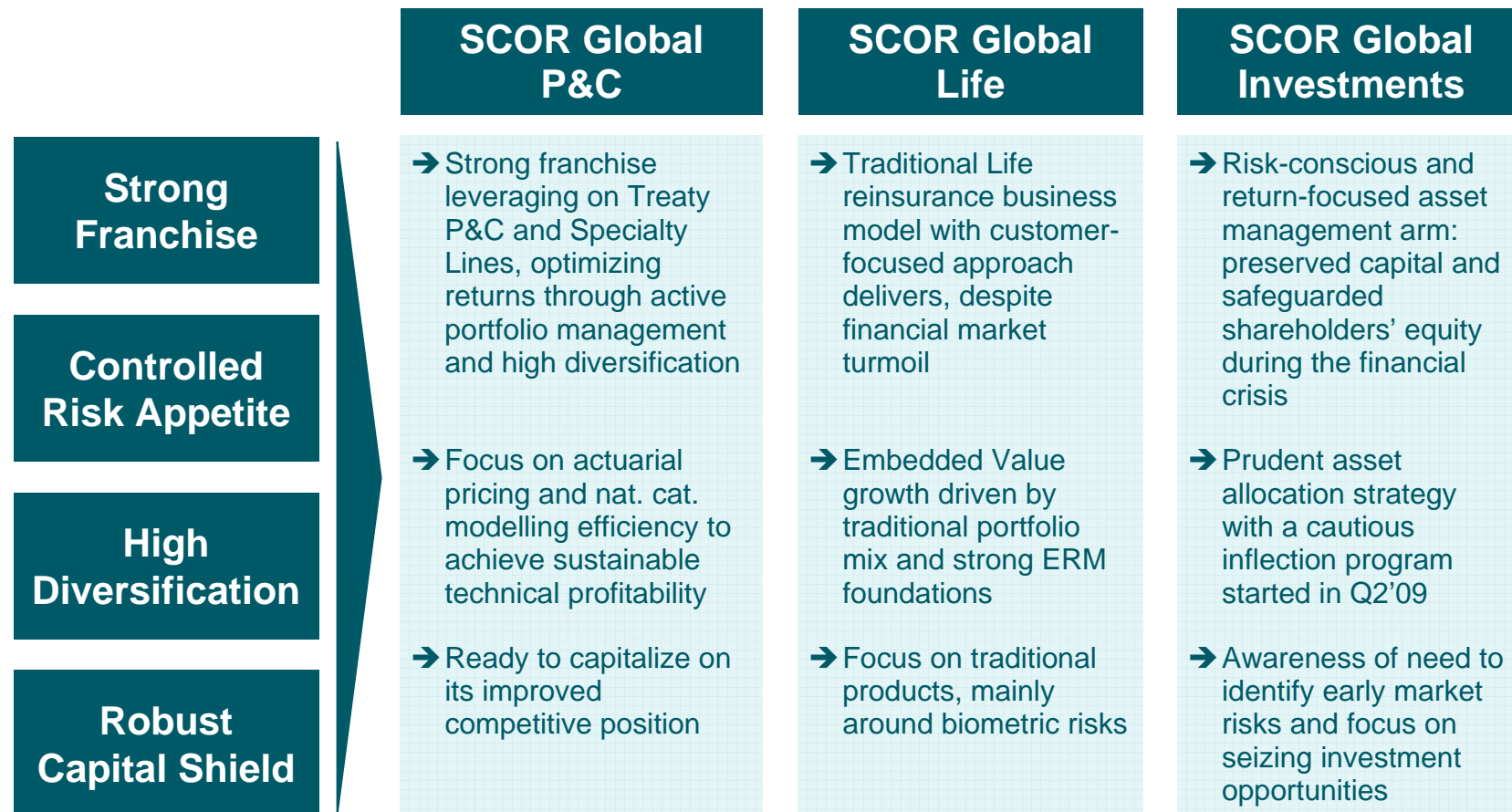
## Strong solvency

- NAV stable to pre-crisis levels
- Proven ERM approach (raised to “Strong” by S&P) supported by robust capital shield policy & prudent Asset Management policy

## Solid profitability

- No “red” quarters during the crisis
- €0.80 dividend, stable to 2007 level
- Strong operating cashflow

# Coherent implementation of clear strategic cornerstones is strengthening the Group's status in the reinsurance industry



## SCOR has consistently delivered stable results since 2005 ...

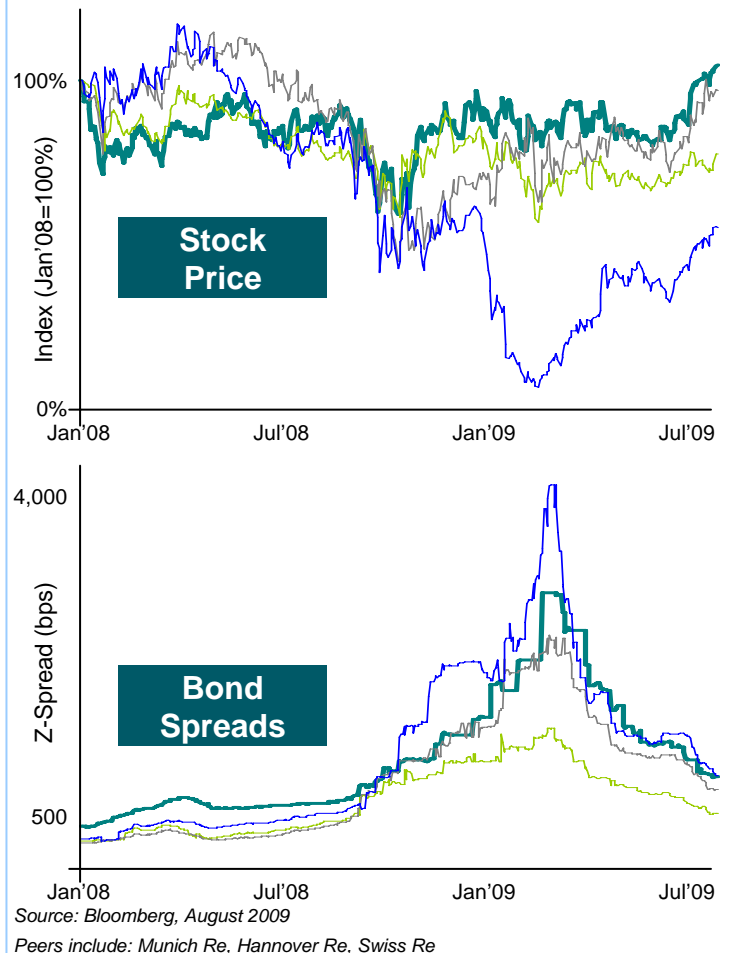
### SCOR - Among the most profitable reinsurers, with low earnings volatility

Company ROEs	2005	2006	2007	2008	Average	Standard Deviation
Peer 1	(7.5)%	28.3%	25.9%	20.5%	16.8%	16.5%
<b>SCOR</b>	<b>8.6%</b>	<b>16.9%</b>	<b>14.0%</b>	<b>9.0%</b>	<b>12.1%</b>	<b>4.0%</b>
Peer 2	12.1%	13.8%	15.2%	6.5%	11.9%	3.8%
Peer 3	(14.4)%	36.0%	21.5%	(0.5)%	10.7%	22.5%
Peer 4	(6.7)%	25.5%	20.7%	1.7%	10.3%	15.3%
Peer 5	(3.2)%	24.5%	19.3%	0.3%	10.2%	13.7%
Peer 6	1.9%	18.7%	23.1%	(4.1)%	9.9%	13.1%
Peer 7	10.6%	16.5%	13.3%	(3.3)%	9.3%	8.7%
Peer 8	1.5%	15.6%	15.4%	3.1%	8.9%	7.6%
Peer 9	(5.6)%	18.2%	15.6%	(0.4)%	7.0%	11.7%
Peer 10	(2.0)%	14.9%	3.8%	(1.5)%	3.8%	7.9%
Average	(0.4)%	20.8%	17.1%	2.8%	10.1%	11.3%

Peers: Everest Re, Hannover Re, Munich Re, Odyssey Re, Paris Re, Partner Re, Renaissance Re, Swiss Re, Transatlantic Re, XL Re  
Source: Company's data

# ...and its reliability and continuity is appreciated by the financial markets and analyst community

## Positive performance during credit crunch



## Strong analysts' perception: 77% on "BUY"

"[SCOR is] In a sweet spot ... A good place to be invested in" BNP Paribas, 9<sup>th</sup> July 09

"SCOR is in marching order to benefit in full from price hikes" Natixis, 7<sup>th</sup> July 2009

"Earnings momentum, solid balance sheet and low valuation" Goldman Sachs, 9<sup>th</sup> July 2009

"We believe that SCOR has low capital risk ... relatively low deal risk and will benefit from low inflation." JPMorgan, 9<sup>th</sup> July 2009

"The detail that SCOR went into on this subject [ie capital management] shows how far it has come in its understanding of capital management since 2001." KBW, 9<sup>th</sup> July 2009

"We see relatively low risk with attractive upside", JPMorgan, 30<sup>th</sup> July 2009

"We saw delivery on management's plan to improve the investment yield by reinvesting some of its large cash position." Goldman Sachs, 31<sup>st</sup> July 2009

"We continue to believe that SCOR is in the sweet spot: Its prudent and below-average strategy should translate to attractive organic growth, complemented by small deals" HSBC, 31<sup>st</sup> July 2009

"We think SCOR retains further optionality to improve returns through both a further move away from its conservative investment stance and a tightening of operating leverage." Bank of America / Merrill Lynch, 31<sup>st</sup> July 2009

"SCOR has demonstrated throughout the financial crisis that its risk management has improved considerably" Credit Suisse, 10<sup>th</sup> August 2009

# 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 upgrades, its results 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