

# SCOR Group

Monte-Carlo *Rendez-vous* press conference

2011 renewals: SCOR is well positioned to progress thanks to its specific position and client relationship focus

September 12, 2010

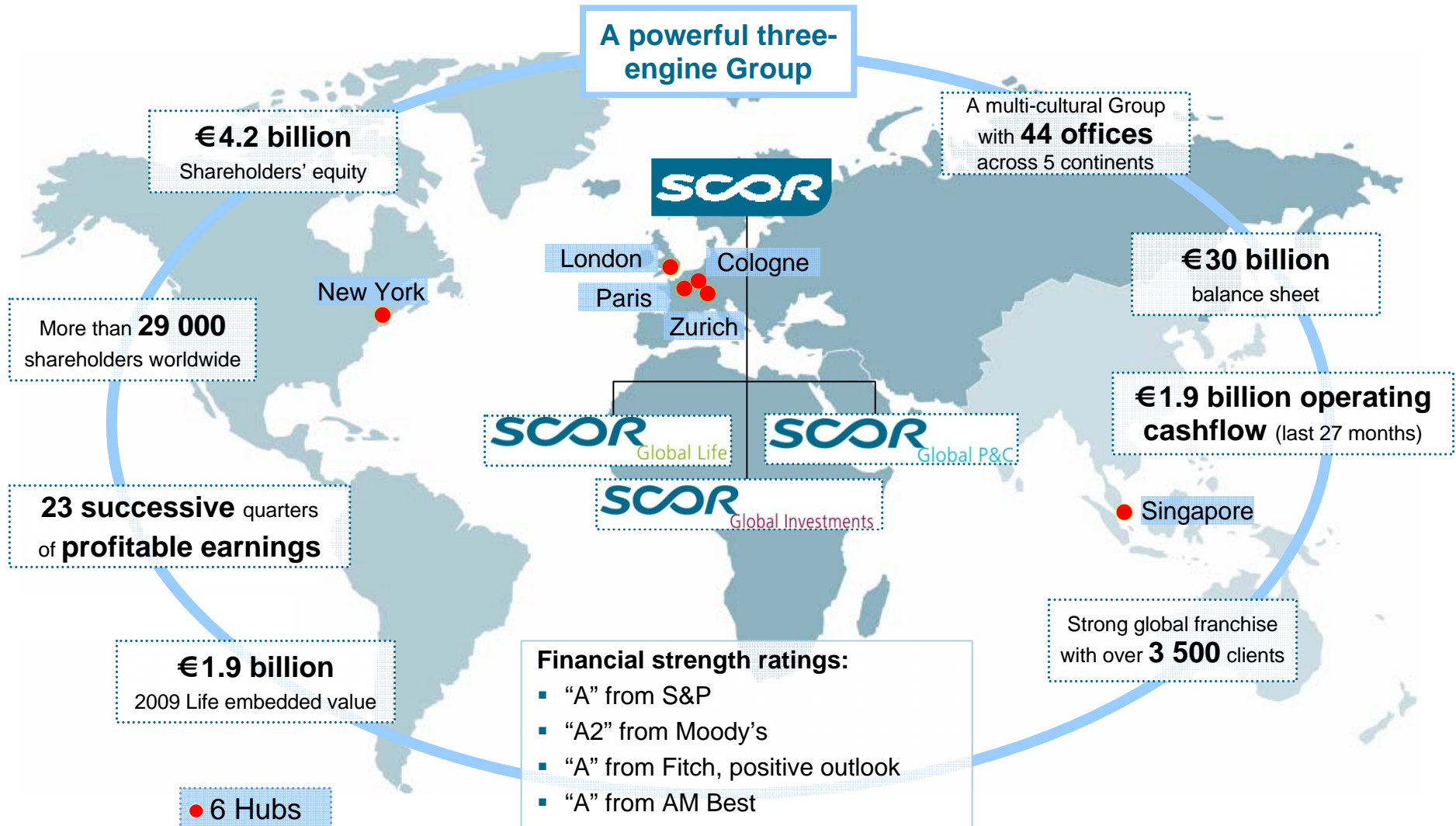
**SCOR**

## Monte-Carlo *Rendez-Vous*

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1	<b><i>Strong Momentum</i></b>
2	<b>How have 2010 reinsurance trends evolved since we met a year ago ? What has SCOR Global P&amp;C achieved over the past 12 months ?</b>
3	<b>What are SCOR Global P&amp;C's expectations for the January 2011 renewals ?</b>
4	<b>Conclusion</b>

# SCOR Group is fully operational and geared towards the current and expected future economic and industry environment

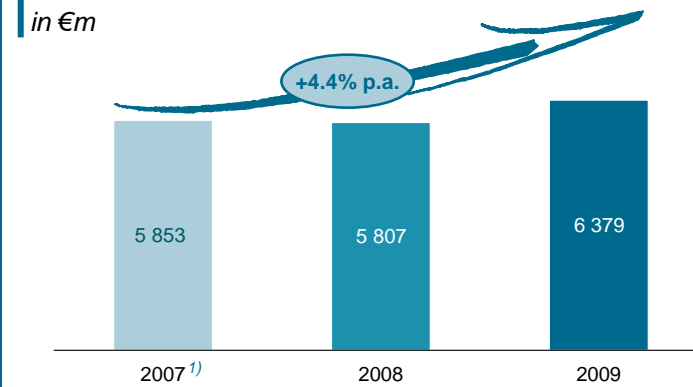


# Solid execution over the last three years delivered strong value to the Group's shareholders

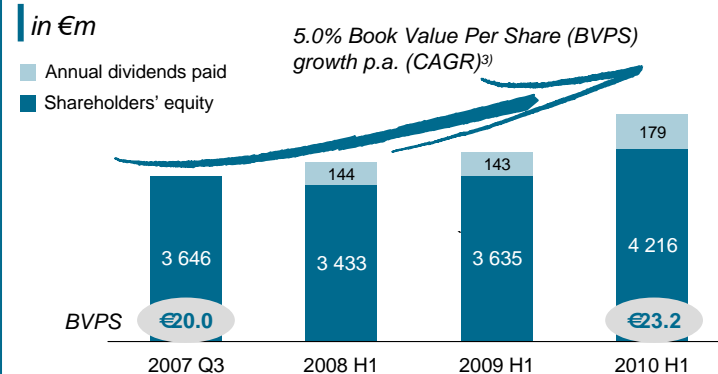
## SCOR delivers on key areas

- ✓ Achieved profitable quarterly results over the Dynamic Lift V2 plan
- ✓ Maintained high dividend levels: 43% average payout ratio over the last 3 years (€ 466 million)<sup>2)</sup>
- ✓ Reduced financial debt leverage from 18% in 2007 to 11% in 2010
- ✓ Produced € 565 million of cumulative EEV earnings between 2007 and 2009
- ✓ Anticipated impact of financial crisis with prudent asset management
- ✓ Successfully executed the integration of the three companies (SCOR, Converium, Revios) into a new Group
- ✓ Implemented the Hub structure around six platforms and streamlined legal structures
- ✓ Managed and settled all legacy issues
- ✓ Upgraded by the four rating agencies (S&P, AM Best, Moody's, Fitch), "Strong" ERM from S&P

## Significant top line growth between 2007 and 2009, mainly organically



## Strong shareholders' equity growth and dividend payment throughout the crisis



Consistent Book Value per share growth coupled with strong dividend distribution

# “Strong Momentum”

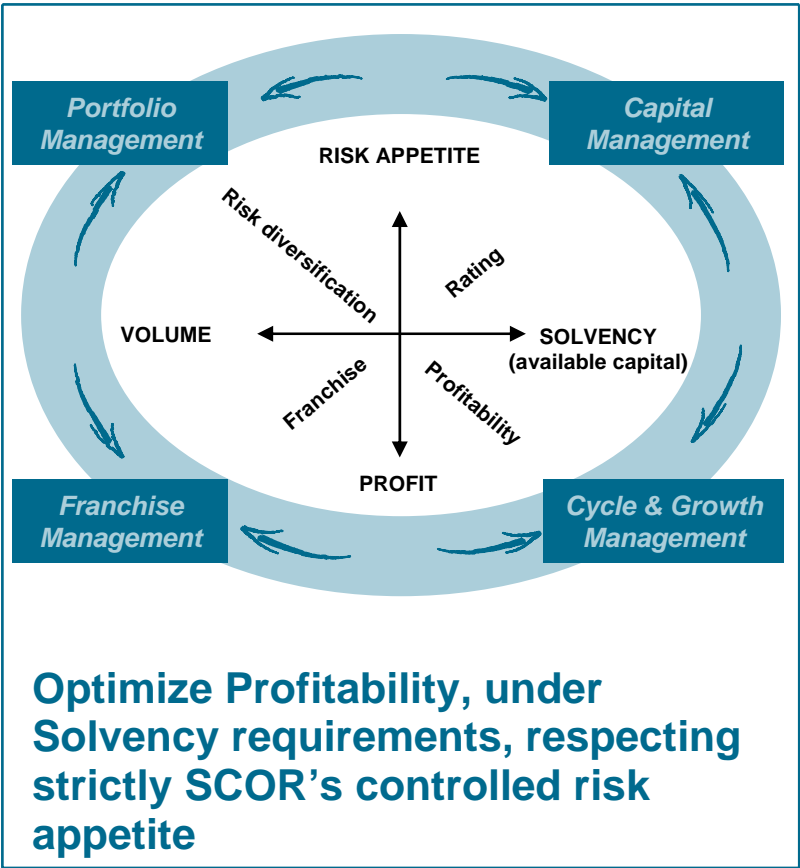
## 1 SCOR group has delivered

- Consistent profitability
- Stronger balance sheet
- Deeper franchise

## 2 Facing a world in transition

- Entering a critical phase of the global economy
- Valuing the shock-absorbing capacity
- Facing regulatory changes in the industry

## 3 Reaching “Strong Momentum”



## “Strong Momentum” value proposition relies on three consistent targets

### Three targets over the cycle

①

**Optimize the risk profile**

**Increasing moderately the risk appetite**

②

**Reach a higher security**

**Offering an “AA” level of security<sup>1)</sup> for clients**

③

**Increase profitability**

**Targeting profitability of 1 000 bps above risk-free rate over the cycle**

## Enlarging SCOR's global footprint by considering ten initiatives

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**Enlarging Global SCOR's footprint through additional services, lines or products, channels and partnerships**

**Establishing and enlarging SCOR presence on existing or new markets**

**Expanding in value-added services and new lines**

**Testing new innovative products**

**Developing private/public partnerships**

**New initiatives will represent maximum 10% of GWP by 2013**

**New initiatives will be self-financed by the Group**

**Special attention to be given to new initiatives, applying strict ERM principles**

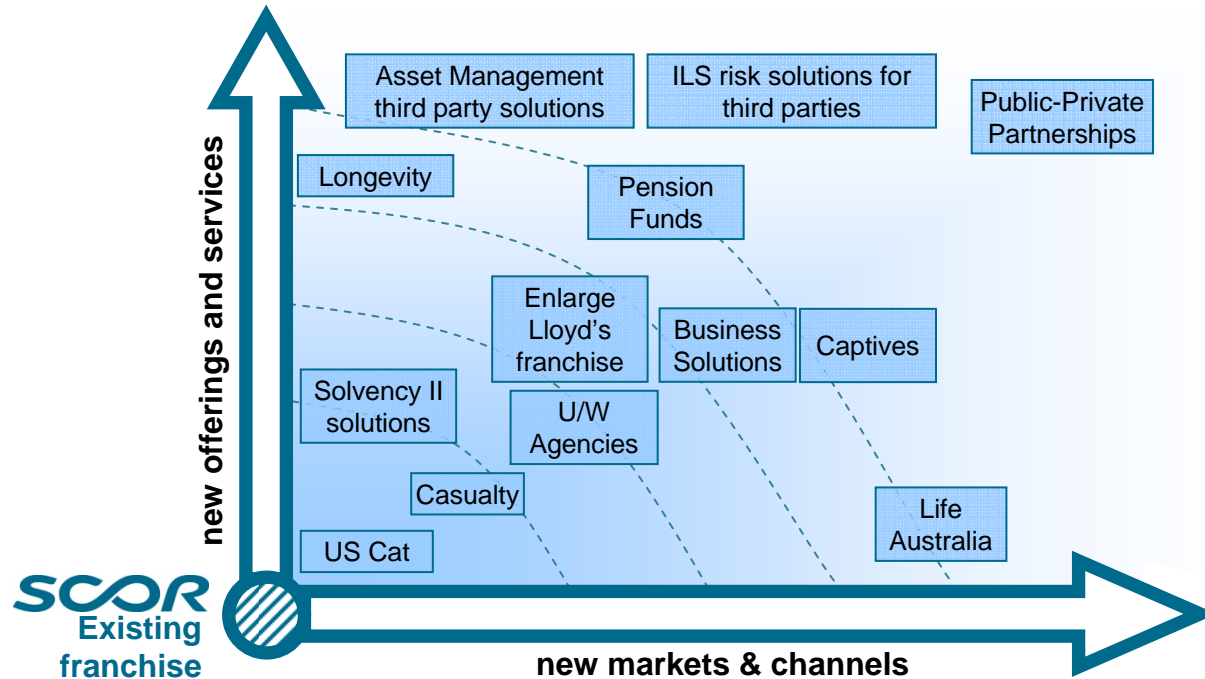
**New initiatives could be abandoned or right-sized if performance expectations cannot be met**

**"Initiatives" rely on endogenous growth and gardening deals could support them**

# Exploring new geographies and expanding product offerings through initiatives

## Innovative ways to profitably expand franchise inside the new defined risk profile

### Examples of initiatives currently on SCOR's radar screen



- ❑ Risk exposures and capital requirements have been calculated using a full internal model simulation of “Strong Momentum”
- ❑ The initiatives have been tested using the CaDeT (Capital Deployment Tool), a proxy of the internal model, which combines stochastic modelling with factor-based methods
- ❑ RoRAC (Return on Risk Adjusted Capital) calculations measure the marginal contributions of the initiatives and are based on the CaDeT calculation of capital requirement, including buffer capital

## Applying rigorous ERM monitoring & evaluation process





## SCOR's new strategic plan "Strong Momentum"

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- ❑ SCOR is **fully operational**
- ❑ SCOR is **optimally built** to face an uncertain world in transition
- ❑ SCOR **moderately increases its risk appetite** over the plan
- ❑ SCOR aims to provide an **"AA" level of security** to its clients
- ❑ SCOR seeks to **raise profitability to 1 000 bps** above risk-free rate over the cycle
- ❑ SCOR leverages on **organic growth** supported by **new initiatives**
- ❑ SCOR plans to **increase the contribution of asset management**
- ❑ SCOR further **optimizes SCOR operational excellence** and **scientific expertise**

## Increased profitability factors to provide an even better value proposition

### How to increase profitability?

- By pursuing a dynamic approach to business**
  - Positive development of premium income in both Life and Non-Life over the plan thanks to organic growth and new initiatives
- By achieving higher technical profitability**
  - P&C combined ratio at ~95-96% over the plan
  - Life operating margin at ~7.5% over the plan
- By increasing investment income**
  - Average return on investment<sup>1)</sup> at ~3.7% over the plan
- By generating new fee income stream**
  - 2013 pre-tax fee income 3rd party activity to approx. € 15 million
- By seeking higher productivity and efficiency**
  - 2013 group cost ratio trending towards 5%, thanks to a subdued (2.5% max) growth of the Group's cost base

### SCOR to provide an even better value proposition

- An organic capital generation to self-finance the plan
- An optimized risk/reward profile for investors
- An active shareholder remuneration policy
- An improved ability to seize opportunities that appear at low points in the cycle

The choice of a relative ROE (in excess of RFR) is consistent with the level of uncertainty in the interest rate environment

## Monte-Carlo *Rendez-Vous*

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## 2010 year-to-date markets confirm SCOR's September 2009 views on reinsurance supply, but expected increase in demand has not materialized

### SCOR's September 2009 analysis of 2010 Renewals<sup>1)</sup>

#### → Key drivers of the supply in 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

### What we have seen so far in the 2010 renewals

▶ An overall stability has been noticed

▶ A couple of new set-ups emerged and some companies went into runoff

▶ The capital markets have reopened at more expensive terms

▶ In spite of the replenished capacity, limited rate erosions on loss-free segments and rate increases on loss-affected ones

▶ More capital allocated to Non-Proportional portfolio, especially for Long-Tail lines

▶ Insurance growth in "emerging markets" and stability in mature markets where economy has not yet picked up

▶ Extra demand from depleted insurers' balance sheets has not materialized with financial markets' recovery

▶ Improved insurers' solvency through financial gains and opacity of new solvency requirements have led to postponement of additional reinsurance purchases

▶ Some redistribution of shares has materialized, historical leaders being less dominant

## Starting from a scenario that has not materialized, SCOR acknowledged the situation, adjusted the strategy and made great achievements at 2010 renewals

**SCOR executed its strategy, combining growth and increase in expected profitability, thanks to strong portfolio management and strengthening of competitive position**

72%

10%

10%

Treaty business up for renewal<sup>1)</sup>

### 10/02: 1/1 renewals

- “ **Continued positive development in expected profitability:** improvement of 3 percentage points in the expected weighted average gross pricing Underwriting Ratio<sup>2)</sup> compared to 2009 thanks to:
  - Strong **portfolio management** (7% of renewable premiums cancelled and more than adequately replaced by premiums with better profitability expectancy)
  - Weighted average price increase of 2%
- **Sustained growth** + 7%<sup>3)</sup> at a pace comparable to that of 2009, taking advantage of the positive momentum for SCOR and the strengthening of its competitive positions ”

### 28/04: 1/4 renewals

- “ **Continued positive development in expected profitability** at reduced pace vs. 01/01 because of Japan stability
- Fragmented market with gentle easing noticed in some lines or territories and others benefiting from firmer terms
- Weighted average price down 0.8%
- **Sustainable growth** +14%<sup>3)</sup> achieved thanks to positive momentum and improved visibility within industry
- Successfully bound € 33 million new premiums
- Continued very active **portfolio management:** restructuring worth € 76 million with a net impact of € 8 million and cancellations worth € 17 million ”

### 29/07: 1/7 renewals

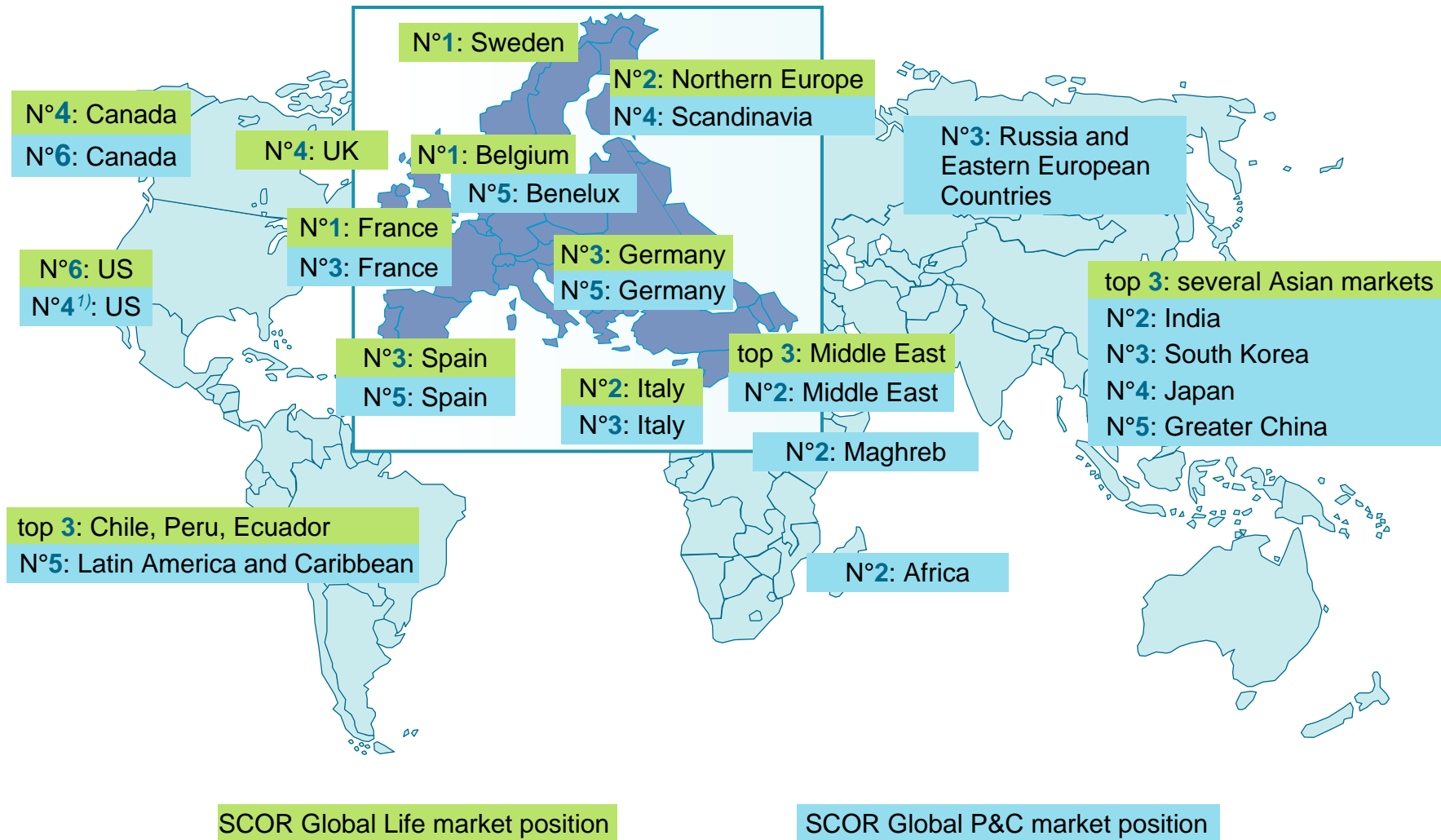
- “ Active **portfolio management** pursued: 12% of premiums cancelled or restructured and successfully replaced by new or increased shares on business showing **higher expected profitability**
- **Substantial portfolio growth** of 19%<sup>3)</sup> driven by the improved SCOR competitive position
- Weighted average price up 1%
- Changes in conditions dominated by fragmented cycles by lines and markets, with reinsurance capacities remaining disciplined but for pockets of exceptions such as relative pressure on US cat. prices fuelled by financial markets’ appetite ”

1) P&C and Specialty treaties (excluding Facultatives and Joint Ventures & Partnerships)

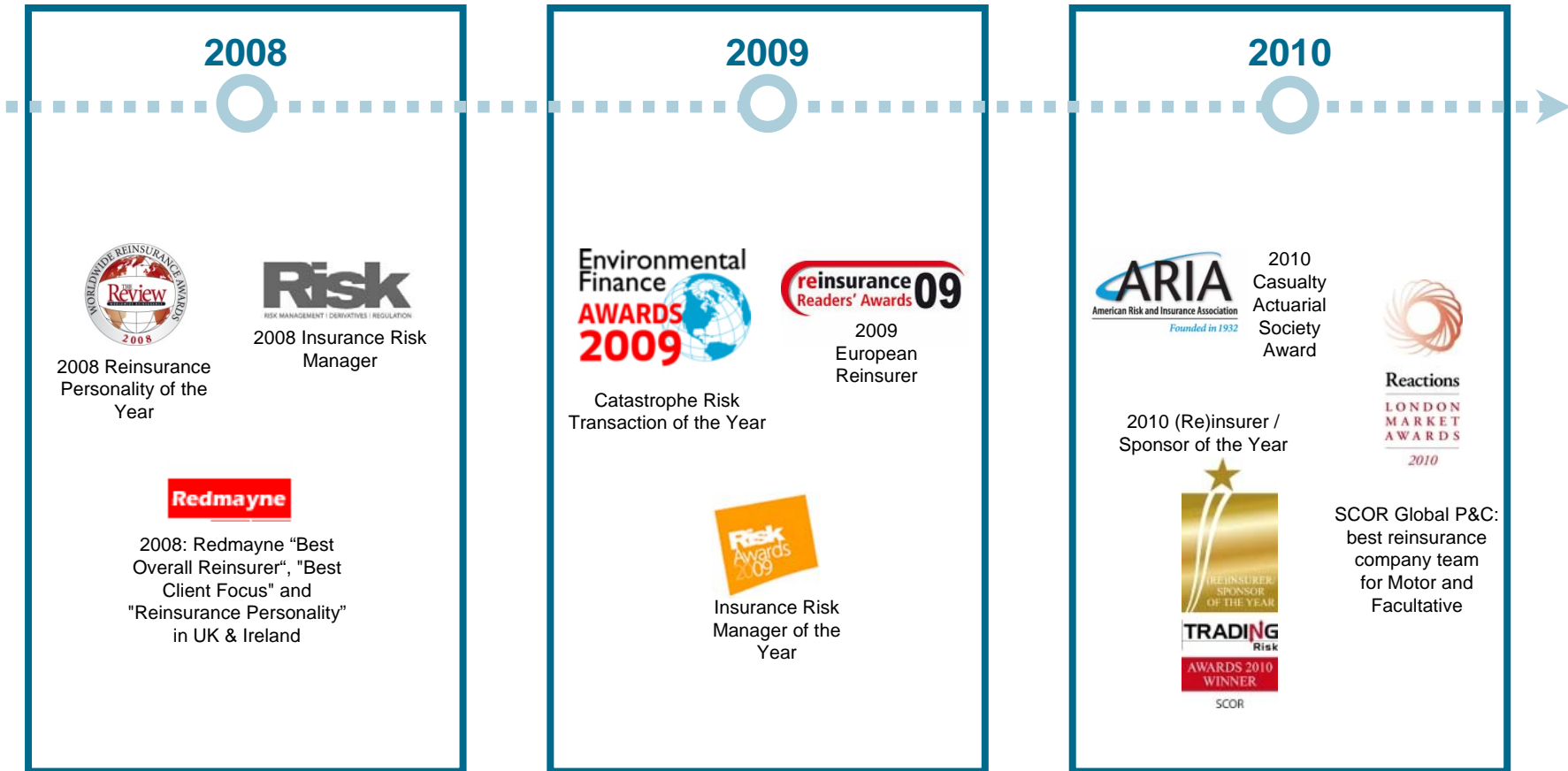
2) For pricing purposes, on an underwriting year basis: the sum of the expected loss ratio and the acquisition cost ratio (cedent’s commission and brokerage ratios), excluding internal expenses

3) At constant exchange rates

# The SCOR Group has repositioned itself in the Top-5 Reinsurers with a global presence and a positive momentum



# Continuous recognition of SCOR's leading market position by industry specialists

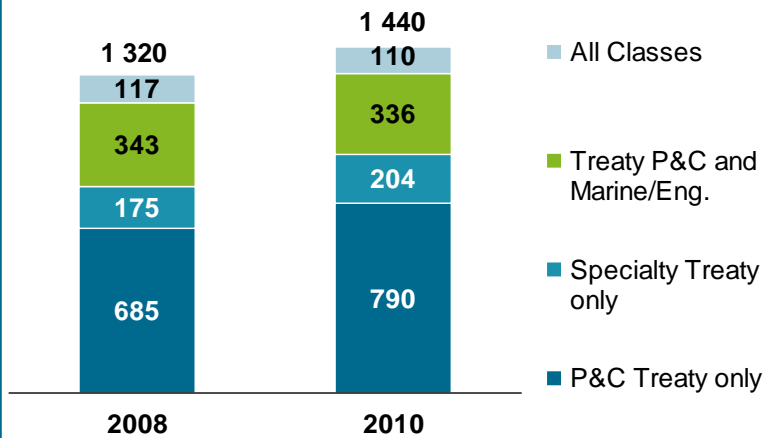




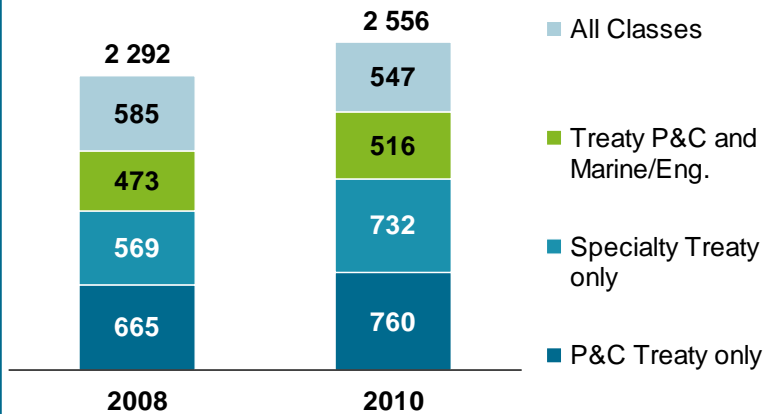
# SCOR Global P&C has expanded its portfolio and line sizes<sup>1)</sup>, showing a strong and reinforced competitive position within the industry

## Growth of overall treaty client portfolio...

Number of clients by relationship profile: +4.5% CAGR

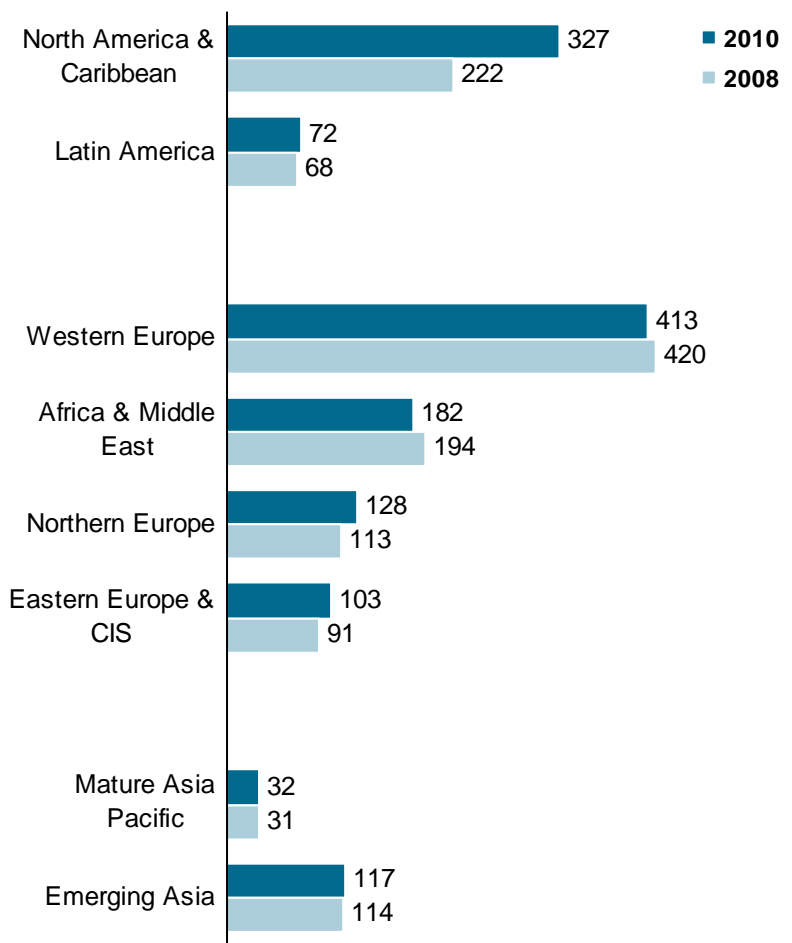


Premium<sup>2)</sup> by relationship profile<sup>3)</sup> (in €m): +5.6% CAGR



## ...in the Americas and in emerging countries

Number of clients



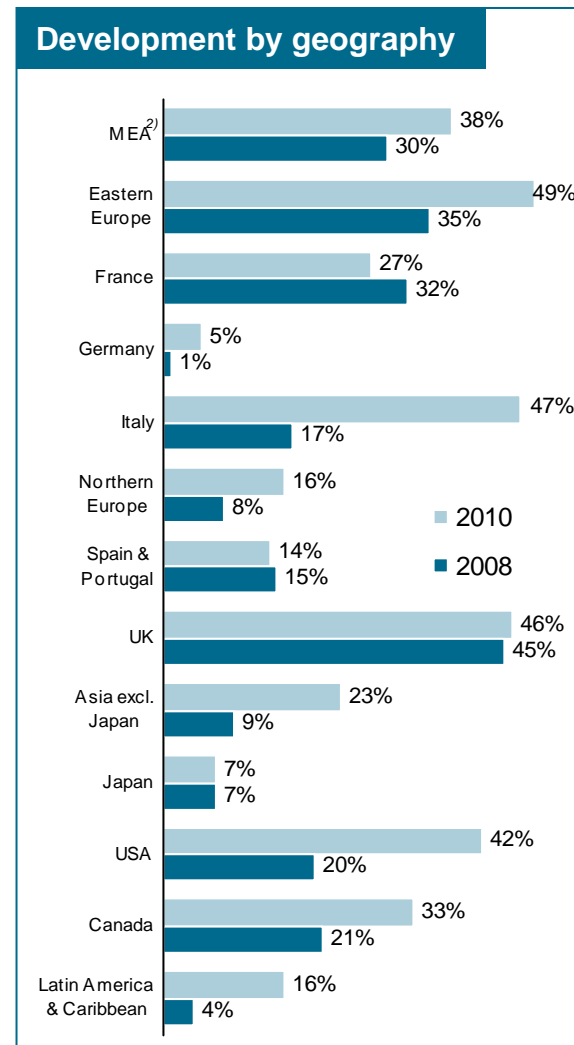
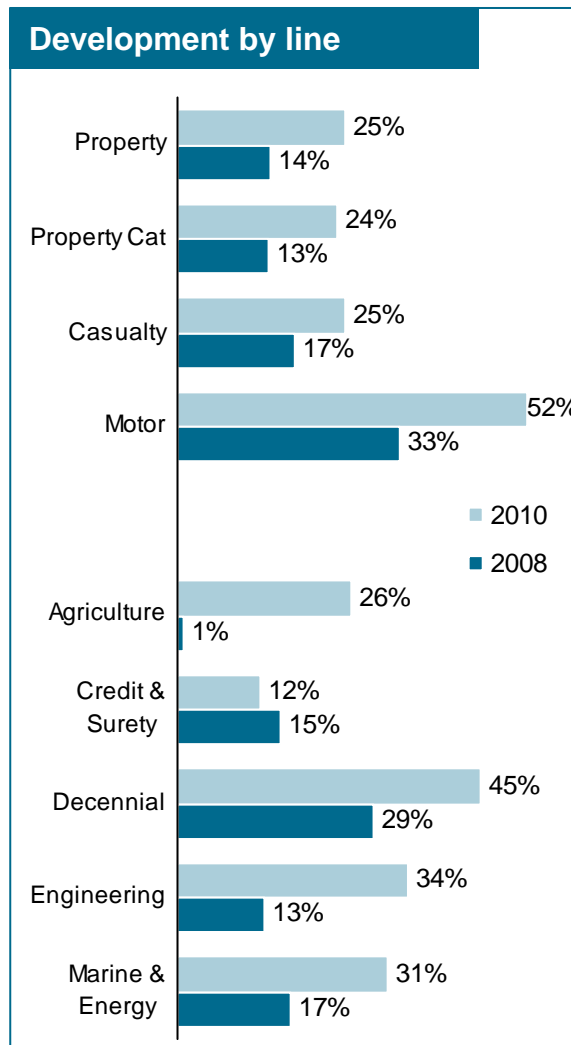
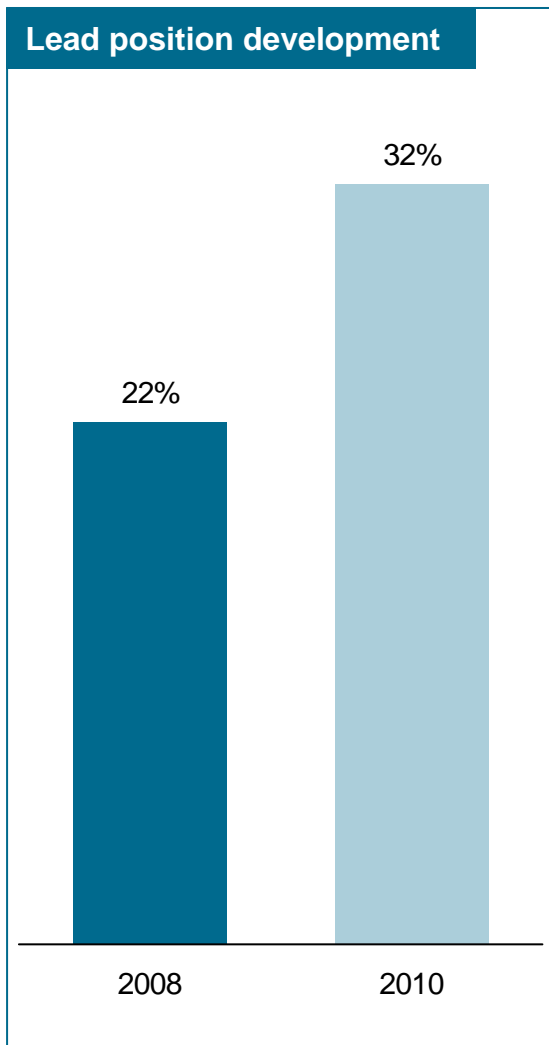
1) Year on year comparison for the January to April period that represented 82% of the treaty premiums up for renewal in 2010

2) Estimated gross premium on an underwriting year basis

3) Qualifies the dimension of the relationship with the client



# SCOR Global P&C has significantly strengthened its client relationships in recent years, as demonstrated by its lead positions<sup>1)</sup>...

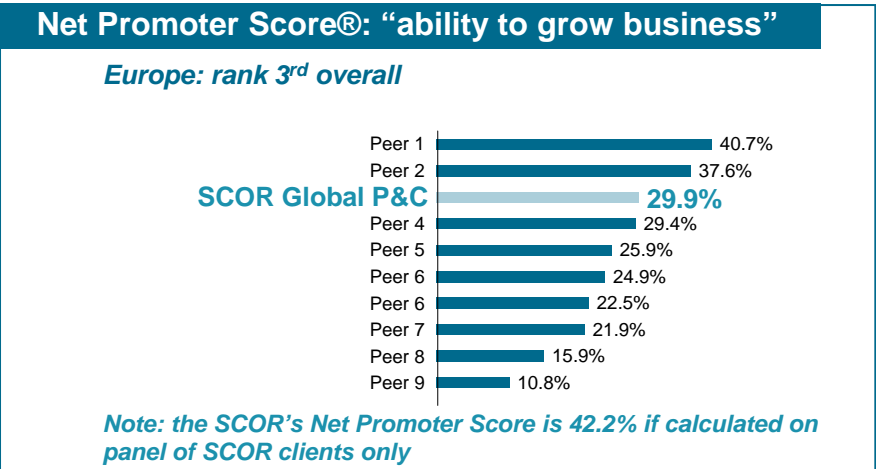
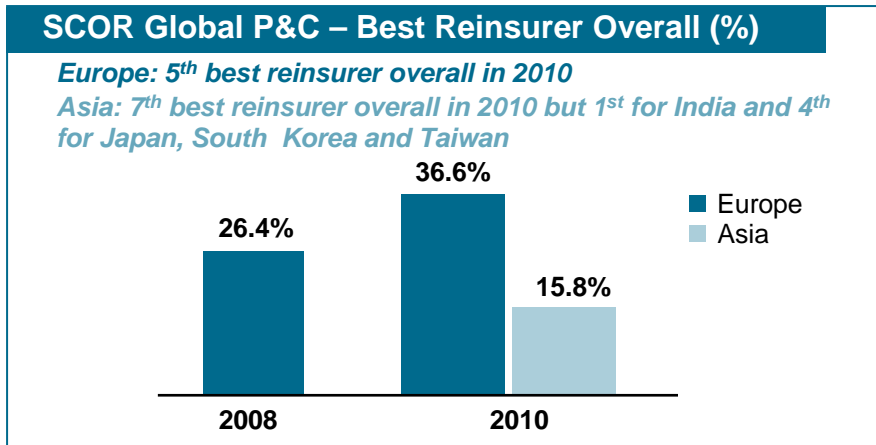
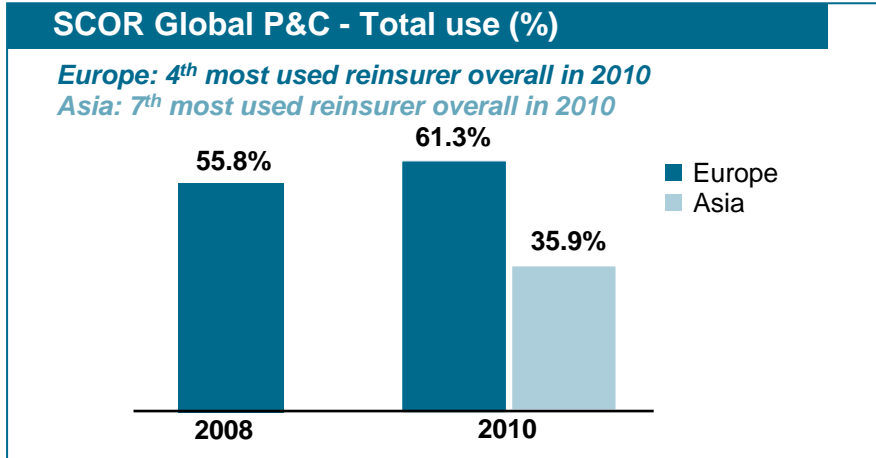


1) Lead positions percentage weight in total Estimated Gross Premium Income  
 2008: full year considered and 2010: January to April period that represented 82% of the treaty premiums up for renewal in 2010  
 2) MEA: Middle East and Africa



## ...or by the Flaspöhler surveys on how cedants evaluate reinsurers

### Flaspöhler for Europe: “SCOR Global P&C seeing the business”, “greatest increase overall”



*Asia: rank 7<sup>th</sup> overall*

	Rank	Score
India	# 1	83%
Japan, South Korea, Taiwan	# 1	30%
China	# 9	0%

The FLASPÖHLER|RESEARCH GROUP Non-Life (Cedant) Reinsurance Effectiveness Survey was initiated for Europe in 2000 as a biennial study of cedant perceptions about European Non-Life Reinsurers and reinsurance issues and for Asia Pacific in 2010; in Europe thirty-four (34) reinsurers and twenty-one (21) lines of business were evaluated through interviews by a record number of participants, 762, about 480 ceding companies in 63 countries; in Asia 447 participants representing roughly 150 companies in 18 countries; the survey instrument consisted of questions about reinsurer utilization, perceptions of reinsurers, products and services, reinsurer selection and associated topics, such as Solvency II



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## SCOR believes that the perspective for the Non-Life reinsurance industry is favourable to its continued success

### P&C insurance sector perspective

1. **In mature markets, low to average single digit P&C insurance premium growth**, picking up with economy re-normalizing
2. **In “emerging” markets, double-digit insurance growth**, with big differences in prospects from BRIC markets
3. **Overall a new stream of M&A** consolidations driven by economic and solvency factors
4. **Very fragmented dynamics by markets and by lines of business**, and **by segments of insurers** (global insurers, regional or local insurers, mutual companies, monoliners, “bancassurance”)
5. **Step by step pricing revisions upward**, starting by loss-making segments and gradually broadening along with the build up of pressure on technical contribution to the overall performance given the low yield environment in the foreseeable future
6. **New solvency requirements** leading to:
  - **Reconsideration of business models**, structures and repositioning
  - **Development of ILS market**
  - **Diversification of reinsurance panels** to contain counterparty default capital charge

### P&C reinsurance sector perspective

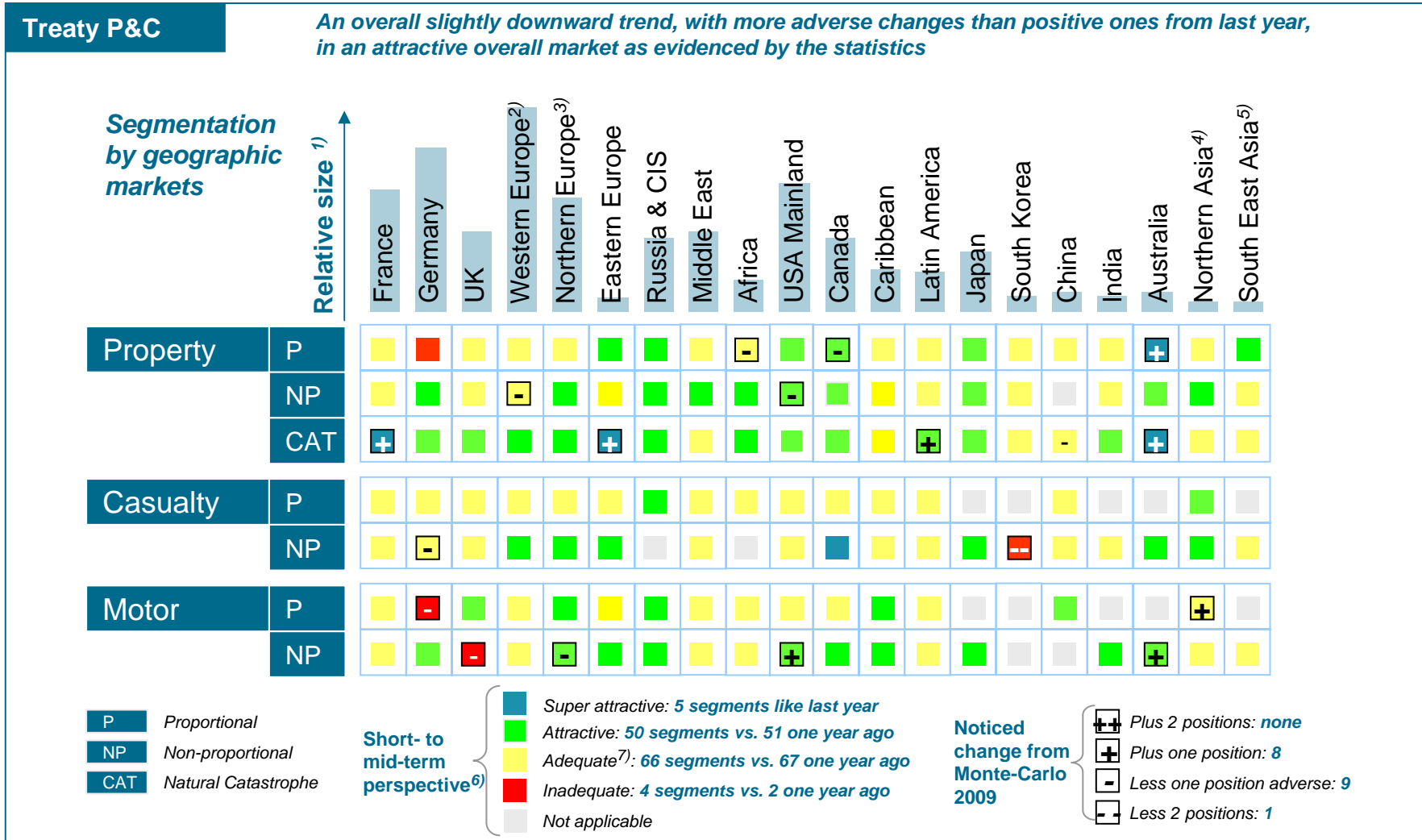
1. **Decoupling of reinsurance from insurance:**  
B to B vs. B to C, a limited and not increasing number of reinsurance market leaders and price makers, more barriers of entry than generally perceived based upon cat business “free” trading, more discipline
2. **In mature markets, decoupling is more pronounced** because non-proportional reinsurance dominates but with a few exceptions
3. **Potential for meaningful growth in “emerging” markets, fuelled by underlying insurance trends**
4. **Reduction of the number of active reinsurers, not exclusively by M&A**
5. **Less dominant positions of the historical leaders and redistribution of shares within a panel of market leaders and price makers (top 5)**
6. **Very different dynamics among the first tier reinsurers**
7. **Recourse to ILS market for reinsurance**
8. **Question mark against the future and the market power of national and regional reinsurers**

## SCOR Global P&C's specific position provides for opportunities of profitable organic growth

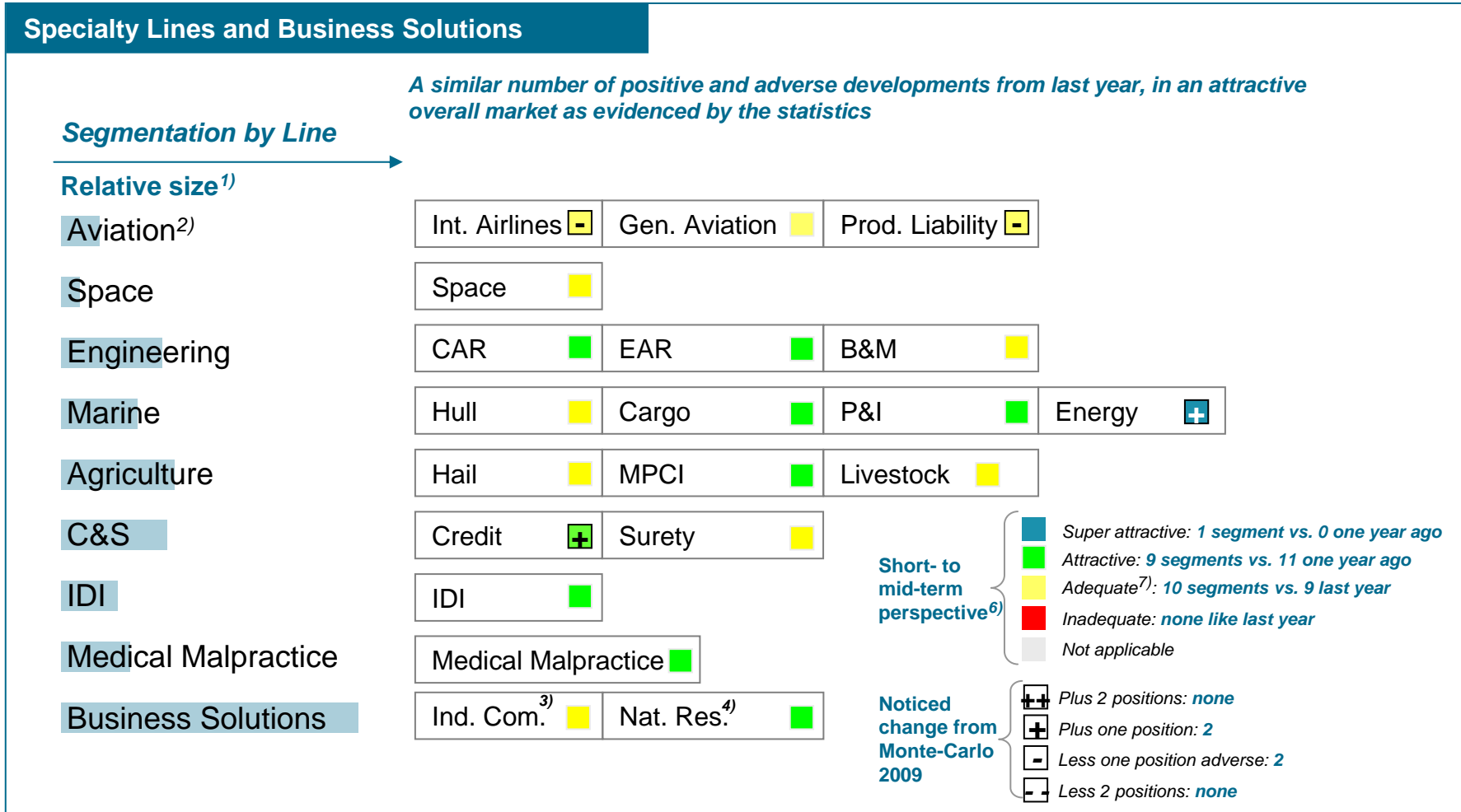
### The “traffic lights” representation of the 2011 renewal perspective for SGPC's portfolio

- ❑ **A dynamic process to monitor the environment, assess business trends and adapt underwriting:**
  - Driven by forward and backward looking analysis:
    - Prospective = pricing<sup>1)</sup>
    - Retrospective = reserving<sup>2)</sup>
  - Main milestones being plans, on-line monitoring and reporting of activity at and following each meaningful renewal period (price movements, profitability statistics, etc.) and quarterly closings
- ❑ **SGPC's specific position in the industry:**
  - Moving on a positive trend and repositioned among the market leaders and price makers in the segments where it operates
  - By choice, not an “across the board writer” in any market: supporting limited numbers of selected clients by market and following client specific approaches
  - Bringing a global offer (Treaty P&C + Specialty Lines + Facultative) to its clients and their brokers
  - Atypical vs. its peers because of its under-weighting in the US and in long tail segments (heavy casualty and financial lines)
- ❑ **A rather positive SGPC assessment of its potential to take advantage from fragmented cycles where:**
  - There are opportunities for SGPC to further increase line sizes on existing business at technically acceptable terms despite the rate erosions affecting loss-free markets or lines
  - Insurance markets or lines affected by man made or nat cat losses such as Credit & Surety, Energy, Australia, France, Eastern Europe and South America (Aviation excepted but for how long?) are subject to business reviews by insurers and reinsurers and changes which create opportunities for SGPC

# SCOR Global P&C's assessment of its potential in the segments where it operates at 2011 renewals (I)



# SCOR Global P&C's assessment of its potential in the segments where it operates at 2011 renewals (II)



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## SCOR is well positioned to progress thanks to its specific position and client relationship focus

### Non-Life reinsurance industry outlook favourable to SCOR Global P&C's continued success

- Decoupling of reinsurance from insurance: B to B vs. B to C, a limited and not increasing number of reinsurance market leaders and price makers, more barriers of entry than generally perceived based upon cat business "free" trading, more discipline
- In "emerging" markets, potential for meaningful growth fuelled by underlying insurance trends
- Less dominant positions of the historical leaders and redistribution of shares within a panel of market leaders and price makers (top 5)
- Very different dynamics among the first tier reinsurers

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

- SCOR benefits from the positive momentum and its improved relative position in the industry
- 2011 underwriting plans defined, strictly adhering to profitability targets, the full benefit of previous portfolio management actions being still to come

### ... 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