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SCOR records strong 2009 Non-Life renewals and optimises its portfolio with a view to greater profitability and predictability

SCOR tapped the benefits of its ranking in the top five on the global reinsurance market during the 2009 reinsurance renewals season. In this period of financial turmoil and credit crisis, where the lack of financial flexibility for insurers was a major reason behind the increased demand for reinsurance, the Group maintained an extremely strict policy on technical underwriting. The annual negotiations with its clients enabled SCOR to optimise its portfolio and pursue diversification, whilst ensuring that its capital was allocated as profitably as possible, thereby demonstrating the Group's strength and confirming the success of the combination of the SCOR and Converium portfolios that was achieved in 2008. The renewals demonstrate the anti-cyclical nature of the reinsurance industry in a difficult economic and financial context.

The key takeaways of this year's renewals are as follows:

- 73% of total Property & Casualty premiums, i.e. EUR 1,653 million, up for renewal (P&C Treaties and Specialty Treaties);
- 3% rise in business volume to EUR 1,708 million at constant exchange rates, following a policy of increased profitability;
- Start of a general hardening in reinsurance with better prices and conditions; Group exposure stable;
- Selective growth of EUR 55 million at constant exchange rates, mostly driven by new business in the stronger lines of the Specialty Treaties;
- 17% of total premiums up for renewal were cancelled and successfully replaced by more profitable new business from existing and new clients;
- Stable business volume in P&C Treaties and changes to the portfolio composition designed to provide greater profitability (shift towards more non-proportional business and movements in the geographical spread);
- Increase of 13% in Specialty Treaties lines that benefited from the mobilisation of the SCOR network and improved terms and conditions;
- Estimated total premiums of EUR 392 million from joint ventures and partnerships in 2009;
- Reaffirmation of the strength and depth of SCOR's business franchise, with minimal cedant attrition of 1%;
- Global capacity reduction in the reinsurance industry likely to continue in 2009; April & July renewals should confirm the cycle turn and show stronger improvements for reinsurers;

- Estimated Non-Life premium income of approximately EUR 3.2 billion in 2009; net underwriting ratio and net combined ratio expected to be below 92% and 98% respectively.

Victor Peignet, Chief Executive Officer of SCOR Global P&C, said, “Profitability and predictability were the two key words for SCOR at these 2009 renewals. We only slightly increased the volume of business underwritten, but significantly increased the quality of our portfolio and its expected profitability. I am very happy with the highly efficient work of our underwriting teams, as what they have achieved is fully in-line with the objectives that we set for ourselves. SCOR has once again demonstrated its truly global nature. In general, there is no doubt that market conditions have improved for reinsurers. The increasing capital needs of cedants and their reducing appetite for risks and uncertainties of results on the liability side of their balance sheet are currently enabling the traditional reinsurance industry to gain market share. This new environment means that, for Non-Life business, we are in line with the technical profitabiliy objectives of the “Dynamic Lift V2” 2007-2010 plan one year in advance”.

Growth remains moderate overall, significant improvements in quality of business

The financial and credit crisis, combined with the severity of the 2008 hurricanes and a high frequency of medium-sized losses in many markets worldwide (man-made and local natural hazards), had a noticeable impact on the demand for reinsurance, which is generally on the rise. SCOR worked this environment to its advantage by redirecting its Non-Life reinsurance portfolio towards greater technical profitability and further improved global business diversification. On average, SCOR saw a price improvement of 3.3%, with lower acquisition costs and stable exposure.

The total volume of Treaty premiums renewed in January 2009 reached EUR 1,708 million (P&C Treaties and Specialty Treaties), up 3% against 2008. For 2009, around EUR 392 million of additional premiums are expected from joint ventures and partnerships. Moreover, SCOR lost no clients during these renewals one year after the acquisition of Converium: the book is now fully integrated and consolidated.

<u>P&C Treaties</u>: This year, 75% of P&C Treaty premiums were up for renewal at 1 January 2009. The total volume of premiums renewed at 1 January 2009 was virtually flat at EUR 1,261 million, compared to EUR 1,257 million of premiums up for renewal. 19% (EUR 235 million) of P&C treaty premiums up for renewal were cancelled, demonstrating the high level of portfolio management. SCOR compensated this loss with new business acquired from existing clients (EUR 90 million) and from new clients (EUR 51 million). Higher prices led to an increase in premium volume of EUR 54 million and increased shares on existing programmes to a gain of EUR 44 million.

<u>Specialty Treaties</u>: In Specialty Treaties, where a premium volume of EUR 396 million was to be renegotiated (i.e. 68% of the annual volume) SCOR’s franchise was once again fully affirmed. This segment grew significantly, with premiums up by 13% to EUR 447 million, although 11% or EUR 45 million of business was cancelled. SCOR’s teams managed to underwrite EUR 21 million of additional business with existing clients and EUR 17 million with new clients. New shares on existing programmes increased premium

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volume by EUR 19 million. Improved prices and market conditions led to an increase in premium income of EUR 39 million.

Joint Ventures & Partnerships: In 2009, SCOR will maintain its three joint ventures and partnerships, i.e. Lloyd's, GAUM (Global Aerospace Underwriting Managers Limited) and MDU (Medical Defence Union). The Group estimates that gross written premiums from this segment should amount to EUR 392 million in 2009.

Geographic rebalancing towards the Americas and Asia-Pacific in P&C Treaties

SCOR recorded a stable business volume in the EMEA zone (Europe, Middle East and Africa), with written premiums of EUR 1,025 million versus EUR 1,068 million last year. There were, however, some significant differences between the various countries and regions. In France, business declined by 22% to EUR 142 million. The main reasons for this shift stem from a decrease in reinsurance premiums generated by the market. In Northern Europe, on the other hand, business volume increased by 38% to EUR 132 million, with a significant increase in the number of lead underwriting positions.

Significant increases were also recorded in the United States, the Caribbean and Asia-Pacific, albeit on more limited volumes as these markets renew later in the year. The natural catastrophe events of 2008 have created interesting opportunities in the Caribbean and the United States, which has led to a 30% increase in total premium volume across the whole of the Americas. Business volume increased from EUR 46 million to EUR 72 million in the US market alone, with an increased contribution from regional business. 41% of Treaty business was up for renewal in the USA. In Asia, and more particularly in China, where prices were also up on the back of a year marked by heavy losses stemming from natural catastrophes, premium volume increased: from EUR 52 million to EUR 60 million for the region. However, in this region only around 27% of Global P&C Treaties were up for renewal at 1 January 2009, as Japan, Korea and India will renew their programmes on 1 April 2009.

Decrease in proportional volume due to a strict underwriting policy geared to improve profitability

Despite an increase in demand for proportional reinsurance, which was predictable and is beginning to emerge in response to the capital needs of insurers, premium volume generated from proportional Property & Casualty business saw a slight reduction from EUR 496 million to EUR 481 million. SCOR reduced the volume of this business by applying a disciplined underwriting policy in accordance with its profitability objectives. In particular the Motor portfolio was targeted for closer reviews that led to significant reductions and withdrawals.

The natural catastrophe-related Property book, which represented around 12% of SCOR's entire P&C Treaties volume, experienced a significant increase of around 19%, rising from EUR 152 million in 2008 to EUR 181 million in 2009. With over USD 200 billion worth of economic damage caused and insured losses rising to USD 45 billion in 2008 worldwide, rates generally went up and portfolios with exposures in the most affected areas in the USA and Asia-Pacific saw significant improvements in rates and conditions.

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Active cycle management in Specialty Treaties

SCOR exercised a very active cycle management with regard to Specialty Treaties, taking advantage of the diversification benefits offered by this business segment.

Credit & Surety business grew strongly from EUR 93 million to EUR 116 million, representing an increase of 25%. This segment has seen double digit pricing increases, which have largely offset the impact of the economic slowdown on insurance premiums, and has benefited from much reduced acquisition costs. With premiums amounting to EUR 93 million written in 2009, Engineering recorded an increase of 21%. Conversely, Inherent Defects reinsurance dropped by 20% to EUR 61 million. Transport & Marine and Agriculture recorded stable premium volumes. Aviation & Space (excluding GAUM) benefitted from significantly better pricing and increased by 107% to EUR 29 million. The Business Solutions unit increased its business from EUR 68 million to EUR 78 million, focusing its new underwriting and share increases on the industry sectors where the hardening has really started and is already material.

Stable volume for Non-Life in 2009; expected net combined ratio below 98%

SCOR expects a continued trend reduction of the insurers capacities to retain risks, which should spur demand for reinsurance. As a leading player on the worldwide reinsurance market, SCOR will maintain its active approach to cycle management, concentrating on highly profitable reinsurance business and niche insurance business. The Group will also focus on diversification, in order to minimise the correlation between the various risks that it carries. This very strict focus on profitability should lead to an expected net combined ratio of less than 98%.

The SCOR Group expects its Non-Life total 2009 premium volume to increase by 4% to approximately EUR 3.2 billion. With an expected premium income of EUR 2.9 billion in the Life sector, SCOR anticipates a total 2009 premium volume of EUR 6.1 billion, representing an increase of 5% compared to 2008.

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Forward-looking statements

SCOR does not communicate "profit forecasts" in the sense of Article 2 of (EC) Regulation n°809/2004 of the European Commission. Thus, any forward-.looking statements contained in this communication should not be held as corresponding to such profit forecasts. Information in this communication may include "forward-looking statements", including but not limited to statements that are predictions of or indicate future events, trends, plans or objectives, based on certain assumptions and include any statement which does not directly relate to a historical fact or current fact. Forward-looking statements are typically identified by words or phrases such as, without limitation, "anticipate", "assume", "believe", "continue", "estimate", "expect", "foresee", "intend", "may increase" and "may fluctuate" and similar expressions or by future or conditional verbs such as, without limitations, "will", "should", "would" and "could." Undue reliance should not be placed on such statements, because, by their nature, they are subject to known and unknown risks, uncertainties and other factors, which may cause actual results, on the one hand, to differ from any results expressed or implied by the present communication, on the other hand.

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