


Annual Report

2010



SCOR



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SCOR is a member of the United Nations Global Compact, the world's largest voluntary corporate responsibility initiative. In line with the Compact's principles that businesses should support a precautionary approach to environmental challenges, undertake initiatives to promote greater environmental responsibility, and encourage the development and diffusion of environmentally friendly technologies, 40% of the SCOR 2010 Annual Report is printed on paper sourced from sustainably and equitably managed forests, and 60% on recycled paper.

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Message from the Chairman



The world has entered the fourth year of the economic and financial crisis that erupted in the middle of 2007. After the banking and liquidity crises, many countries experienced an economic recession, which has now stabilised. We are currently seeing progressive recovery in terms of business. Most of the newly industrialised countries have recorded remarkable performances, and we are witnessing a historical rebalancing of the global situation.

The economic and financial crisis, and the way it has been dealt with by the public and monetary authorities, have left indelible marks that are now becoming apparent. Firstly, the accumulation of deficits and sovereign debts has aggravated a public finance crisis that is disrupting the financial markets by fostering major uncertainty over the stability of monetary zones and the capacity of certain States to honour their signatures. Subsequently, the exceptional level of monetary creation set in motion by the central banks, combined with rising prices for raw materials, energy and foodstuffs, could eventually lead to significant inflation; in fact this is already happening in certain countries. The probability of a sharp rise in interest rates is becoming stronger and stronger. Lastly, the crisis could lead to prudential regulations being tightened over and above what is actually necessary. Basically, coming out of a crisis is always a tricky and complex process, and we should remember that such periods can lead to major social, political and geopolitical changes.

Our Group has always kept a keen eye on the evolution of the economic and financial environment in which it does business. Throughout the last three years of the crisis, it has shown great prudence. It accumulated cash before the acute phase of the crisis in the autumn of 2008, it reduced the duration of its investments where necessary and it anticipated the sovereign debt crisis, which has made SCOR one of the very few financial institutions to have virtually no exposure to the countries involved.

SCOR is already prepared to manage the various possible developments of the future, from a rise in interest rates to the return of inflation. It remains and will continue to remain prudent, in terms of both its underwriting and its investments, in order to minimise the adverse effects of these probable developments. Prudence – which can be seen in SCOR's extremely active and dynamic risk management policy – is therefore still appropriate, even if the very significant improvement in the Group's situation means that it can marginally increase its risk appetite.

2010 was notably marked by an abnormally high level of serious natural catastrophes in the first quarter, with two exceptional earthquakes in the Americas in January and February and a violent storm in part of Europe, particularly in France. This series of natural catastrophes once again demonstrated the Group's ability to absorb major shocks. 2010 also confirmed the validity of SCOR's business model, which is carried by two separate reinsurance branches, Life and Non-Life. The two branches are evenly balanced and are unconnected, which enables us to limit the effects of major catastrophic events on the results.

2010 was an important year for the Group, with the adoption of the new strategic plan "Strong Momentum", rating and often outlook upgrades by each of the four major rating agencies, prudent management of the exit from the crisis, and finally improvements in the company's operations and organisational structure.

“SCOR is already prepared to manage the various possible developments of the future, from a rise in interest rates to the return of inflation.”

“The aim of the new strategic plan is to continue to expand the “magic triangle”, which consists of simultaneously increasing the Group’s profitability, solvency and premium income.”

The “Dynamic Lift V2” plan, which was implemented following SCOR’s merger with Converium in 2007, came to an end in 2010 having achieved its objectives. The new three-year plan “Strong Momentum” is along the same lines as the previous plan, fixing three objectives for the Group:

- To raise its profitability to 1,000 basis points above the risk-free rate;
- To provide its clients with an “AA” level of financial security;
- To moderately increase its risk appetite.

The aim of this plan is to continue to expand the “magic triangle”, which consists of simultaneously increasing the Group’s profitability, solvency and premium income, whilst rigorously maintaining the cornerstones on which SCOR is built: a strong franchise, a moderate risk appetite, a high level of diversification and a robust capital shield policy, which is notably centred on retrocession and catastrophe bonds. Over and above endogenous growth, the “Strong Momentum” plan includes the implementation of six initiatives for Non-Life reinsurance, four initiatives for Life reinsurance and one initiative for asset management, all of which will provide the Group with additional growth drivers.

All of the rating agencies have acclaimed the path followed by our Group: each of the four agencies has raised its assessment of SCOR’s financial strength. Being rated “A” by all the rating agencies, often with a “positive outlook”, is a critical asset that bears witness to both the solvency of the Group and the credibility of its strategy. These agency assessments are all the more important given that the environment in which we do business remains volatile, complex and difficult. The world has entered a stochastic universe, a universe of shocks that are essentially unpredictable. Our management of the crisis rests, therefore, on our ability to anticipate and then absorb shocks of all kinds: natural, technological, monetary, economic, financial, and so on. The desire to protect the Group’s shareholder equity gave rise in 2010 to the implementation of an innovative contingent capital solution and to the extension of the natural catastrophe bond programme, Atlas VI.

These advances in terms of economic and financial performance were accompanied by the enhancement of our organisational structure. The six-Hub structure continues to bear fruit, enabling us to combine a local presence with a global approach to all of the Group’s lines of business.

The vision underpinning all of our projects and strategic choices is the construction of a truly global Group. By their nature and size, the risks carried by reinsurance presuppose a global level of mutualisation. In order to put this vision into practice, the Group has continued to respect the most demanding principles of corporate governance. This strategy and the application of these principles have played a vital role in terms of creating value for our shareholders, culminating in a satisfactory stock market performance and significant reinforcement of our shareholder equity.

2010 was also the year of the Group’s 40th birthday, giving SCOR the opportunity to thank its clients, colleagues and all of the partners that have enabled it to reach the position it currently holds in the global reinsurance industry. SCOR is now recognised as a leading player by all insurance and reinsurance sectors, which elected the Group “Best Global Reinsurance Company” at the 2010 Reactions Awards in New York.

Your Group, therefore, remains fully mobilised to continue its development, focusing on the twofold objective of profitability and solvency. It is doing its utmost to seize opportunities and to anticipate possible risks. The resolute, permanent and above all rapid adjustment to the world as it is and as it is evolving is the sine qua non of our individual and collective success.

2010 was an important and successful year for SCOR. I would like to thank all of our partners – clients, shareholders and staff – without whom this success would not have been possible.



Denis Kessler
Chairman and Chief Executive Officer

Key Figures and Significant Events

KEY FIGURES

- 2010 premium income of EUR 6.69 billion, up 4.9% compared to 2009 (EUR 6.38 billion);
- Net income of EUR 418 million in 2010, up 13.0% compared to 2009 (EUR 370 million);
- ROE of 10.2%;
- Shareholders' equity of EUR 4.35 billion at 31 December 2010, up 11.6% (EUR 451 million) compared to 31 December 2009;
- Book value per share of EUR 23.96 in 2010, up by 9.9% compared to 2009;
- Total balance sheet of EUR 29 billion;
- Operational cashflow of EUR 656 million;
- Proposed 2010 dividend of EUR 1.10;

SIGNIFICANT EVENTS

- The Group has maintained a policy of high shareholder remuneration, with a distribution rate of 48% and a dividend yield of 5.7% (based on average 2010 share price). The General Shareholders' Meeting of April 2010 proposed two kinds of dividend payment, consisting of payment in cash or payment in new shares. Thus EUR 137 million was paid to shareholders having chosen the cash option, while 2,647,517 new ordinary shares (representing 1.43% of the Group's share capital) were issued at a fixed price of EUR 15.96. This means that SCOR has been, amongst its principal peers, the reinsurer with the highest global shareholder remuneration since 2005.
- The rating agencies have unanimously acclaimed the path followed by our Group: the four rating agencies following SCOR have all either upgraded their rating (AM Best) or confirmed their rating and raised their Outlook from "stable" to "positive" (Fitch, Moody's and S&P).

FINANCIAL STRENGTH

AM Best (10/09/2010)	A Stable outlook
Fitch (24/08/2010)	A Positive outlook
Moody's (07/10/2010)	A2 Positive outlook
Standard & Poor's (01/10/2010)	A Positive outlook

A SOLID GROUP RUNNING ON THREE POWERFUL ENGINES



35 offices across 5 continents structured around **6** Hubs

Solid global franchise with around **4,000** clients

More than **26,000** shareholders worldwide

Top-5 global reinsurer

1,665 employees with very high levels of expertise

■ SCOR was named “Best Global Reinsurance Company” in 2010 by *Reactions* magazine. Every year, the “Global Awards” reward the best successes in the insurance, reinsurance and brokerage fields. This award, which was presented in New York on 30 September 2010, marks the recognition of the Group as a major player in the reinsurance industry.



Reactions

GLOBAL
AWARDS

2010

■ SCOR celebrated its 40th birthday in 2010. A company can only be successful if it lasts. This is particularly true of the reinsurance sector, where the cycles are long and the hazards numerous. The fact that SCOR has managed, despite winds and tides, earthquakes and hurricanes, storms and terrorist attacks, financial crises and epidemics, to build a rapidly growing global group respecting the double imperatives of profitability and solvency, is an achievement of which the Group is particularly proud.



THE GROUP'S NEW STRATEGIC PLAN “STRONG MOMENTUM”

After “Back on Track” (2002-2004), “Moving Forward” (2004-2007) and “Dynamic Lift V2” (2007-2010), on 8 September 2010 SCOR launched its new strategic plan for 2010-2013. Given the Group's market position and franchise, as well as the economic outlook and the evolution of the reinsurance industry, SCOR has made the following strategic choices:

- to affirm the twin-engine business strategy to expand both Life reinsurance & P&C (Non-Life) reinsurance;
- to develop today's highly diversified Life and P&C portfolios and fundamentally maintain the existing geographic and product line structures;
- to pursue the underwriting of risks in areas where we have strong expertise and know-how, and where we enjoy carrying such risks;
- to deepen our current strong franchise and strengthen long-term client relationships;
- to expand SCOR's value proposition with innovative products and services in order to meet emerging client needs in selected fields;
- to confirm asset management as a key value contributor, based on clearly defined strategic asset allocation.

Our proven capacity to absorb shocks, along with SCOR's current competitive position, enable us to moderately increase our risk appetite for 2010-2013 and to envisage further improvement in terms of both profitability and solvency. “Strong Momentum” has thus set three main objectives:

- the optimisation of our risk profile;
- an “AA” level of financial security provided to our clients;
- profitability of 1000 basis points above the risk-free rate over the cycle.

Denis Kessler, Chairman & Chief Executive Officer of SCOR: “With the “Strong Momentum” plan, SCOR aims to strengthen its competitive position along with its already very solid financial situation. SCOR is thus in a position to face the current economic, financial and regulatory uncertainties and to optimise its risk profile whilst strengthening its solvency and creating value for its shareholders, and simultaneously respecting all of its stakeholders”.



Origins and Conception of the “Strong Momentum” Plan

Julien Carmona
COO of SCOR SE

CREDIBILITY, CLARITY AND CONSISTENCY: THE IMPORTANCE OF STRATEGIC PLANS FOR SCOR

Since 2002, SCOR has placed great importance on strategic plans – on their conception, publication and, of course, execution. “Back on Track” (2002-2004), a rescue plan, was followed by “Moving Forward” (2005-2007), which marked SCOR’s return to its peer group. 2007 saw the publication of “Dynamic Lift”, a plan very much marked by the integration of Revios and Converium. Following the Group’s successful emergence from the financial crisis, 2010 was the year of the announcement of the “Strong Momentum” plan, which represents a new step in the development of our company.

These plans occupy a special place in the life of the company. They structure its operations; they provide us with objectives; they commit us.

Why do we place so much importance on our strategic plans and why are they so detailed (there are 140 pages to Strong Momentum)?

First of all because we know that credibility is earned, has to be worked at, and rests on transparency. Do what you say, say what you do – and also say what you don’t do. The company is firmly committed to providing all parties concerned (investors, clients, brokers, regulators, rating agencies, etc.) with a level of transparency and detail unparalleled in the reinsurance industry.

SCOR is also focusing on the idea of a “see-through company” because our industry, reinsurance, is complex and is sometimes presented as a “black box”. This is why we are constantly doing our utmost to simplify our organisational structures and our operating methods. It is also why we are dedicated to giving our investors all of the keys to our strategy for the next three years.

Consistency is another of our values. SCOR has made a “moderate risk appetite” one of the pillars of its strategic model. We like to select the risks that we take on, and to take them on with our eyes open. We believe the same is true for our shareholders. Information being the most useful factor for risk reduction, we feel that by giving them very detailed information on our strategy, we are helping them to manage their own risk appetites, consistently with our own.

Finally, we believe that the transparency of our strategy plays a role in internal discipline. Discipline in terms of underwriting, risk control and finance are among the first action principles of our company. By committing ourselves over the long term, by putting our acquisition criteria on the table, by clearly indicating the risks that we are prepared to take and those we are not, and by explaining our objectives and action plans with regard to these risks, we are subjecting ourselves to healthy discipline. Naturally we do all of this without underestimating the uncertainty that characterises our industry and the world in which we live. The fact that we give ourselves long-term objectives does not mean that we slavishly follow a plan when the economic context changes. In this respect, SCOR very clearly indicates its key economic scenarios, which define the plan’s scope of validity. Moreover SCOR has demonstrated, with “Dynamic Lift”, its ability to achieve its objectives despite an environment that is very different from the initial predictions.

“STRONG MOMENTUM”: A NEW PLAN THAT INVOLVES THE WHOLE COMPANY

Because our plans are so important for the running of our company, we do our utmost to involve all of the Group’s momentum in them. It took a year of intensive work to draw up the “Strong Momentum” plan. This gives a nice illustration of the ability of our teams to work together throughout the Group – in the operating subsidiaries, in the central functions and in the six hubs – and has culminated in widely acclaimed results.

Our plan is the work of all of our employees. More than 400 SCOR partners were consulted in great detail about its orientations, and were asked to contribute to it with their own ideas. The Executive Committee met for two conferences lasting several days in order to discuss its content. A central team led by Philippe Trainar, Group Chief Economist and Chief Risk Officer, met on a weekly basis between October 2009 and September 2010.

This process, which is reiterative and participatory, has been replicated and reinforced throughout the Group’s major divisions: SCOR Global P&C, SCOR Global Life, and SCOR Global



Investments. Thus, at SGPC, the plan was prepared on the basis of a very detailed breakdown of the situation regarding the market and the competition, to which more or less all of our underwriters made a direct contribution. From this, a certain number of strategic orientations emerged and were submitted to the Group’s Executive Committee and its risk management authorities. Refined by successive critical reiterations, these orientations became those of the strategic plan and were subsequently incorporated into the underwriting plan.

Everything in our plan has been submitted to our employees for approval, even its name “Strong Momentum”.

We were not content with just looking at the inner workings of our company. We listened carefully to our clients, our regulators, the observers of our industry and, of course, our shareholders. It was through listening to and understanding the expectations of all our stakeholders that we came to redefine our three major objectives for 2013, namely:

- the optimisation of our risk profile;
- an “AA” level of financial security;
- profitability of 1000 basis points above the risk-free rate throughout the cycle.

We created this plan by ourselves – without external consultants or project managers. This plan belongs to us and to every SCOR employee. Once it had been communicated to the markets, we devoted ourselves to ensuring that each employee was minutely familiar with its contents. Moreover as part of our remuneration policy, which is global and largely standardised, we are ensuring that the remuneration of all our employees is governed by incentives aligned to the plan’s objectives.

The “Dynamic Lift” plan was a success despite the crisis. We must ensure that the “Strong Momentum” plan is also a success.

2010 Calendar

1 January

SCOR Asia-Pacific is chosen as the insurance co-lead on the "Express Rail Link" through its SCOR Global P&C large corporate risks unit, Business Solutions

The "Express Rail Link" is a civil engineering project worth several billion dollars. This railway construction is essentially composed of tunnels and a futuristic station. It will link the mainland Chinese border to Kowloon (Hong Kong SAR) and will be part of the Chinese Hi-Speed train network. The project presents numerous technical challenges, which is why the project owner, Mass Transit Railway (MTR), has adopted an innovative risk management policy that goes beyond the conventional risk transfer to insurers in that it also incorporates a crisis management policy and, alongside the usual Health and Safety programme, a Health and Safety incentive programme designed to raise awareness amongst contractors and site workers. Twice a year, MTR holds a Risk Awards ceremony, which SCOR Asia-Pacific sponsors and attends.

SCOR Asia-Pacific has been collaborating with MTR for the last two decades and has witnessed the evolution of their comprehensive and robust Risk Management policy, from tendering procedures to the risk register, including geotechnical investigations, health and safety and the environment. SCOR Asia-Pacific is also co-leading MTR's West Island project.

26 January

SCOR appoints new function managers

As of 1 January 2010, Julien Carmona becomes Group Chief Operating Officer, replacing Patrick Thourot who is retiring. Julien Carmona will be in charge of supervising Human Resources, IT, the Corporate Secretarial department, Legal Affairs, Group Communications & Public Affairs, Cost Control & Budgeting (jointly with the Group CFO) and the six SCOR Hubs in Cologne, London, New York, Paris, Singapore and Zurich. Julien Carmona joins SCOR's Executive Committee.

Reporting to Julien Carmona, Paolo Varisco is appointed Group Human Capital Director and remains CEO of the Zurich Hub, Vincent Foucart is appointed Group General Secretary and Karina Lelièvre is appointed Deputy General Secretary.

10 February

SCOR executes on its strategy: the successful outcome of the P&C 1/1 renewals combines growth with an increase in expected profitability

During these renewals, SCOR reaps the benefits of its focus on technical profitability and its improved position in the reinsurance industry. The Group records significant premium growth (7% at constant exchange rates, reaching EUR 1,787 million and an improvement in expected technical profitability, with overall positive price changes (positive weighted average price increase of 2% across the portfolio). SCOR continues to diversify whilst ensuring that its capital is optimally deployed. In a generally balanced market, it has managed to pursue active portfolio management, cancelling and more than adequately replacing contracts not meeting the required profitability targets. The Group continues to increase its non-proportional business (36% vs. 35% in 2009) and improves its geographical diversification through selective growth in the Americas (17% vs. 15%) and Asia-Pacific (5% vs. 4%).

SCOR Global P&C's gross written premium projection for the 2010 accounting year is approximately EUR 3.5 billion (compared to the 2009 figure of € 3.26 billion), with Net Combined Ratio expected to trend towards 96%.

22-24 February

Victor Peignet takes part in the National Oil Companies Conference in Dubai

The CEO of SCOR Global P&C took part in the "Insurance" round table of the National Oil Companies Conference, entitled "How the insurance industry can assist NOCs in a changing world". The third edition of this conference, organized by the broker Marsh McLennan, focused on the evolution of the oil industry since 2008, the impact of the worldwide economic and financial crisis, the influence of environmental issues and also on more detailed aspects such as fluctuations in oil and gas prices.

1 March

SCOR Global Life publishes an issue of Focus on Tele-underwriting

This *Focus* publication is the first on the topic of tele-underwriting, and combines the expertise of both SCOR Global Life and SelectX, a global risk management consultancy firm. The report provides an in-depth review of the basis and justification for tele-interviewing in Life and Health insurance.

1-3 March

SCOR Global P&C contributes to the success of the inaugural World Space Risk Forum held in Dubai

Over 280 professionals from the space industry attended the first edition of the bi-annual "World Space Risk Forum" in Dubai, organized in association with the Dubai International Financial Centre. This major conference brought together the CEOs and CFOs of satellite manufacturers, satellite operators and launch service providers, in addition to all the major global insurance brokers and underwriters. Didier Parsoire, Chief Underwriting Officer of SCOR Global P&C's Space Specialty unit, gave a presentation on the modelling of satellite risks, focusing more particularly on extreme events such as generic defects.

3 March

SCOR demonstrates its capacity to combine growth, profitability and solvency and records a net result of EUR 370 million

SCOR generates a robust net income for 2009, with both the Life and P&C units providing solid contributions and strongly expanding their franchises. Net income for the fourth quarter of 2009 stands at EUR 92 million reaching a net income for the full year of EUR 370 million, up 17.6% compared to 2008. Twelve months' earnings per share (EPS) stand at EUR 2.06, while Return On Equity (ROE) reaches 10.2%, exceeding SCOR's target of 900 bps above the risk-free rate set in the "Dynamic Lift V2" plan.

Life and Non-Life gross written premiums for 2009 reach EUR 6,379 million, up 9.8% compared to 2008 (+10.0% at constant exchange rates). Both the P&C (combined ratio of 96.8 in 2009) and Life reinsurance (stable operating margin of 5.8%) businesses grew significantly while generating operating cash flows totalling EUR 851 million.

SCOR continues to pursue its rollover investment strategy and to position the investment portfolio to benefit from interest rate increases and the expected return of inflation. Shareholders' equity grows by 14.2% (EUR 485 million) compared to year-end 2008, reaching EUR 3.9 billion. Book value per share stands at EUR 21.80.

4-5 March

In Brazil, SCOR takes part in the second reinsurance conference organized by *Reactions* magazine

Reactions magazine organized the second reinsurance conference since the opening of the Brazilian reinsurance market. Alongside SCOR Global Life, SCOR Global P&C was a key partner in this event, which attracted a large number of participants from the Brazilian insurance and reinsurance markets. Paul Hertelendy and Hedi Hachicha presented the global trends of the reinsurance market and the Brazilian market, Benjamin Gentsch described SCOR Global P&C's vision for this particular market through the development of new products, and Christian Mainguy spoke about the outlook for the global Life reinsurance market and its potential benefits to the Brazilian market, particularly in the fields of Long-Term Care and tele-underwriting.

11 March

SCOR joins the "EuroStoxx Select Dividend 30" index

STOXX announces SCOR's addition to its "EuroStoxx Select Dividend 30" index. SCOR SE was chosen as one of five new securities to join the EuroStoxx Select Dividend 30 (which is an index listing the 30 most attractive European companies in terms of dividends).

For the 2009 financial year, a dividend of EUR 1.00 was proposed at the AGM, representing an increase of 25% compared to the dividend paid out in 2009 (EUR 0.80) and a payout rate of 48%.

SCOR shares are included in the STOXX Europe 600, the SBF 120 and the CAC Next 20 indices.

12 March

SCOR publishes estimates of expected claims from the earthquakes in Haiti and Chile and the European windstorm Xynthia

This first quarter of 2010 registered an unusually high frequency of severe natural catastrophe events, as two major earthquakes struck the American continent in January and February and a violent windstorm crossed Europe. It is part of SCOR's mission to provide protection for such losses. The financial impact, though significant on a quarterly basis, will have no material impact on SCOR's financial strength or solvency position.

The strongest earthquake happened in Chile. At a magnitude of 8.8, the earthquake that struck the country on 27 February 2010 was followed by strong aftershocks in the region. The earthquake was the fifth largest in the world since 1900 and triggered a tsunami warning in the Pacific Ocean area. It partly destroyed the cities located around the epicentre, reached Santiago, and according to the Chilean authorities caused 279 fatalities.

Another unusually strong earthquake happened in Haiti. At a magnitude of 7.3, the earthquake struck the country on 12 January 2010 and was followed by at least 52 aftershocks, themselves with a magnitude of more than 4.5. According to the Haitian authorities, the earthquake caused more than 230,000 fatalities and 300,000 casualties, destroyed thousands of public and private buildings, including medical facilities, and damaged the country's infrastructure and communications network.

Finally, Windstorm Xynthia blew across Europe over the weekend of 27-28 February, hitting seven countries (Portugal, France, Spain, Germany, Belgium, the Netherlands and Luxembourg).

The west coast of France was hit particularly hard. Wind gusts of over 200km/h and storm surge floods caused severe material damage and 52 fatalities, prompting the French government to declare the storm a "natural disaster", which triggered state support through the CCR.

23 March

SCOR Global Life opens a Life representative office in Israel

SCOR Global Life SE has decided to establish a Life representative office in Tel Aviv for the Israeli Life and Health market. This market is estimated to represent around EUR 3.4 billion in 2010. SCOR Global Life, which has been working on the market for over 30 years, is one of the Top 5 Life reinsurers in Israel. This new office will enable SCOR to cooperate more closely with its existing and prospective clients and partners, thereby further strengthening its presence and position on this market.

The team is headed by Gabriele Hollmann, Chief Executive Officer of SCOR Global Life Switzerland, and is composed of Murielle Busbib, a senior actuary from SCOR Global Life SE Paris, and Michal Tomer, who will be in charge of medical underwriting services for the Israeli market.

31 March

Philippe Trainar and Frieder Knüpling join SCOR's Executive Committee; Michel Dacorogna is appointed Deputy Chief Risk Officer and Norbert Pyhel heads up the Cologne Hub

7 April

SCOR obtains a composite reinsurance licence in China, enabling it to add Life & Health reinsurance services to its existing Non-Life activities

The China Insurance Regulatory Commission (CIRC) has granted SCOR SE a composite licence that will henceforth enable the Group to extend its current Non-Life activities to Life & Health business in China. SCOR was approved by the CIRC to conduct Non-Life reinsurance business in October 2006.

SCOR SE's branch in China is run by Mr. Yu Wei Dong. SCOR SE's Life & Health activities in China will be headed by Mrs. Zhao Zeying.

19-21 April

SCOR Global P&C's agriculture team gives a presentation at the first Asia-Pacific Agricultural Insurance and Reinsurance Conference in Beijing

SCOR Global P&C was one of the two major sponsors of this conference, which was organized by Aon Benfield and China Re Group. Around 240 delegates attended the three-day seminar, mainly from the Asia-Pacific Region. Delegates included government officials and NGO representatives. SCOR Global P&C was represented at the event by Michel Blanc, George Leung and Weidong Yu for the Asia-Pacific region, and by René Kunz and Michael Ruegger for the Agricultural Specialty unit.

21-22 April

SCOR Global P&C's Agricultural team gives a presentation at the fifth international insurance And reinsurance conference, "Kiev Spring"

Dimitri Blagoutine, Head of SCOR Moscow, and Olena Sosenko, Senior Agriculture Underwriter, took part in the fifth international conference on insurance and reinsurance, "Kiev Spring", in Kiev, Ukraine from 21-22 April 2010. During the conference, various issues relating to the current and future situation in the Ukrainian insurance market were discussed, and Olena Sosenko gave a presentation on the reinsurance of agricultural risks.

28 April

SCOR generates resilient results and confirms the Group's capacity to absorb large shocks

SCOR demonstrates its capacity to deliver positive results in a quarter marred by high natural catastrophe losses, confirming the Group's shock-absorbing capacity. Net income for the first quarter of 2010 amounts to EUR 36 million, impacted by a high level of natural catastrophe losses. Earnings per share (EPS) for the first quarter of 2010 stand at EUR 0.20, with an Annualized Return On Equity (ROE) of 3.7%. Total gross written premiums for the first quarter reach EUR 1,613 million, up 3.3% compared to the first quarter of 2009 (+3.8% at constant exchange rates). SCOR Global P&C delivers a Q1'10 combined ratio of 108.6%, including 20.2 points of natural catastrophe claims. Thanks to SCOR's improved standing in the industry and its continued momentum, SCOR Global P&C delivers strong April renewals growth (+14%), with an improvement in expected profitability in a market that remains fragmented by business segment and geographical area. SCOR Global Life's operating margin improves significantly to 6.0%, compared to 4.5% in the first quarter of 2009. European Embedded Value (EEV) reaches EUR 1.9 billion (EUR 10.8 per share) at the end of 2009, up 13.7% compared to the end of 2008, demonstrating the effectiveness of the Group's Life reinsurance strategy and its capacity for long-term value creation.

The increase in Net Return on Invested Assets reaches 3.9% in the first quarter 2010 (excluding funds withheld), compared to 2.7% in full year 2009, demonstrating the Group's active portfolio management policy. SCOR reduces the Group's liquidity position to EUR 1.5 billion at 31 March 2010, down from EUR 1.7 at 31 December 2009.

28 April

SCOR Global Life Embedded Value reaches EUR 1.9 billion (EUR 10.8 per share), further demonstrating the dynamism and profitability of the franchise

SCOR Global Life records EEV growth of 13.7% to EUR 1.9 billion, compared to 1.7 billion in 2008. The substantial increase in the Value of New Business to EUR 113 million, up from EUR 48 million in 2008, is accompanied by an improved new business margin of 5.2%. The Group records a strong Life operating performance resulting in EEV earnings of EUR 299 million, up from EUR 63 million in 2008.

28 April

SCOR's Combined General Meeting adopts all proposed resolutions

SCOR shareholders approve the option for the payment of the 2009 dividend in SCOR shares

5-6 May

9th Annual SCOR Global P&C Deutschland Reinsurance Conference

SCOR Global P&C Deutschland held its ninth annual reinsurance conference from 5 to 6 May at the Kameha Grand Hotel in Bonn. Around 100 participants attended the presentations, which addressed topics such as geothermic energy, nano-technology, the view of an insurance purchasing agent and an overview of risk modelling.

20-21 May

SCOR Global P&C's large corporate risks unit, Business Solutions, holds its first Campus seminar on water management in Paris

This Campus seminar, entitled "Water: a key industrial resource at the crossroad of risks & opportunities" addressed the water management challenges faced by the industry in a context of increasing demand and decreasing availability, along with the surrounding legal developments and the growing sensitivity of the general public to water security and quality. The seminar gave SCOR Global P&C an opportunity to share its know-how with experts from industry, science and the legal professions, and illustrated how the strategic aspects of water can be integrated into the underwriting management process.

8 June

4th *Matinée Décennale*: "Insights on photovoltaic cells in construction" held in Paris

SCOR Global P&C's Inherent Defects Insurance Department held its fourth *Matinée Décennale*, entitled "Insights on photovoltaic cells in construction". Held at the *Maison de la Recherche* in Paris, the event was a great success, with over 100 participants from the French market. The objective of this morning conference was to present the various technologies used in the Inherent Defects field and to explain how they can be implemented in insurance programmes, both in traditional

Inherent Defects Insurance and in the insurance of new product performance defects.

11 June

SCOR continues its active dividend policy with a payout ratio of 48%

The Shareholders of SCOR SE decided on 28 April 2010 that the Company would pay a dividend of EUR 1 per share for the fiscal year 2009, representing a payout ratio of 48%, and that such dividend could be received either in cash or in new ordinary Company shares, to be issued at a price set at EUR 15.96.

Shareholders representing 23% of the share capital have opted to receive their dividend in SCOR shares. Thus the equivalent of EUR 42,254,371 will be paid through the issuance of 2,647,517 new ordinary shares, which will be delivered and listed on Eurolist by NYSE Euronext Paris on 15 June 2010.

28 June

SCOR Global P&C shares its expertise on compensation and reparation for serious bodily injury in third party motor insurance

SCOR Global P&C's Claims department and commercial teams publish a series of technical letters on the compensation and reparation of serious bodily injuries. The publications include a comparison of the various different compensation and reparation schemes and the cost of a serious bodily injury in Western Europe, the situation with regard to serious bodily injury compensation in France and Italy, and a comparative study of the regulations governing serious bodily injury compensation in the Nordic countries.

1 July

Flaspöhler survey puts SCOR Global Life at the top

SCOR Global Life was voted n°1 Best overall Life Reinsurer in the United Kingdom, Ireland, France, Italy, Belgium and Luxembourg, and n°2 Best overall Life Reinsurer in Spain and the Middle East in the 2010 Cedant perception survey in Europe, conducted by the Flaspöhler Research Group.

7 July

Jean-Charles Simon is appointed SCOR Chief Economist and Head of Group Communications and Public Affairs

22 July

SCOR records excellent half-year Non-Life treaty renewals

P&C and Specialty treaty renewals at the end of June have resulted in premium growth of 19% at constant exchange rates, whilst fully respecting technical underwriting profitability criteria.

These renewals relate to around 10% of the total annual volume of treaty premiums. They are evidence of SCOR Global P&C's strengthened competitive position and its repositioning in the USA, Australia and South Africa, as well as demonstrating improved conditions in certain regions (such as Latin America) and business lines (such as Credit & Surety and Energy). Specialty treaties have experienced volume growth of 15%, thanks to share increases in sectors benefitting from favourable price conditions. SCOR has seen a weighted average price increase on its renewed business of nearly 1%, illustrating the dynamic management of the portfolio and contributing to the continued improvement of expected technical profitability.

29 July

Very strong second quarter performance drives first half 2010 net income to EUR 156 million

Thanks to a second quarter that illustrated the Group's capacity to deliver a high level of recurring profitability, with a net income of EUR 120 million compared to EUR 91 million in the second quarter 2009 (i.e. +32%), SCOR records a net half-year income of EUR 156 million, compared to EUR 184 million in 2009. SCOR shareholders' equity stands at EUR 4.2 billion, up 8.1% compared to 31 December 2009, i.e. EUR 23.2 per share, while earnings per share (EPS) stand at EUR 0.87, compared to EUR 1.03 at the end of June 2009. Annualized ROE stands at 7.7% in the first half 2010, compared to 10.6% in the first half 2009.

SCOR's first half results combine growth, profitability and solvency: gross written premiums for Life and Non-Life reach EUR 3,258 million, representing an increase of 8% compared to the first half of 2009 (+5% at constant exchange rates), excluding equity-indexed annuity business in the USA and after normalising the level of Non-Life business in the first half of 2009 to the annual growth rate of 2009. SCOR Global P&C's (SGPC) premium income

records growth of +3.8% at EUR 1,764 million over the first 6 months of the year (+0.5% at constant exchange rates). The SGPC net combined ratio stands at 102.8% in the first half of 2010, and at 97.0% in the second quarter. Excluding exceptional events and subject to natural catastrophe losses not exceeding budget for the third and fourth quarters of the year, the net combined ratio for 2010 should be below 100%. Following excellent P&C and Specialty treaty renewals at the end of June and throughout July, SGPC maintains its estimation of the amount of gross premiums in a range between EUR 3.45 and EUR 3.5 billion for 2010.

The Life operating margin for the first six months ended 30 June 2010 amounted to 6.0% (compared to 5.1% for the same period 2009). This increase of 0.9 percentage points stems mainly from improvements in profitability in the different business segments and due to a positive development of the investment income.

In a context of low interest rates and greater volatility in the financial markets, the Group is maintaining a "rollover strategy" for its fixed income portfolio in order to have significant financial cash flows to reinvest in the event of a sudden change in the economic and financial environment, whilst seizing market opportunities in the short term. SCOR has recorded a net return on invested assets over the first 6 months of the year (excluding funds withheld by cedants) of 4.0%, a significant rise compared to the first half of 2009 (1.0%).

24 August

Fitch raises SCOR's rating outlook from "stable" to "positive"

Fitch Ratings has raised the outlook on the "A" rating of SCOR SE and its subsidiaries from "stable" to "positive" for Insurer Financial Strength (IFS) and Long-term Issuer Default Ratings (IDRs).

Fitch notably indicates that this upgrade takes account of *"the resilience of the group's financial strength, due to its conservative investment policy, reduced debt leverage and continued strong capital adequacy amid volatile financial markets and a less favourable claims environment. The ratings also take SCOR's strong business and risk diversification, solid business position and resilient profitability into account"*.

The previous rating change made by Fitch was the upgrade of SCOR SE's Financial Strength ratings to "A" on 21 August 2008.

1 September

SCOR Global P&C analyses the Environmental Liability Directive

SCOR Global P&C publishes a technical newsletter entitled "Environmental Liability Directive: How the (re)insurance industry is developing solutions in a fast-evolving context". This technical newsletter provides an overview of the key features of the Environmental Liability Directive, along with the (re)insurance solutions currently available.

6 September

SCOR Global Life actively participates in the risk training course "Managing Longevity Risk" organized in London by Life & Pensions Risk Magazine

The course addressed the sustainability of current Longevity trends and Longevity forecasting models, and alternative strategies for the management of risk such as Mortality derivatives.

8 September

SCOR presents its strategic plan for 2010-2013: "Strong Momentum"

Since 2002, SCOR has drawn up and implemented several strategic plans adopted by its Board of Directors: "Back on Track", "Moving Forward" and "Dynamic Lift V2". At the SCOR Investors' Day, the Group published its new strategic plan covering the period 2010-2013: "Strong Momentum".

SCOR's strategic plan for the period 2007-2010, "Dynamic Lift V2", has achieved its objectives: Group profitability, solvency, development financing and shareholder remuneration. The successful integration of Revios and Converium, along with the success of the "Dynamic Lift V2" plan, are all the more satisfying in that these projects were launched before the start of an economic and financial crisis of exceptional gravity. Despite this highly unfavourable context, SCOR has demonstrated its capacity to absorb shocks whilst continuing to develop. Indeed, SCOR actually emerged from this crisis even stronger: since 2007, the Group's premium income has increased by an annual average of 4.4%, its rating has risen from A- to A, its shareholders' equity has increased from EUR 3.6 billion to EUR 4.2 billion following the distribution of EUR 466 million in accumulated dividends since 2007, and its debt ratio has fallen from 18 to 11%.

With "Strong Momentum", SCOR notably intends: a) to pursue its development model balanced between Life and Non-Life reinsurance business; b) to continue to grow in the markets where

it already operates, with its current range of products and services; c) to expand its franchise, which is already highly developed throughout the world, and to further improve the quality of its long-term client relations; d) to increase the contribution to its results made by asset management; e) to increase its organic growth by around 5% per year, launching six initiatives in Non-Life reinsurance and four initiatives in Life reinsurance, which should contribute to business growth of around 5% per year in addition to the growth of existing business.

SCOR's proven capacity to absorb shocks, along with its current competitive position, will enable the Group to moderately increase its risk appetite for 2010-2013 and to envisage reinforcement in terms of both profitability and solvency. "Strong Momentum" has thus set three main objectives: (1) optimisation of the Group's risk profile; (2) "AA" level of financial security; (3) profitability of 1000 basis points above the risk-free rate over the cycle.

10 September

SCOR launches an innovative contingent capital solution to complement its capital shield strategy

SCOR announces the launch with UBS of a 3-year EUR 150 million Nat Cat financial coverage facility taking the form of an event-driven guaranteed equity as an innovative contingent capital solution.

Following the authorization granted by SCOR's shareholders, SCOR signed a natural catastrophe financial coverage facility in the form of contingent capital equity line with UBS.

Under the transaction, SCOR will benefit from a contingent EUR 150 million equity line, which would be available in two separate tranches of EUR 75 million each. Drawdown on the facility may result in an aggregate increase in the share capital of up to EUR 150 million (including issuance premium), in respect of which SCOR has entered into a firm subscription commitment with UBS.

The issuance of the shares will be triggered when SCOR has experienced total aggregated losses from natural catastrophes above certain thresholds occurring over three years, between 1 January 2011 and 31 December 2013.

This innovative contingent capital solution will allow the Company to further diversify its means of protection and counterparties, offering a cost effective alternative to traditional retro and insurance-linked securities (ILS) and improving the Group's capital shield strategy. The facility has received favourable qualitative and quantitative assessments by the rating agencies.

In the absence of the occurrence of any triggering event, no shares will be issued under the facility. The facility may therefore reach its term without any dilutive impact for shareholders.

10 September

A.M. Best upgrades SCOR's rating to "A"

A.M. Best has upgraded the Insurer Financial Strength and Long-Term Credit and ratings of SCOR SE and its main subsidiaries from "A-" to "A"(Excellent) and "a-" to "a" respectively.

According to the rating agency, this decision reflects *"the continuing resilience of SCOR's risk-adjusted capitalisation, its consistent operating performance and the quality of its enterprise risk management"*.

The last rating change made by A.M. Best was the upgrade of SCOR SE's "A-" rating from "stable" to "positive" on 4 September 2009.

13-14 September

SCOR Global P&C participates as a partner at the Aon Risk Symposium in Madrid

The Aon risk symposium was held in September in Madrid. This symposium is organized for the benefit of Aon's clients, Risk Managers and Captive Managers. As a partner of Aon Risk Consulting, SCOR Global P&C was represented by Olivier Hautefeuille, Business Solutions Chief Underwriting Officer for Industrial and Commercial Risks, based in Paris, and Peter Rizacos, Regional USA Business Solutions Manager.

20 September

SCOR Global P&C is gold sponsor of the 2010 IUMI Conference

The International Union of Maritime Insurance – IUMI - organized its 2010 annual conference in Zurich. Nearly 500 representatives from 42 countries attended the various presentations over the three days of the conference. With the common theme "Meeting the challenge of the new decade", all of the presentations, including one given by Jim McDonald, Head of Marine Specialty in Zürich, attempted to respond to the current challenges for the insurance industry.

1 October

SCOR is elected "Best Global Reinsurance Company"

Reactions magazine held its prestigious "Global Awards" 2010 on the evening of 30 September 2010 in New York. Each year the "Global Awards" celebrate the most successful global players in the insurance, reinsurance and brokerage industry. SCOR was named "Best Global Reinsurance Company" at the awards.

Reactions magazine awards this title every year based on an in-depth survey of insurance and reinsurance market players throughout the world.

1 October

S&P raises the outlook on SCOR's "A" rating to "positive"

Standard & Poor's has raised the outlook on the "A" rating of SCOR SE and its main subsidiaries from "stable" to "positive".

According to the rating agency, *"the outlook revision reflects our view of the positive momentum in SCOR's financial profile. This mainly stems from the group's improved earnings, strong capitalization, and a strong Enterprise Risk Management (ERM) program."*

S&P had previously upgraded SCOR SE's rating to "A" on 13 March 2009, before upgrading the Group's Enterprise Risk Management (ERM) rating from "Adequate" to "Strong" on 4 September 2009.

7 October

Moody's raises the outlook on SCOR's "A2" rating to "positive"

Moody's has raised the outlook on the "A2" Insurer Financial Strength Rating (IFSR) of SCOR SE and its main subsidiaries from "stable" to "positive".

According to the rating agency, this decision reflects *"SCOR's good franchise, diverse book of reinsurance business, excellent asset quality, and relatively low financial leverage. Furthermore, the Group's senior management has demonstrated a consistent business strategy."*

Moody's had previously upgraded SCOR SE's rating to "A2" on 4 December 2008.

8 October

SCOR Global Life Asia organizes a seminar in the Philippines

The seminar began with a presentation on micro insurance, which was followed by presentations on medical subjects such as chest pain, diabetes and critical illness, and the impact of these on Life insurance. The participants also had the opportunity to look at claims case studies in order to test their knowledge, which created a genuinely interactive experience between the speakers and the audience.

12-13 October

SCOR Global P&C sponsors the 10th Aon Energy Conference in Bahrain

Business Solutions, SCOR Global P&C's unit dedicated to large corporate risks, is a leader in the energy insurance market and was represented at the round table of speakers by Victor Peignet, Chief Executive Officer of SCOR Global P&C.

12-13 October

SCOR Global Life organizes its autumn technical Seminar in Moscow and Kiev

More than 70 participants attended this seminar, the theme of which was "Essential abilities as a basic disability insurance product".

15 October

SCOR UK gains us surplus lines approval from the NAIC

The NAIC has approved the application for SCOR UK to be added to the quarterly list, as published on 15 October. This means that SCOR UK can now write Excess and Surplus line business in the following American states: Arizona, Arkansas, Delaware, Iowa, Kansas, Kentucky, Maryland, Missouri, Montana, Nebraska, North Dakota, Ohio, Washington, Wisconsin and Wyoming. Applications will now be made to obtain approval in other States, thereby extending the capability of Business Solutions to offer coverage to its clients.

24 October

Victor Peignet's presentation at the Guy Carpenter Symposium in Baden Baden evaluates the importance of domicile choice for (re)insurers

The SCOR Global P&C teams were at the Baden Baden conference, which marks the beginning of the Non-Life treaty reinsurance renewals. Victor Peignet, CEO of SGPC, spoke at the conference's annual Guy Carpenter seminar about the relative advantages of (re)insurance hubs.

3 November

SCOR to back a new Lloyd's syndicate

Lloyd's Market Franchise Board gave its "in principle" approval to the creation of Syndicate 2015 on 1 November 2010. Final arrangements and approval could lead to the commencement of underwriting as early as 1 January 2011 on a risk inception basis.

SCOR will be the sole capital provider of Syndicate 2015, the initial stamp capacity of which is GBP 75 million. The envisaged portfolio has a strong focus on shorter tail lines coming from markets outside the US and excludes reinsurance treaty business. This will be the first time that the Group is the exclusive capital provider to a Lloyd's Market syndicate.

Whittington Capital Management Ltd, part of Whittington Group, will be the managing agent of Syndicate 2015. The management team of the new syndicate includes Richard Harris, John Byrne and Tom Corfield (Active Underwriter).

SCOR's support of Syndicate 2015 reflects the company's intention to further develop an insurance platform. It is an additional initiative to the Group's ongoing strong support of a number of other syndicates as a reinsurer and/or capital provider.

5 November

SCOR confirms its strong momentum in the third quarter with growth of 17% and net income up by 18% to EUR 111 million, thanks to its technical performance in Life and Non-Life reinsurance

The third quarter results confirm the Group's strong momentum with a net income of EUR 111 million, up 18.2% compared to the third quarter 2009 (EUR 94 million). This performance is notably due to very strong technical results, with a combined Non-Life ratio of 94.9% and a Life operating margin of 7.9% in the third quarter 2010. Excluding equity-indexed annuity business in the US, the reduction of which has been planned and deliberate, the Group has expanded by 16.9% in the third quarter 2010 (9.0% at constant exchange rates). With these performances in the third quarter, net income for the first nine months stands at EUR 267 million, which is close to the level achieved for the same period in 2009 (EUR 278 million) despite the exceptional losses of the first quarter 2010.

Earnings per share (EPS) stand at EUR 1.49 in the first nine months of 2010, compared to EUR 1.55 for the same period in 2009. Annualized return on equity (ROE) reaches 8.8% in the first nine months of 2010, against 10.5% recorded for the same period in 2009. In the third quarter 2010 alone, annualised ROE reaches 11.0% compared to 10.6% in the third quarter 2009. SCOR shareholders' equity rose by 9.0% to EUR 4,252 million at 30 September 2010, compared to EUR 3,901 million at the end of 2009. As a result, book value per share increased to EUR 23.41 at 30 September 2010, compared to EUR 21.80 at the end of 2009. During the first nine months of 2010, the Group continued to reduce its debt ratio and currently has a leverage position of 10.2%, compared to 14.6% at the end of 2009.

For the first three months of 2010, SCOR Global P&C (SGPC) gross written premiums stand at EUR 2,772 million, compared to EUR 2,530 million for the same period in 2009, up 4.5% at constant exchange rates. For the third quarter 2010 alone, SGPC records a gross premium volume of more than EUR 1 billion for the

first time, up 12.6% at constant exchange rates. SCOR Global Life (SGL) posts gross written premiums of EUR 2,248 million for the first nine months of 2010. Excluding equity-indexed annuity business in the US, the reduction of which has been planned and deliberate, premiums written by SGL have risen by 8.7% to EUR 2,212 million for the first nine months (+4.7% at constant exchange rates). SGL posts a record operating margin of 7.9% in the third quarter 2010, bringing the operating margin to 6.6% for the first nine months compared to 5.2% for the same period in 2009. SCOR Global Investments (SGI) maintains its "rollover" investment strategy and posts a strong return on invested assets despite the current low yield environment. During the quarter, the Group has thus slightly reduced its cash and short-term investments position to EUR 1,129 million at 30 September 2010, which represents 5.3% of total investments compared to 6.3% in the second quarter 2010, and generates net realised gains of EUR 141 million during the first nine months of the year.

15 November

SCOR Global Life holds its 3rd seminar in Nepal

During this seminar, SCOR Global Life covered various topics relating to underwriting issues. Using claims examples accumulated over the years, SCOR Global Life explained the importance of the "actively at work clause" and of clarity in terms of coverage basis.

15-18 November

SCOR Global P&C takes part in the Willis Latin American Energy Conference in Bariloche (Argentina)

This event was co-sponsored by SCOR US and the Brazil office. SCOR Global P&C was represented by Gabriela Mello, Property Underwriter, and Olivier Perrault, Chief Underwriting Officer for Business Solutions Natural Resources, who gave a presentation entitled "Natural catastrophes - an underwriter's perspective."

23 November

SCOR Global Life holds a day-long seminar on solvency in association with the Israeli Actuarial Association

In the presence of 120 actuaries, SCOR Global Life gave a talk on "Risk assessment in Life insurance". Thanks to its experience, SCOR Global Life was able to give practical information on Life modelling with regard to solvency issues.

29-30 November

SCOR Global P&C's Large Corporate Risks division, Business Solutions, takes part in the Sonatrach conference on Energy risks in Algiers.

Sonatrach, the national oil company of Algeria, invited all the key players of its two operational leaders in Algiers to a two-day seminar on energy risks. Olivier Perrault, Business Solutions Chief Underwriting Officer for Natural Resources, and Philippe Borgniet, Senior Energy Underwriter, gave a presentation entitled "The Art & Science of Risk".

1 December

SCOR Global P&C'S new Focus publication looks at Enterprise Risk Management

In the current financial and economic environment, which is characterized by shocks and instability, and in view of impending regulatory changes such as Solvency II and its equivalents under consideration outside the European Union, Enterprise Risk Management or ERM has become a top priority for the (re)insurance industry. This new Focus publication focuses on how to implement an ERM framework, integrating risk and economic capital management into a company and how ERM can contribute to the decision making process.

1 December

SCOR Global Life organises its first round table in Turkey

SCOR Global Life organised its first first round table in Turkey. The topic was the transfer of pension obligations from firms to insurance and pension companies.

2 December

SCOR has no exposure to the countries affected by the sovereign debt crisis

In November 2008, SCOR highlighted the inevitable rise in sovereign risk in the countries the most affected by the crisis, whose public finances were likely to deteriorate sharply. The Group thus announced that it would completely remove its exposure to these risks.

This disinvestment policy was carried out from the end of 2008. Today, SCOR therefore has no assets linked to sovereign risk in Greece, Ireland, Portugal or Spain. And across these countries, SCOR has no exposure to covered bonds and only very marginal exposure (EUR 4 million, or some 0.02% of its investments) to corporate bonds related to issuers based in these countries.

SCOR is maintaining its investment policy in high-quality assets and in countries with the lowest sovereign risk.

9 December

SCOR extends its Atlas VI catastrophe bond programme

SCOR successfully placed a new catastrophe bond ("cat bond"), Atlas VI Capital Limited Series 2010-1, which will provide the Group with EUR 75 million of protection against European windstorms and Japanese earthquakes for a risk period extending from 10 December 2010 to 31 March 2014. This transaction succeeds Atlas IV Reinsurance Limited, which is due to mature on 31 December 2010 and provides similar geographical cover of EUR 160 million.

Atlas VI Capital Limited is a special-purpose company created in 2009 and incorporated under the laws of Ireland. It may issue a series of cat bonds over several years. Aon Benfield Securities Inc. managed the transaction and the book on the deal. Standard & Poor's has rated this issue at B-. The loss payments covered by this cat bond are based on Risk Management Solutions' ("RMS") Paradex parametric indices. These indices enable SCOR to calculate its potential losses on a European windstorm or Japanese earthquake.

16 December

Launch of the SCOR Global Risk Center: an initiative to further the knowledge and science of risk

Operating on reinsurance markets throughout the world, SCOR is involved in the various fields of research concerned with risk.

SCOR has already developed several partnerships with the academic and research worlds, and has its own Life reinsurance research centres. SCOR also organizes actuarial awards in many European countries: Germany, France, Italy, the United Kingdom and Switzerland.

The creation of the SCOR Global Risk Center, which was announced as part of the Group's strategic plan for 2010-2013, "Strong Momentum", is in line with this long-term commitment. This dedicated risk centre brings together studies and publications produced or supported by SCOR, as well as all of the resources that SCOR wishes to reference for all those interested in risk.

Open and vibrant, this resource centre is easily available to everyone, free of charge, at www.scorglobalriskcenter.com or on the SCOR website www.scor.com. It will deal with all disciplines concerned by risk (mathematics, actuarial, physics, chemistry, geophysics, climatology, sociology, law, economics, finance, etc.), although contributions may originate from any field, without restriction.

Fed by a network of correspondents in the Group's various offices throughout the world, the SCOR Global Risk Center is also open to all contributions (professional work documents, academic research works, etc.) that it may receive for publication or referencing.

16 December

2010 Actuarial Awards: SCOR supports the development of actuarial science in five European countries

SCOR's 2010 Actuarial Prizes were awarded as follows:

In Paris, Manuel Plisson of the University of Paris-Dauphine was awarded the Young Doctors' prize for his thesis entitled "*Assurabilité et développement de l'assurance dépendance*" ("The insurability and development of Long-Term Care insurance"), while Julie Gamonet of the *Centre d'Etudes Actuarielles* was awarded the Young Actuaries' prize for her dissertation entitled "*Modélisation du risque opérationnel dans l'assurance*" ("Operational risk modelling in insurance").

In Milan, The prizes went to Federico Guerreschi and Fabio Moraldi, both of the Sacro Cuore Catholic University of Milan, for their dissertations entitled respectively "Longevity Risk and Mortality table", and "The Evaluation of the cost of claims in Property and the assessment of risk capital".

In London, the winners were Jennifer Healy of Edinburgh's Heriot Watt University, for her dissertation entitled "Multifactorial Genetic Disorder and Market Withdrawal", and Tom Hoad of City University London, for his dissertation entitled "Insurance Contract Credit Default Swaps".

In Cologne, the jury awarded the Actuarial Prizes to Frederik Ruez of the University of Ulm, for his thesis entitled "The Impact of

Stochastic Volatility on Pricing, Hedging and Hedge Efficiency of Guaranteed Minimum Withdrawal Benefits for Life Contracts", to Ramona Maier of the University of Tübingen, for her dissertation "*Stochastische Methoden zur Quantifizierung von versicherungstechnischen Risiken und Kreditrisiken*" ("Stochastic methods for quantifying technical underwriting risks and credit risks"), and Wiltrud Weidner of the University of Ulm, for her dissertation entitled "Modelling and Management of non-linear dependencies – an application for stress testing".

In Zurich, the management of SCOR presented the SCOR Fellowship award to Philipp Arbenz, a PhD student at ETH (*Eidgenössische Technische Hochschule Zürich*) and the award's first recipient. SCOR Switzerland promotes the bond between academic research and corporate practice in Switzerland, having created the SCOR Fellowship in March 2009, an academic program committed to advanced research in Actuarial Science/Mathematical Finance.

17 December

SCOR finalizes the implementation of its innovative contingent capital solution

SCOR announces the finalization of its 3-year EUR 150 million Nat Cat financial coverage facility taking the form of an event-driven guaranteed equity as an innovative contingent capital solution.

Pursuant to the authorization granted by SCOR's shareholders and the agreement entered into with UBS on 10 September 2010, designed to provide SCOR with additional capital in the event of natural catastrophes, SCOR issued 9,521,424 warrants to UBS today (each warrant commits UBS to subscribe for two new SCOR shares). As announced on 10 September 2010, the issuance of the shares will be automatically triggered when the aggregated amount of the estimated ultimate net losses incurred by the SCOR group (in its capacity as an insurer/reinsurer) as a result of natural catastrophes reaches certain thresholds in any given calendar year between 1 January 2011 and 31 December 2013.

Under the transaction, SCOR will benefit from a contingent capital equity line for a maximum amount of EUR 150 million (including issuance premium), which will be available in two separate tranches of EUR 75 million each (including issuance premium). In the absence of any triggering event, no shares will be issued under the facility. The facility may therefore reach its term without any dilutive impact for shareholders.





Increasing and Protecting Capital

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SCOR Shareholders

SCOR SHARES

Investor Relations

The Group has continued its policy of transparency, maintaining close contact with its investors and the financial community. The Group attended many major financial conferences throughout the year, and on 8 September 2010 organised its third Investors' Day to present its strategic plan, "Strong Momentum", which runs from 2010 to 2013. The tradition of meeting individual investors after each quarterly financial disclosure was continued and over the course of the year over 200 management meetings were organised with institutional investors around the globe.

Technical share data

SCOR's shares hold the ticker symbol SCR, with ISIN code FR0010411983. SCOR's shares were consolidated on 3 January 2007. The consolidation was conducted through the exchange of 10 old shares for 1 new share. The old shares were delisted on 3 July 2007.

From 3 July 2007 to 3 January 2009, Société Générale received requests from financial intermediaries for the purchase and sale of old shares and organised the over-the-counter transactions between buyers and sellers.

2010 Share Development

SCOR shares closed the year at EUR 19.0, corresponding to an annual performance of +8.6% (14.3% including the dividend in cash or 15.3% including the dividend in shares). In 2010, SCOR's share price outperformed most markets and indices (DJ Euro Stoxx Insurance index: -8.7%; DJ World Insurance index: +4.7% and CAC 40: -2.9%). The average daily trading volume in 2010 was 479,595 shares, representing a daily capital turnover rate of 0.26%.

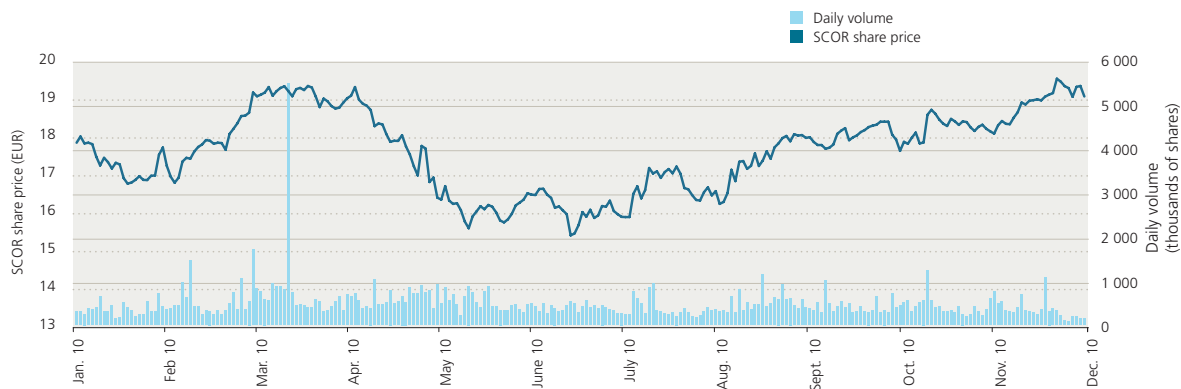
Market Indices

SCOR shares are included in the STOXX Europe 60 and the SBF 120. SCOR is included on the Euronext 100, the CAC Next20 and the EURO STOXX Select Dividend 30.

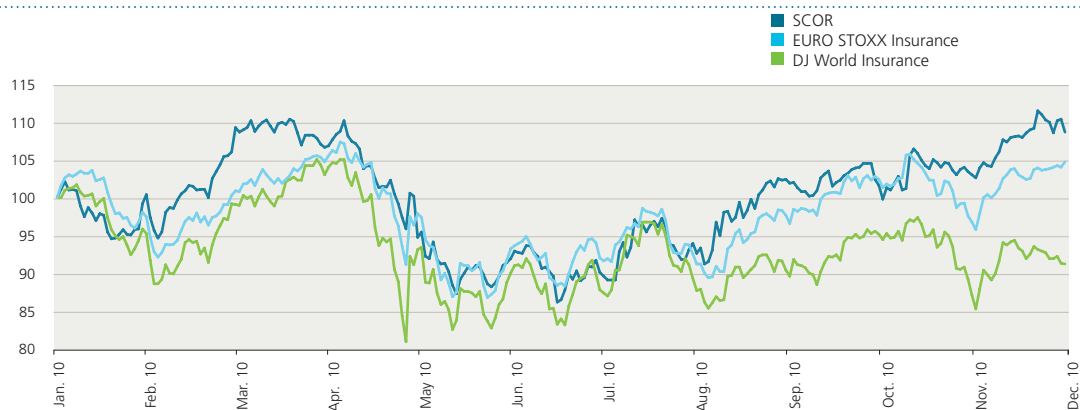
Listings

SCOR shares are listed on Eurolist Paris (deferred payment, continuous, ISIN code FR 0010411983). SCOR has also had a secondary listing on the SWX Swiss Exchange since 8 August 2007. On 4 September 2007, SCOR delisted its ADS from the New York Stock Exchange and terminated the registration of its securities under the US Securities Exchange Act of 1934. SCOR's ADS securities can nevertheless still be traded on the US over-the-counter market.

2010 SHARE DEVELOPMENT



SCOR SHARES AND THE EUROPEAN INSURANCE INDICES SINCE 1 JANUARY 2010



SCOR SHAREHOLDERS

Principal Shareholders

AS AT 31 DECEMBER 2010	NUMBER OF SHARES	% OF CAPITAL	% OF VOTING RIGHTS ⁽¹⁾
Patinex AG ⁽²⁾	14,000,000	7.45%	7.72%
Alecta Kapitalförvaltning AB ⁽²⁾	10,630,000	5.66%	5.86%
Groupe Malakoff ⁽²⁾	5,875,500	3.13%	3.24%
Générali Investments France S.A. ⁽²⁾	5,349,600	2.85%	2.95%
BlackRock Fund Advisors	4,950,900	2.64%	2.73%
Covéa Finance ⁽²⁾	4,290,500	2.28%	2.37%
MACIF Gestion SA ⁽²⁾	3,533,900	1.88%	1.95%
BNP Paribas Investment Partners Belgium SA ⁽²⁾	2,867,700	1.53%	1.58%
BNP Paribas Asset Management (France)	2,204,100	1.17%	1.21%
MATMUT ⁽²⁾	313,600	0.17%	0.17%
Treasury Shares	6,427,554	3.42%	0.00%
Employees	3,261,869	1.74%	1.80%
Others	124,090,178	66.08%	68.42%
TOTAL	187,795,401	100.00%	100.00%

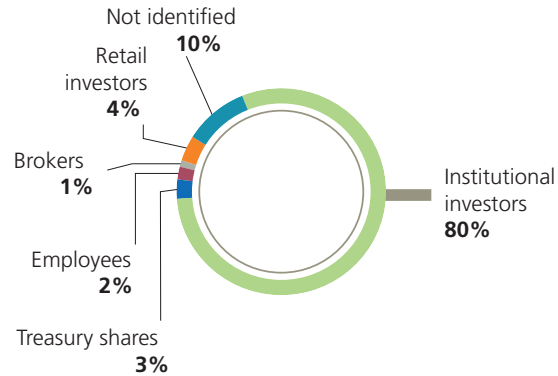
(1) The percentage of voting rights is determined on the basis of the number of shares at closure, excluding the company's own treasury shares.

(2) Source: TPI and IPREO share analysis on 31/12/2010

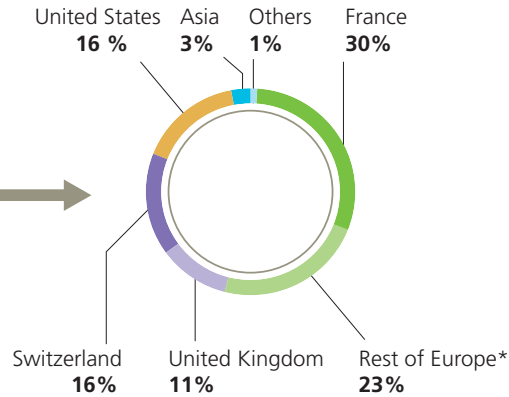
Source: IPREO, December 2010

DISTRIBUTION OF IDENTIFIED SHAREHOLDERS AND GEOGRAPHICAL DISTRIBUTION OF IDENTIFIED INSTITUTIONAL SHAREHOLDERS

GEOGRAPHICAL DISTRIBUTION OF IDENTIFIED INSTITUTIONAL SHAREHOLDERS



DISTRIBUTION OF IDENTIFIED SHAREHOLDERS



Source: IPREO, December 2010

* Rest of Europe: Sweden: 9%, Germany: 4%, Belgium: 3%, Netherlands: 2%, Norway: 2%, others: 3%

SCOR BONDS

SCOR Debt Overview

DEBT	ORIGINAL AMOUNT ISSUED	CURRENT AMOUNT OUTSTANDING (BOOK VALUE)	ISSUE DATE	MATURITY	FLOATING / FIXED RATE	COUPON + STEP-UP	NEXT CALL DATE
Subordinated debt	US\$ 100 million	US\$ 100 million	7 June 1999	30 years 2029	Floating	First 10 years: 3-month Libor rate +0.80% and 1.80% thereafter	25 March 2011
Subordinated debt	€ 100 million	€ 93 million	6 July 2000	20 years July 2020	Floating	First 10 years: 3-month Euribor +1.15% and 2.15% thereafter	6 April 2011
Subordinated debt	€ 50 million	€ 50 million	23 March 1999	Perpetual	Floating	First 15 years: 6-month Euribor +0.75% and 1.75% beyond the 15 years	24 March 2014
Super Subordinated debt	€ 350 million	€ 265 million	28 July 2006	Perpetual	Fixed	Initial rate at 6.154% p.a. until 28 July 2016, floating rate indexed on the 3-month Euribor +2.90% margin	28 July 2016

Scor Bond Spread Development

SUPER SUBORDINATED DEBT



Capital Protection

FINANCIAL STRENGTH

The strength and resilience of SCOR's balance sheet is one of the key reasons why clients transfer risk to SCOR. This resilience is supported by the capital shield policy.

CAPITAL SHIELD POLICY

The capital shield policy has two objectives:

- To ensure that the *retained* risk profile of the company is in line with the Group's risk appetite framework. This objective is achieved through retrocession and other hedging, e.g. Insurance Linked Securities (ILS) and Contingent Capital.
- To ensure that there is sufficient capital set aside to cover potential deviations in claims experience. Such deviations can arise from random fluctuations, extreme events or the initial underestimation of expected claims. This objective is achieved through the device of the Buffer Capital (see diagram below), which ensures that SCOR maintains a high level of capital over and

above the capital required to ensure its solvency, with regard to the risks it underwrites. The level of Buffer Capital is chosen to be consistent with SCOR's risk appetite framework and strategic targets and enables SCOR to absorb a significant amount of inherent volatility in its annual results, whilst still respecting the Group's Risk-Return objectives.

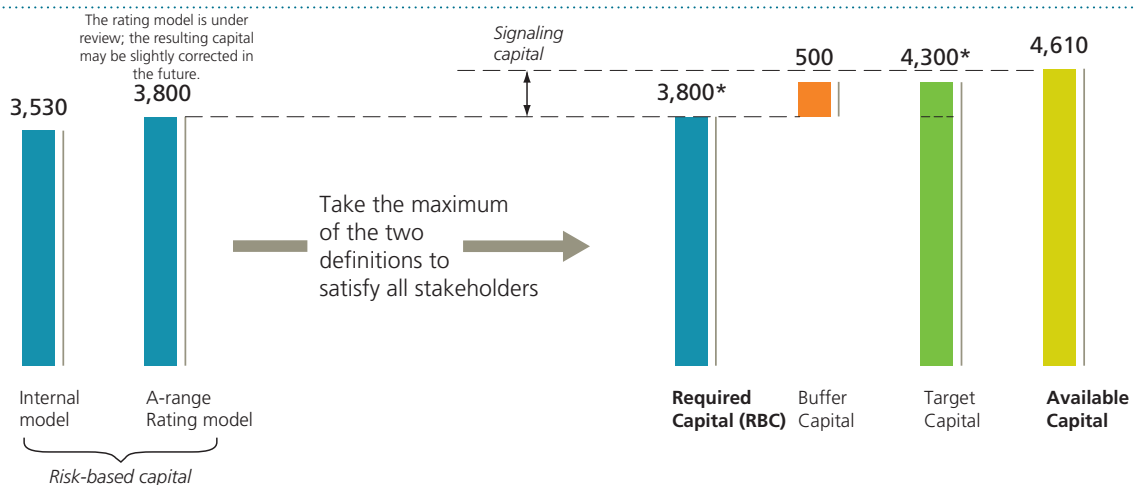
CAPITAL ADEQUACY

One key measure of SCOR's financial strength is the "Capital adequacy ratio", which is calculated as the ratio between Available Capital and Required Capital.

Available Capital is calculated as shareholders' equity plus or minus economic adjustments made to take into account the economic value not reflected in the balance sheet that appears in the published accounts. These adjustments could consist of the positive impacts of discounting reserves and the portion of the Embedded Value that is not already included in the IFRS accounts.

CAPITAL ADEQUACY (JULY 2010)

In EUR millions



* The S&P Required Capital Figure is not yet finalized

SCOR calculates its Required Capital on a Group-wide level as the maximum of two values: internal model Required Capital and rating agency capital. Additionally, SCOR ensures that all Group entities hold sufficient capital to satisfy local statutory requirements.

INTERNAL MODEL

SCOR uses a comprehensive internal model to evaluate the capital needed to cover all the known risks to which it is exposed, including the portfolio of retained risks (i.e. after hedging). This model uses assumptions regarding the risk environment and in particular the future volatility of identified risks. It is applied to the Group's current portfolio profile, taking into account the level of diversification across the Group as a whole. The internal model is calibrated by independently-evaluated extreme scenarios.

CURRENT SOLVENCY REGULATIONS

In addition to the capital adequacy measures mentioned above, further comfort is provided to clients through an independent assessment by insurance regulators in the various countries across the world where SCOR operates.

Regulators have implemented solvency regulations that stipulate the methods or formulae for calculating the regulatory Required Capital. The SCOR Group and its various legal entities and branches satisfy all of the applicable regulatory requirements, the main ones being Solvency I in the European Union, the Swiss Solvency Test in Switzerland and Risk Based Capital (RBC) in the USA.

EMBRACING SOLVENCY II

The new Solvency II regime will become effective from 1st January 2013 for the European insurance industry, replacing the current solvency regulations. One of the main changes in the new solvency regime relates to the method of evaluating regulatory Required Capital, which, in the future, will more closely reflect the actual risk profile of a company.

SCOR is well positioned to face the challenge of the new Solvency II requirements as it already manages its capital based on its risk profile and benefits from an Enterprise Risk Management that is recognised as "strong".

The Group has a sophisticated and robust internal model that is integrated into its key decision processes, including its strategic planning.

SCOR is a capital driven Group with a highly diversified portfolio of risks, a clearly defined risk appetite and a robust capital shield strategy.

Solvency II regulations are built upon three pillars:

- Pillar 1 – Capital Requirements;
- Pillar 2 – System of Governance and Internal Control;
- Pillar 3 – Disclosure and Reporting Requirements.

Under the responsibility of the Chief Risk Officer, SCOR has structured its Solvency II programme around 8 work areas, which break down the requirements of the three pillars of the Solvency II directive. The programme structure will allow SCOR to meet the requirements at both the Group and solo entity level (for legal entities in Europe). SCOR's Solvency II programme will fully leverage the Group's strong ERM framework, sophisticated and robust internal model and integrated information systems.

The three pillars of Solvency II regulations

Pillar I – Capital requirements (quantitative evaluation)

The Minimum Capital Requirement (MCR) represents the lowest possible capital any (re)insurer should hold – anything lower is considered to expose policyholders to unacceptable risk. If the available capital falls below this level, the supervisory authorities could intervene in order to restore the solvency of the company to an acceptable level.

The Solvency Capital Requirement (SCR) accurately reflects the risk profile of the company and incorporates quantifiable risks faced by (re)insurers, including underwriting risk, market risk, credit risk and operational risk. To calculate the SCR the (re)insurer can choose either the Standard Formula or an Internal Model (once the latter has been approved by the supervisory authorities).

Pillar II – System of governance and internal control (including qualitative evaluation of risks and capital)

The underlying philosophy of Solvency II is a risk-oriented solvency assessment based on the principle of proportionality, i.e. more time and effort is spent managing significant risks and some operational risks. For this reason, the concept of ORSA (Own Risk and Solvency Assessment) has been developed, whereby the (re)insurer carries out an assessment of its own solvency needs in relation to its risk profile. If the supervisory authority is of the opinion that the SCR calculation based on the standard formula or internal model does not sufficiently reflect the risk profile of the (re)insurer, or if there are qualitative deficiencies, capital add-ons will be imposed.

Pillar III - Disclosure and reporting requirements (to the markets and to supervisory bodies)

The third pillar stipulates the disclosure requirements, the main objective being to harmonise reporting procedures and content across the European Union. Whether for the general public or for the regulator, the documentation involved will require a high level of transparency, including impact studies, risk-oriented analysis and detailed, standardised information.



SCOR “on track” for Solvency II

Michel Dacorogna
Deputy Chief Risk Officer

What procedures has the Group implemented in anticipation of the Solvency II?

SCOR has been anticipating Solvency II for a number of years, by equipping itself with an integrated information system, a cutting edge internal model and a risk management policy rated “strong” by Standard & Poor’s. Over the coming months, the internal Solvency II project aims to ensure that SCOR is 100% “Solvency II compliant”. Because the standard “Solvency II” model was essentially drawn up for insurance companies, SCOR developed its own internal model so that it could improve the risk modelling used to calculate the company’s solvency. One of the Group’s primary objectives is to obtain the approval of the regulators for this internal model, which has been tailored to the specific features of a reinsurer.

The Group’s internal model is entirely transversal. It therefore requires a well-defined organisational structure, including for example IT systems that facilitate the validation of data entered into the model, and well-established governance. In addition to this we have implemented seven working groups, each working on specific subjects and reporting to a member of the Group’s Executive Committee.

The Group had actually industrialised its internal model through its CoCPIT project. The Solvency II directives are in line with the risk culture defined by SCOR, which is why it is important for us to obtain regulatory approval for our model.

Do you have a dedicated team working on this project?

There are currently around sixty people working on the project, divided into seven working groups. These employees come from the Group’s various different offices, all of which, in Europe and elsewhere, are working closely together in order to make the project a total success. Moreover, through this project, the Group wants to promote the emergence of new management executives. We decided to give more responsibility to a certain number of our young executives so that they gain the experience they need to be able take the reins in the years to come.

Will the Group be operational by 2013?

Reinsurers are ahead of insurers in terms of constituting their internal models, partly due to the need for a reinsurer to have an internal model tailored to the specific features of the industry, and partly due to a strong obligation to diversify. Indeed, one of the objectives of the internal model is to properly manage the Group’s diversification, which is part of the know-how that a reinsurer offers to its clients. This internal model is fully operational. We are working very closely with the Autorité de contrôle prudentiel (ACP-French prudential supervisory authority) in order to obtain approval for it.

Moreover, our risk management is now compliant with the standards set by Solvency II. What we need to do now is ensure that all these elements of the project function together smoothly.



A Very Stable Rating Level

THE IMPORTANCE OF RATINGS FOR SCOR

Obtaining a stable rating is a priority for all reinsurers as it constitutes a key element for the Group's financial stability

and is used by clients, investors, the credit market and employees:

RISK ENQUIRY SYSTEM IMPLEMENTED BY SCOR

Clients / Brokers

- Criteria to select Reinsurer
- Limitation and assessment of the credit risk
- Selection on the security lists
- Killer criteria for certain lines of business
- Downgrade clauses in treaties

Investors / Shareholders

- Increase of investment alternatives
- Information on the sustainability of company's development
- Understanding of the position on the market
- Comparison to peers



Employees

- Financial strength of our company
- Relationship with our stakeholders
- Performance criteria in incentive schemes

Credit Market

- Independent measure of the Credit worthiness
- Ability to face future payment obligation
- Used to price the credit spread
- Covenant in contracts with banks

This is why the Group's rating team fosters constant and regular dialogue all year round with the various agencies:

- rating agencies are notified of any information that may influence rating criteria;
- regular meetings are organised to announce quarterly results or any information for the financial markets;
- the Group regularly releases, whether formally or informally, information on the company, the sector or any other issues that may concern the Group.

In addition, Group management meets each agency once a year. During these management meetings, the Group, represented by its executives, reviews past results and presents its progress in terms of the strategic objectives defined in the current strategic plan.

GROUP SOLVENCY, ONE OF THE STRATEGIC FOCUSES OF "DYNAMIC LIFT V2", IS RECONFIRMED BY "STRONG MOMENTUM"

One of the objectives of the "Dynamic Lift V2" strategic plan, which covered the 2007-2010 period, was to provide an "A+" level of financial security to the Group's clients. The results obtained at the end of 2010 following completion of the plan are all the more spectacular in that they were recorded despite an unprecedented economic and financial crisis. The Group came out of this financial crisis stronger and was able to demonstrate its ability to absorb major shocks whilst meeting the requirements of the strategic plan: the Group's financial stability rating was upgraded from "A-" to "A" between 2007 and 2010 and SCOR recorded a financial stability level equivalent to "A+".

Over the last three years, SCOR has successfully combined the triangle of profitability, solvency and growth. SCOR's upgrading since August 2008 by the main rating agencies has been even more remarkable at a time when several reinsurers have been downgraded or placed under surveillance with negative outlook by the same agencies.

In September 2010, AM Best upgraded SCOR's rating from "A-" to "A". In addition, in August Fitch raised SCOR's outlook from stable to positive on the "A" rating, and in October, S&P and Moody's raised the outlook from stable to positive on the "A" rating and from stable to positive on the "A2" rating respectively.

In its new strategic plan announced in September 2010, which covers the period 2010-2013, SCOR sets itself the objective achieving an "AA" level of financial security by 2013.

ERM, A MAJOR FACTOR IN THE GROUP'S RATINGS

Enterprise Risk Management (ERM) is at the core of the Group's ratings and supports and strengthens the strategic priorities defined by the Group. This risk management policy is applied in all of the Group's entities and is a clear competitive advantage in the run up to the new Solvency II regulations. S&P, which rates Risk Management separately, acknowledges the quality and high level of risk management culture within the Group as "strong", among the best in the sector. SCOR's ERM is an essential component of the strategic "Strong Momentum" plan in terms of optimising the Group's risk profile.



Contingent Capital, a SCOR innovation designed to protect the Group's capital

Marco Circelli
Head of Corporate Finance

How was it created, how did it come about?

As a part of SCOR's capital shield strategy the Company has been actively looking for a cost efficient and true contingent capital solution that is applicable to the insurance world. Our solution was developed after intense discussions with advisors and rating agencies, drawing inspiration from debt and equity-based transactions, combined with our alternative risk transfer expertise in the cat bond market.

How is this protection innovative?

SCOR's solution is innovative because we believe it is one of the first in the sector that achieves upfront recognition from rating agencies in the form a reduction in the capital requirements of the Group, whilst retaining its flexible and cost efficient structure. In effect, SCOR has significantly reduced upfront costs for an equivalent natural catastrophe protection, diversified its capital shield policy, and improved its capital structure efficiency due to a reduction in capital requirements. Moreover, the solution has been successfully tested and modelled by SCOR's state-of-the-art internal model – nowadays this is critical when presenting the solution to regulators and rating agencies.

What advantages does it have as a capital protection solution compared to existing solutions?

Compared to:

1) Debt-based contingent capital: our solution does not require upfront debt funding or the burden of increasing the company's leverage unnecessarily. It is truly contingent in the sense that upfront costs are minimised and we only pay for it if protection is needed or used.

2) Equity-based contingent capital: our solution represents some structural adjustments to this, whereby upfront rating agency quantitative credit is received (not only upon equity issuance).

3) Insurance risk transfer (e.g. cat bond) and retrocessions: The main advantage of this contingent capital solution was the feasibility of more flexible insurance risk protection (no basis risk) at a much lower cost.

Is it a difficult solution to implement? Does it represent significant costs?

There were a few key milestones for which we had to obtain approval, e.g. authorisation from shareholders. It's not a difficult solution to implement once the concept and feasibility are ascertained, but this was the most time consuming element! It did not cost SCOR much either, in fact it represented significant cost savings versus other alternative solutions, as mentioned previously.

How was it received by the financial market?

It took some time for the market to absorb the news, given the simultaneous announcements of our "Strong Momentum" plan and AM Best upgrade. The market's reaction was positive overall: equity analysts took the time to further understand the structure and reflected it in their reports/projections; rating agencies noted the improved financial flexibility and risk adjusted capitalisation. We even had a few unsolicited queries on this structure through the P&C business and at Board level.

ERM, the Control of Risk

SCOR's strategic plan is supported by state-of-the-art Enterprise Risk Management (ERM).

RISK APPETITE FRAMEWORK

SCOR's risk appetite framework is defined by the Board of Directors. It was comprehensively reviewed during the development of SCOR's new strategic plan "Strong Momentum". The review was based on long discussions held in the Executive Management Committee and the Board Risk Committee with regard to the most important implications of potential changes to the risk appetite framework. At the end of the review, recommendations were made to the Board.

The risk appetite framework builds on three concepts: risk appetite, risk preferences, and risk tolerances.

RISK APPETITE

SCOR's risk appetite is the quantity of risk the Group wishes to assume in order to achieve a desired level of profitability. This defines where SCOR positions itself on the risk-return spectrum (between extremely risk-averse, i.e. low-risk/low-return and extreme risk taker, i.e. high-risk/high-return). SCOR uses a target retained risk profile (net of cover), which corresponds to the profit and loss distribution curve and to expected target profitability. These two components provide a complete definition of the Group's risk appetite. A comparison of SCOR's actual and target retained risk profile and profitability is regularly reported to the Board via the Risk Committee.

RISK PREFERENCES

Risk preferences are qualitative descriptions of the risks that SCOR is willing to assume, i.e. the type of risks it wants to take:

- Motor or Property on the P&C side?
- Mortality, Accident & Health or Disability on the Life side?
- Low uncertainty or high uncertainty business? i.e. working layers or remote catastrophe layers?
- Geographical areas? e.g. Europe or Asia?

SCOR wishes to cover a wide range of reinsurance risks in many geographical areas. At the same time, it has no desire to take operational, legal, regulatory, tax or reputational risks. These risks are all managed within tolerable limits. The risk preferences determine the risks to be included in SCOR's underwriting and investment guidelines.

RISK TOLERANCES

Risk tolerances define the limits that have been set and communicated to the Group's stakeholders (clients, shareholders, regulators, etc.). The Board defines and approves risk tolerance limits for the Group, by LOB, asset class and extreme scenario in order to ensure that its risk profile remains aligned with its risk appetite framework. The Group uses various risk measures to verify that its exposures remain within these limits. These measures can take several forms depending on the technical constraints or the level of information available and are based on either internal model outputs or on Group expert opinions.

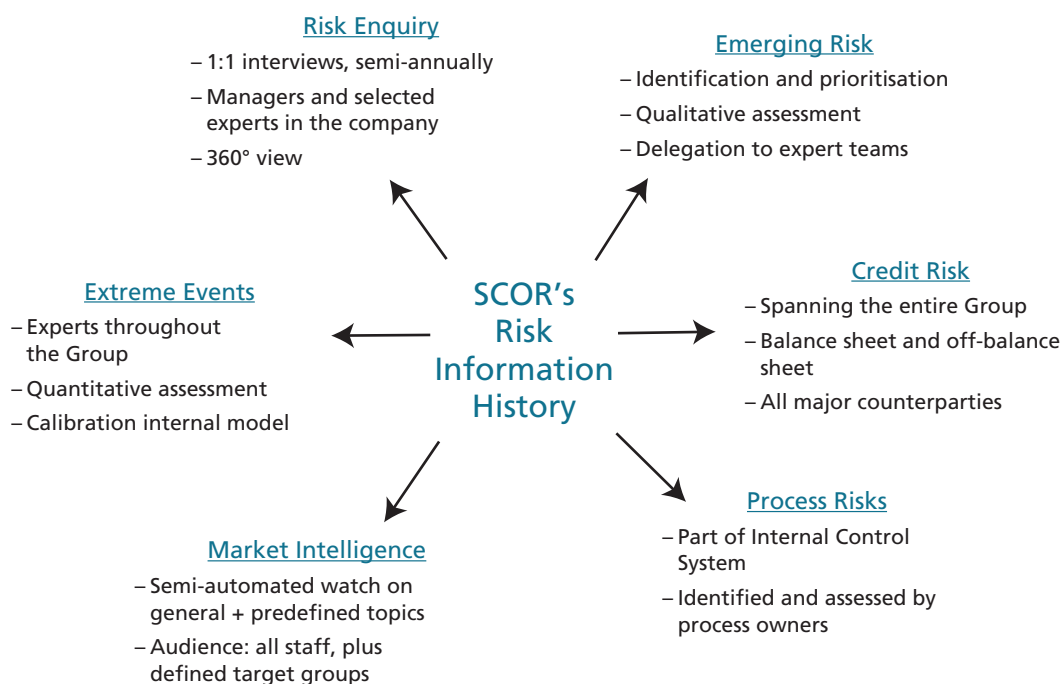
HARMONISED RISK IDENTIFICATION AND ASSESSMENT PROCESSES TO SUPPORT DECISION-MAKING

Risk identification and assessment are two important steps in SCOR's ERM cycle. Events that might have an influence on the objectives of the Group have to be identified and evaluated in order to decide on appropriate responses.

The risk identification processes are ongoing and comprehensive, and span all the areas in which the Group operates. The risk assessment as a subsequent step requires at least a relative positioning of the identified risks, and, insofar as is possible, a quantitative assessment of potential impact and probability of occurrence. SCOR applies a broad range of possible identification and assessment techniques many of which combine the two steps 'identification' and 'assessment'.



RISK ENQUIRY SYSTEM IMPLEMENTED BY SCOR



RISK ENQUIRY

This process is a valuable tool for gathering information regarding SCOR's exposure to risk, e.g. in the form of interviews conducted by the independent risk controlling function.

The objectives of the risk enquiry process are to identify, describe, quantify and assess relevant risks, and to ensure that adequate risk response measures are taken by the risk owners. The regular nature of the process allows for trend analysis and risk tracking over several years, and the broad range of people involved allows for horizontal information and communication flow, which facilitates widespread communication with regard to risk management and thereby reinforces SCOR's risk culture.

EMERGING RISKS

Emerging risks or 'known unknowns' are by definition difficult to grasp and vague in terms of their potential scope and impact. Moreover, they require extreme vigilance since the collapse of certain criteria could see them quickly develop into large insurance claims.

SCOR's process for identifying emerging risks uses an intranet-based platform (called ECHO), to which a range of observers throughout the entire Group can contribute by submitting identified emerging risks to the website. These can then be commented on by other observers. The observer community consists of legal experts, claims specialists, underwriters, and risk managers. These internal risk analysis sources also refer to external publications such as those from the World Economic Forum, to input from industry-wide expert groups in which SCOR plays a part, and to specialist legal and insurance bulletins and publications.



ERM in the Singapore Hub

Michael Halim
Regional Risk Manager

How do you apply ERM in the Singapore Hub?

We leverage SCOR's global ERM framework as a basis for managing risk across the Asia-Pacific Region, supplementing this with local specifics or controls to improve our effectiveness in the management of risk. We have a very capable team, and together with them we have established a solid risk culture. To stay ahead of the challenges involved, our Hub has also been strengthening its ERM framework through the more strategic and holistic oversight and management of risks. This enables us to mitigate and respond swiftly to various risks in the region.

Are there any areas of risk-related expertise specific to this Hub?

Firstly, we have significant expertise in the markets and risks within this region. This expertise in decision-making is combined with independent risk management, enabling us to enter or grow in new and expanding markets in a risk-controlled way.

Secondly, we have chosen to locate many of our teams in the markets. For ERM, therefore, a key focus has been on ensuring that our governance model extends and is effective across a large region.

Thirdly, we have expertise in assessing risk in less mature markets. Our Hub concept also enables us to tap into the global talent base where we need it.

Have you put specific controls in place?

As risk management is constantly evolving, it is important to scan the environment and identify key risks on an annual basis. Because this is a matter that concerns everyone, a risk management session is held during the Annual Underwriting

Meeting (AUM) or any other Hub event involving all middle and senior management, in order to assess the current key risks that threaten the Hub's achievement of its objectives and business outcomes. In addition to this, several initiatives to refine and enhance the management of ERM have been introduced, including inculcating a strong risk culture within the Hub's organisational structure. The current Group policies and guidelines have been adopted to cover all forms of risks, for example in order to maintain the high ethical standards and professional conduct expected of staff, the Hub has communicated the Group Code of Conduct to all employees. In the future, the Hub will streamline the escalation procedures for exceptional incidents such as operational risk events, in order to provide a clear, systematic and consistent process by which to address any exceptions. This year, additional mitigating measures, such as the Internal Control System (ICS) as part of the Group's Solvency II project, will be further developed to address identified operational risks.

Can ERM be adapted to each region whilst maintaining a Group method?

Yes, we believe that ERM can and should be flexible enough to adapt to the requirements and risks of a region. Risk management is about managing risk appropriately and effectively; it is important that we have the flexibility to ensure that this is done. The Group's approach to ERM requires the Hub's management (the board and senior management) and all staff to work closely together. We believe that the primary responsibility for the prudential soundness and supervision of our organisation's risks lies with our Hub's management team. They should address the issues surrounding all key risks of concern to the Hub, as well as supporting the efforts of the staff to maintain a sound risk management and internal processes environment that is commensurate with the Hub's business activities and risks.



CREDIT RISKS

Credit risk exposure, or counterparty risk, can exist on many of the Group's assets and also, to a lesser extent, liabilities. It is very important to have an exhaustive vision of credit risk on a Group-wide scale. The most obvious area of counterparty risk is related to the corporate bond portfolio where it is important to have a reasonable spread of risk across sectors and countries. But we also need to assess credit risk on cash deposits and government bonds, which is no longer a theoretical exercise today. A thorough credit risk assessment also includes Credit & Surety business in the P&C division, as well as IFRS balance sheet items such as Deferred Acquisition Costs (DAC) and Value Of Business Acquired (VOBA), mainly in the Life division. In addition, reinsurance/retrocession recoverables, assets held by custodians, and many other types of credit-risk-sensitive contracts have to be tracked.

An approach introduced successfully at SCOR is based on the analysis of necessary triggers that have to happen before a risk materialises. Before a counterparty defaults and entails losses, certain characteristic events are often involved that lead to the insolvency of the counterparty.

It is therefore crucial to have an overall view, which means taking into account contributions from a multitude of sources. As with other types of risks, the global analysis of SCOR's main credit risk exposure needs to be compared to the Group's risk tolerance levels, and appropriate actions must be taken where necessary.

PROCESS RISKS

SCOR's internal control system constitutes an important tool for systematic risk identification and assessment with regard to process risks. The foundation of any internal control system is a good understanding of a company's processes, including a process model. Process experts identify the process-related risk controls, which are documented in a risk-control matrix. Through this approach, the internal control system plays an important role in the identification and mitigation of operational risks.

MARKET INTELLIGENCE

SCOR is supported by a comprehensive risk identification and assessment system that uses internal as well as external sources, thus ensuring a risk overview that is as comprehensive as possible. Publicly available information that can be used comes from sources such as specialised press, websites, published court rulings, etc.

At SCOR, the full-time market intelligence team issues two internal products: daily news summaries sent out electronically to all employees, and specific newsletters addressed to registered subscribers.

EXTREME EVENTS

SCOR has developed an extreme event process, which serves the purpose of identifying and assessing the economic impact of low probability events that could impact all liability and asset classes, as well as operational costs. The process aims to ensure that the Group manages its exposures to extreme scenarios within the stated risk tolerance limits. Results are also used to calibrate the internal model.





Corporate Governance and Company Structure

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The Board of Directors

From left to right: Luc Rougé, Allan Chapin, Claude Tendil, André Lévy-Lang, Herbert Schimetschek, Jean-Claude Seys, Monica Mondardini, Guillaume Sarkozy, Denis Kessler, Georges Chodron de Courcel, Daniel Lebègue, Gérard Andreck, Peter Eckert, Daniel Valot, Daniel Havis and Carlo Acutis

The Board of Directors

SCOR's Board of Directors follows the best practices currently in force, and is involved via its various components in the Group's Enterprise Risk Management process. Beyond the French legal conditions and rules laid down by the stock market authorities, SCOR's corporate governance regulations also comply with the recommendations made by the AMF and by the French code of corporate governance.

SCOR's Board of Directors consists of 16 members – 15 Directors, of which 10 are independent Directors, and one non-voting Director – of various different nationalities and with expertise in finance, insurance, accounting and industry. It is chaired by Denis Kessler. The Board of Directors has been governed by internal regulations since 2004. These were last modified on 4 November 2010. The Board met ten times in 2010 and has four committees: the Strategy Committee, the Audit Committee, the Compensation and Nomination Committee and the Risk Committee (see page 42).

DIRECTORS

Denis Kessler

Denis Kessler, a French citizen, is a graduate of HEC business school (*Ecole des hautes études commerciales*) and holds a PhD in economics and advanced degrees in economics and social sciences. He was Chairman of the *Fédération française des sociétés d'assurance* (FFSA), CEO and member of the Executive Committee of the AXA Group and Executive Vice-President of MEDEF (*Mouvement des entreprises de France*). He joined the Group as Chairman and Chief Executive Officer on 4 November 2002.

Carlo Acutis*

Carlo Acutis, an Italian citizen, is Vice Chairman of Vittoria Assicurazioni S.p.A. He also serves as Chairman and member of the Boards of Directors of a number of companies. A specialist of the international insurance market, he was formerly Chairman and Vice Chairman of the Presidential Council of the CEA (*Comité européen des assurances*), and director of the Geneva Association.

Gérard Andreck*

Gérard Andreck, a French citizen, has been Chairman of the Macif Group since June 2006. Andreck has a real interest in the mutual company and insurance sector, and he served as President of CJDES (*Centre des jeunes dirigeants de l'économie sociale*) from 1991 to 1993. In June 1997, he became Chief Executive Officer of Macif and second-in-command to Jean Simonnet, who was Chairman at the time. Gérard Andreck was instrumental in the development of the

close partnership between Caisses d'Épargne, Macif and Maif in October 2004, and he was appointed Chairman of the Management Board of the holding company that formalised this partnership in November 2005. On 1 July 2008, he was appointed Chairman of the *Groupement des entreprises mutuelles d'assurances* (GEMA) for three years and became President of the *Conseil des entreprises, employeurs et groupements de l'économie sociale* (CEGES) on 12 May 2009. In October 2010 he was appointed to the *Conseil économique, social et environnemental* (CESE).

Allan Chapin

Before becoming a partner at Compass Advisers LLP in New York in June 2002, Allan Chapin, a U.S. citizen, was a partner at Sullivan & Cromwell LLP and Lazard Frères in New York for several years. He also serves on the boards of directors for the Pinault Printemps Redoute group (PPR) and a number of subsidiaries of SCOR in the U.S.

Peter Eckert*

Peter Eckert, a Swiss citizen, has broad international experience in Risk Management, General and Life Insurance, Asset Management, Banking and IT. He was a member of the Management Board (1991-2007) and Chief Operating Officer (2002-2007) of Zurich Financial Services, member of the Swiss Federal Banking Commission EBK from 1 July 2007 until 31 December 2008 and Deputy Chairman of the Board of the new Swiss Financial Market Supervising Authority (FINMA) from 1 January 2008 to 31 December 2008. Since 1 January 2009, he has been Chairman of Bank Clariden Leu.

Daniel Havis

Daniel Havis, a French citizen, joined the *Mutuelle assurance des travailleurs mutualistes* (MATMUT) as a claims examiner in 1980. Today, he has been Chairman and Chief Executive Officer of MATMUT since 1994. From 1983 to 1988, Daniel Havis was an Executive Assistant and then a Director at the *Mutualité française de Seine-Maritime*, where he would serve as CEO from 1988 to 1994. He also holds a number of different mandates within the companies that, along with AMF Assurances, make up the MATMUT Group. These include Chairman of MATMUT Mutualité and Chairman of the Supervisory Boards of MATMUT Entreprises, MATMUT-Vie and MATMUT Protection Juridique. Since 8 December 2009, Daniel Havis has also been Vice-Chairman of Sferen, the Mutual Insurance Group created with the MACIF and the MAIF, and was Chairman of GEMA until June 2008. He has also been Chairman of MutRé since 1 January 2009.

*Independent Director

Daniel Lebègue*

Daniel Lebègue, a French citizen, has been Chairman of the French National Treasury, Chief Executive Officer of BNP and *Caisse des dépôts et consignations*. He currently serves on the Boards of Directors for various companies. He is the Chairman of the French Institute of Directors (*Institut Français des Administrateurs* – IFA) and of several associations and foundations.

André Lévy-Lang*

André Lévy-Lang, a French citizen and former student of the *Ecole Polytechnique* (1956), holds a PhD in Business Administration from the University of Stanford. He began his career in 1960 as a physicist at the French Atomic Energy Commission. From 1962 to 1974 he held various different technical and managerial positions at the Schlumberger group, both in France and the United States. He joined the Paribas group in 1974 and in 1982 was appointed Chairman of the Board of Directors of the *Compagnie Bancaire*, a specialised financing subsidiary of Paribas, before becoming Chairman of the Board of Directors of the Paribas group in 1990. He held these positions until the merger with BNP in 1999. André Lévy Lang is an associate professor emeritus at the University of Paris-Dauphine, Chairman of the Supervisory Board of *Les Echos*, Chairman of both the Risk Foundation and the Louis Bachelier Institute, Vice-Chairman of the Europlace Finance Institute and Vice-Chairman of the French Institute for International Relations. He is also a member of the boards of the *Institut des Hautes Etudes Scientifiques* and the American Hospital in Paris.

Monica Mondardini*

Monica Mondardini, an Italian citizen, holds a degree in Economic and Statistical Sciences from the University of Bologna. Her first professional experiences were in publishing, first with the Fabbri First group, then with Hachette, where she became Director of the "High-quality illustrated books" division based in Paris. In 1998, she joined the Generali group as CEO of *Europ Assistance* in Paris. Two years later, she returned to Italy to join the headquarters of the Generali group, taking responsibility for the Planning and Control department. In 2001, she left Trieste for Madrid where she became CEO of Generali España. Monica Mondardini has been CEO of *Gruppo Editoriale L'Espresso S.p.A.* since January 2009 and Deputy Director since 2008. She is also a member of the Board of Directors of *Credit Agricole* and *Save the Children Italia*.

Luc Rougé

Luc Rougé has 35 years of experience in reinsurance with SCOR SE in the management of treaties and claims, as well as in research, reporting and controls. He was the Works Council representative on the Board of Directors in the 1980s. He then served as Secretary of the Works Council and as an employee director for nearly nine years. Since 2007, he has been the Group's employee-elected Director, elected by the employees of the Group on a worldwide basis.

Guillaume Sarkozy, representing Médéric Prévoyance

Guillaume Sarkozy, a French citizen, is an engineer by training and a graduate of the *Ecole spéciale des travaux publics* (ESTP). He began his professional career in 1974 at the Office of Public Safety in the Ministry of the Interior, before joining IBM France as a large corporate accounts manager in 1977. He has been a company leader in the textile and services industries since 1979. Until June 2006, Guillaume Sarkozy exercised a number of responsibilities at the head of professional associations, notably the French Textile Industries' Union (from September 1993 to May 2006), the Industrial Federations Group (2004 to July 2006), the CNPF and the Medef (1994-2006). Guillaume Sarkozy joined Médéric in June 2006 and was appointed Group General Manager on 1 September 2006. He was appointed CEO of the Malakoff Médéric Group on 1 July 2009.

Herbert Schimetschek*

From 1997 to 2000, Herbert Schimetschek, an Austrian citizen, was Chairman of the *Comité européen des assurances*, then until June 2000, Vice Chairman of the Austrian Insurance Companies Association, and from 1999 to 2001, Chairman of the Management Board and Chief Executive Officer of *UNIQA Versicherung A.G.*

Jean-Claude Seys*

Jean-Claude Seys, a French citizen, has spent his career in the insurance and banking industry. He was Chairman and Chief Executive Officer of MAAF and of MMA, of which he remains a Director. He is the Vice-Chairman and Deputy Director of COVEA (mutual insurance group).

*Independent Director



Claude Tendil*

Claude Tendil, a French citizen, began his career at UAP in 1972. He joined the Drouot Group in 1980 as Chief Operating Officer; he was promoted in 1987 to Chief Executive Officer, and then was appointed Chairman and Chief Executive Officer of *Présence assurances*, a subsidiary of the Axa Group. In 1989, he was appointed Director and Chief Executive Officer of *Axa-Midi assurances*, Chief Executive Officer of Axa from 1991 to 2000, then Vice-Chairman of the management board of the Axa Group until November 2001. During this same period, he was also Chairman and Chief Executive Officer of the Axa Group's French insurance and assistance companies. Claude Tendil was appointed Chairman and Chief Executive Officer of the *Generali Group* in France in April 2002 and Chairman of the *Europ Assistance Group* in March 2003.

Daniel Valot*

A former student at the *Ecole nationale d'administration* and Chief Advisor to the French Accounting Office (*Cour des comptes*), Daniel Valot, a French citizen, was also notably Technical Cooperation Counsellor to the French Embassy in Tunisia, Managing Director of Total South East Asia, Chairman and CEO of Total Petroleum North America, Chief Executive Officer of Total Exploration Production, then Chairman and Chief Executive Officer of Technip from September 1999 until 27 April 2007.

NON-VOTING DIRECTOR

Georges Chodron de Courcel

Georges Chodron de Courcel, a French citizen, is Chief Operating Officer of BNP Paribas and holds various positions as a Director in French and foreign companies and in subsidiaries of the BNP Paribas Group.

Committees of the Board of Directors

STRATEGY COMMITTEE

The Strategy Committee is composed of Denis Kessler, Chairman, Carlo Acutis, Gérard Andreck, Antonio Borgès (until 5 November 2010), Allan Chapin, Georges Chodron de Courcel (non-voting Director), Peter Eckert, Daniel Havis, Daniel Lebègue, André Lévy-Lang, Monica Mondardini (since 28 April 2010, date of his appointment as a Director), Guillaume Sarkozy (as representative of Médéric Prévoyance, Director), Jean-Claude Seys, Herbert Schimetscheck, Claude Tendil and Daniel Valot, appointed by the Board of Directors and selected among the members of voting and non-voting Directors. The term of their mandate coincides with their term of office on the Board of Directors.

The Committee's mission is to study the Group's development strategies and to examine any acquisition or disposal plan concerning an amount in excess of EUR 100 million.

The Chairman of the Committee may convene any individual likely to provide relevant information for a clear understanding of a given point, the presence and information provided by this individual being limited to the relevant items on the agenda. The Chairman of the Strategy Committee must exclude the non-independent members of the Committee from the review of the discussions that might create an ethical problem or a conflict of interest.

In 2010, the Strategy Committee met on four occasions. Its works dealt with the whole strategy of the Group and, in particular, the review of acquisition plans.

The internal regulations of the Strategy Committee were modified by the Board of Directors on 4 November 2010.

AUDIT COMMITTEE

The Audit Committee is composed of Daniel Lebègue, Chairman, André Lévy-Lang, Antonio Borgès (until 5 November 2010) and Daniel Valot. Each of its members is independent. According to its Internal Regulations, the Committee comprises between three and five members appointed by the Board of Directors of the Company and selected among the members of voting and non-voting Directors and, in compliance with the AFEP and MEDEF corporate governance code of listed corporations of December 2008, it is composed of a majority of independent Directors. The term of their mandate coincides with their term of office on the Board of Directors.

Due to their past experience and the duties that they have held during their careers, each member of the Committee has a high level of competence in financial matters.

The Committee is responsible for reviewing the financial situation of the Group and its compliance with internal policies, in addition to audits and reviews carried out by the auditors and by the internal control unit. It ensures the quality and transparency of the Group's financial statements.

The Audit Committee has adopted a set of Internal Regulations, setting forth two imperative missions:

- Accounting mission, including the analysis of periodic financial documents, the review of the relevance of choices and correct application of accounting methods, the review of the accounting treatment of any material transaction, review of the scope of consolidation, review of off-balance sheet commitments, control of the selection and remuneration of statutory auditors, oversight of any accounting and financial reporting documents before they are made public;

- Ethical and internal control responsibilities. In this context, the Audit Committee is responsible for ensuring that internal procedures relating to the collection and auditing of data guarantee the quality and reliability of SCOR's financial statements. The Audit Committee is also in charge of reviewing agreements with related parties ("*conventions réglementées*"), analysing and responding to questions from employees with regard to internal controls, the preparation of financial statements and the treatment of internal accounting books and records.

The Committee may consult the Group's Chief Financial and Accounting Officer, the Chief Internal Auditor and external auditors on these issues. During the financial year 2010, it consulted the auditors and the Group Chief Financial Officer during the review of the financial statements. It also consulted the Chief of Internal Control. The review of the financial statements was accompanied by a presentation made by the auditors underlying the major results of their works, as well as a presentation made by the Group Chief Financial Officer describing the Company's risk exposure and material off-balance sheet liabilities.

The Chairman of the Committee may convene any individual likely to provide relevant information for a clear understanding of a given point; the presence and information provided by this individual being limited to the relevant items on the agenda. The Internal Regulations of SCOR's Audit Committee, were approved by the Board of Directors of the Company on 18 March 2005 and modified by the Board of Directors on 4 November 2010.



During its four meetings in 2010, the Audit Committee discussions focused primarily on the following matters: review of the quarterly and annual financial statements, management of the Group's debt, impact of the financial crisis on the Group's assets, strategy plan, embedded value, impact of litigations on the financial statements.

COMPENSATION AND NOMINATION COMMITTEE

The Compensation and Nomination Committee members are Allan Chapin (until 18 March 2010), André Lévy-Lang, Georges Chodron de Courcel, non-voting Director, Claude Tendil, Chairman, and Daniel Valot. According to its Internal Regulations, the Committee is composed of between three and five members appointed by the Board of Directors of the Company and chosen among the members of voting and non-voting Directors. The term of their mandate coincides with their term of office on the Board of Directors.

The Director members of this Committee are independent.

The Committee submits recommendations concerning compensation packages for the corporate officers and members of the Executive Committee of the Group ('COMEX'), pensions, stock allotment plans and stock option plans or stock subscription plans to the Board and makes proposals concerning the composition and organisation of the Board of Directors of the Company and its Committees. Its missions are described in the Internal Regulations.

The Committee met four times in 2010. Its work dealt with stock allotment and subscription plans, and the modalities of remuneration of the Chairman and Chief Executive Officer and other members of the Executive Committee of the Group. The Committee focused on the renewal and composition of the Board of Directors. The Committee also worked on the general organisation, the remuneration policy and on the succession schemes of the key officers of the Group.

The Chairman of the Committee may convene any individual likely to provide relevant information for a clear understanding of a given point; the presence and information provided by this individual being limited to the relevant items on the agenda. The Internal Regulations of SCOR's Compensation and Nomination Committee were approved by the Board of Directors of the Company on 18 March 2005 and modified by the Board of Directors on 4 November 2010.

RISK COMMITTEE

The Risk Committee members are Antonio Borgès (until 5 November 2010), Peter Eckert, Chairman, Daniel Havis, Daniel Lebègue, André Lévy-Lang, Guillaume Sarkozy (as representative of Médéric Prévoyance), Jean-Claude Seys and Daniel Valot.

Five of its members are independent.

The Committee is responsible for highlighting the main risks to which the Group is exposed, regarding both assets and liabilities, and for ensuring that the means put in place to monitor and manage those risks have been effectively implemented. It examines the Group's risks and the Group's 'Enterprise Risk Management' (ERM) policy. The Committee met four times in 2010, primarily to discuss the following matters: analysis of the main exposures of the Group (in particular pandemics), risk appetite, retrocession policy and coverage, solvency and contemplated Solvency II, internal model of assets and liabilities and capital allocation management, standards and guidelines for asset management, internal control and Directors' and Officers' liability insurance.

During its meeting held on 2 November 2009, the Committee adopted a new charter with regard to its missions and its functioning, which was modified by the Board of Directors on 4 November 2010.

The auditors

Principal Auditors

MAZARS

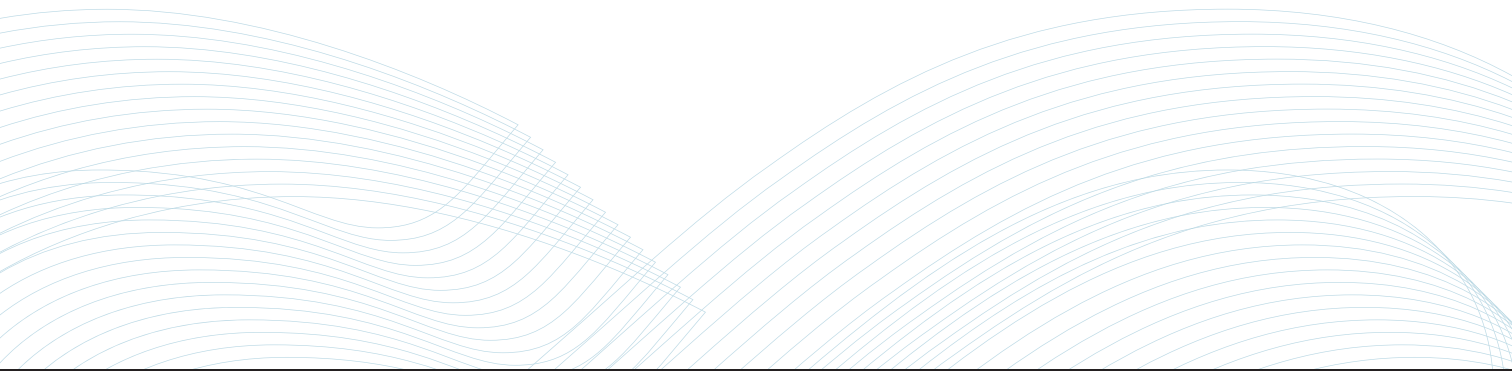
Represented by Messrs. Michel Barbet-Massin and Antoine Esquieu
Tour Exaltis – 61, rue Henri Regnault
92075 La Défense Cedex
CRCC of Versailles

ERNST & YOUNG Audit

Represented by Mr. Pierre Planchon
Tour Ernst and Young
11, Faubourg de l'Arche
92037 Paris la Défense Cedex
CRCC of Versailles

Alternative Auditors

Mr. Charles Vincensini
Picarle et Associés



SCOR group Executive Committee

From left to right: Benjamin Gentsch, Gilles Meyer, Victor Peignet, Denis Kessler, Julien Carmona, Paolo De Martin, Frieder Knüpling, Philippe Trainar, François de Varenne

SCOR group Executive Committee

Denis Kessler

Chairman of the Board of Directors and
Chief Executive Officer of SCOR SE

Denis Kessler (58), a French citizen, is a graduate of HEC business school (*Ecole des hautes études commerciales*) and holds a PhD in economics and advanced degrees in economics and social sciences. He was Chairman of the *Fédération française des sociétés d'assurance* (FFSA), CEO and member of the Executive Committee of the AXA Group and Executive Vice-President of MEDEF (*Mouvement des entreprises de France*). He joined the Group as Chairman and Chief Executive Officer on 4 November 2002.

Julien Carmona

Chief Operating Officer of SCOR SE

Julien Carmona (40), a French citizen, is a graduate of the *Ecole normale supérieure* and has an advanced degree in history. He is also a former student of the *Ecole nationale d'administration* and a former French Treasury Auditor. After beginning his career at the French Finance Ministry, he joined BNP Paribas in 2001. From 2004 to 2007, he acted as Economic Adviser to the President of the Republic. He was Executive Finance Director at the *Caisse Nationale des Caisses d'Epargne* (CNCE) from June 2007 until it merged with the federal bank *Banques Populaires* in July 2009.

Paolo De Martin

Chief Financial Officer of SCOR SE

Paolo De Martin (41), an Italian national, graduated from Ca' Foscari University, Italy, with a degree in Business Economics. He subsequently spent two years in the optical business as founder and managing partner of an eyewear manufacturer. He joined the General Electric Company (GE) in 1995 as a finance trainee in London. In 1997, he joined GE's internal auditing & consulting Group, charged with assignments in multiple GE businesses in the Americas, Europe and Asia-Pacific. In 2001, Paolo De Martin was promoted to Executive Manager of GE Capital Europe, before joining GE Insurance Solutions as Financial Planning and Analysis Manager for Global Property and Casualty Reinsurance. As of 2003, he was appointed Chief Financial Officer of GE Frankona Group, before becoming Chief Financial Officer of Converium in July 2006. In September 2007, Paolo De Martin was appointed Group Chief Financial Officer of SCOR.

Benjamin Gentsch

Deputy Chief Executive Officer of SCOR Global P&C SE

Benjamin Gentsch (50), a Swiss citizen, graduated with a degree in management from the University of St. Gallen, where he specialised in insurance and risk management. From 1986 to 1998, he held several positions at Union Reinsurance Company, where from 1990 to 1998 he directed treaty underwriting in Asia and Australia. In 1998, he joined Zürich Re as head of international underwriting responsible for strengthening the company's position in Asia, Australia, Africa and Latin America. He also served as head of the "Global Aviation" reinsurance department and developed the "Global Marine" department. In September 2002, Benjamin Gentsch was appointed Chief Executive Officer of Converium Zürich, then Executive Vice President in charge of Specialty Treaties. In September 2007, he was appointed Chief Executive Officer of SCOR Switzerland and Deputy Chief Executive Officer of SCOR Global P&C SE.

Frieder Knüpling

Deputy Chief Executive Officer of SCOR Global Life SE

Frieder Knüpling (41), a German citizen, holds degrees in Mathematics and Physics from the Universities of Göttingen and Freiburg. He worked as a lecturer and research assistant at Freiburg University and several other colleges, until he received a PhD in Economics based on research on the econometric modelling of macroeconomic and financial data. From 1999 to 2002 he worked for Gerling-Konzern Globale Rückversicherungs-AG and its UK subsidiary, dealing with pricing and valuation. As of 2003 he headed the Corporate Actuarial & Treasury department of the Revios group. Since 2007 Frieder Knüpling has headed SCOR's Corporate Actuarial Department, reporting to the Chief Risk Officer. He was appointed Deputy Chief Risk Officer of SCOR in December 2008, then Head of Financial & Actuarial of SCOR Global Life. He is a fellow of the German Association of Actuaries (DAV).

Gilles Meyer

Chief Executive Officer of SCOR Global Life SE

Gilles Meyer (53) holds dual French and Swiss nationality and has a degree from a French business school and an MBA from GSBA in Zürich. Gilles Meyer started his career as an underwriter at Swiss Re before managing the facultative department of La Baloise in Basel. After 23 years of experience in facultative and treaty reinsurance, Gilles Meyer was appointed Chief Executive Officer of Alea Europe from 1999 to 2006, where he was in charge of Property & Casualty reinsurance and Life reinsurance, and from 2005 to 2006 he was Manager of group underwriting at Alea. He joined the Group in January 2006 and has managed the German-speaking markets of SCOR Global P&C based in Hanover, Basel, and Winterthur. He was named head of Business Unit 1 of SCOR Global Life and a member of the Group Executive Committee in November 2006, then Deputy Chief Executive Officer of SCOR Global Life SE in September 2007. In January 2008, he was appointed Chief Executive Officer of SCOR Global Life SE.

Victor Peignet

Chief Executive Officer of SCOR Global P&C SE

Victor Peignet (53), a Marine Engineer and graduate of the *Ecole nationale supérieure des techniques avancées* (ENSTA), joined the Facultative Department of SCOR in 1984 from the offshore oil sector. From 1984 to 2001, he held various positions in the underwriting of Energy and Marine Transport risks at SCOR, first as an underwriter and then as Branch Director. He has led the Group's Business Solutions (facultative) division since it was created in 2000, as both Deputy Chief Executive Officer and then as Chief Executive Officer since April 2004. On 5 July 2005, Victor Peignet was appointed manager of all Property Reinsurance operations at SCOR Global P&C. He is currently Chief Executive Officer of SCOR Global P&C SE.

Philippe Trainar

Chief Risk Officer of SCOR SE

Philippe Trainar (57), a French citizen, is a former student of the *Ecole nationale d'administration* and has a BA in Economics. He held various positions in the French civil service from 1981 to 1999, notably as financial attaché to the French embassy in Germany (1985-1987), adviser in the Prime Minister's cabinet (1993-1995) and deputy-director in charge of international economic issues at the French Ministry of Finance. He was also in charge of macroeconomic modelling at the Ministry of Finance. In 2000 he joined the *Fédération française des sociétés d'assurances* (FFSA) as Director of Economic, Financial and International affairs. In February 2006, he was appointed Chief Economist of the SCOR group. Philippe Trainar chairs the Solvency II committee and is a member of the "*Bureau de la commission économique et financière*" of the FFSA. He is a member of the governmental consulting and expertise committees: the "*Conseil d'analyse économique*", reporting to the French Prime Minister, and the "*Commission économique de la nation*". Philippe Trainar has also carried out many scientific works on the economy, risk, insurance and solvency, which have been published in scientific journals such as the *Journal of Risk and Insurance*, the *Geneva Papers* and *Economie & Statistique and Risques*. He is also editor-in-chief of the *Revue Française d'Economie*.

François de Varenne

Chief Executive Officer of SCOR Global Investments SE

A French national, François de Varenne (44) is a graduate of the *Ecole Polytechnique*, a civil engineer of the *Ponts et Chaussées* and holds a doctorate in economic sciences. He graduated as an actuary from the *Institut de science financière et d'assurances* (ISFA). François de Varenne joined the *Fédération Française des Sociétés d'Assurances* (FFSA) in 1993 as Manager of Economic and Financial Affairs. In London from 1998, he served successively as an Insurance Strategist with Lehman Brothers, Vice-President for Asset Management Solutions and Structured Transactions at Merrill Lynch, and as a specialist in insurance and reinsurance companies at Deutsche Bank. In 2003, he became Managing Partner of Gimar Finance & Cie. He joined the Group in 2005 as Director of Corporate Finance and Asset Management. On 3 September 2007, he was named Group Chief Operating Officer. On 29 October 2008, he was appointed Chief Executive Officer of SCOR Global Investments SE.

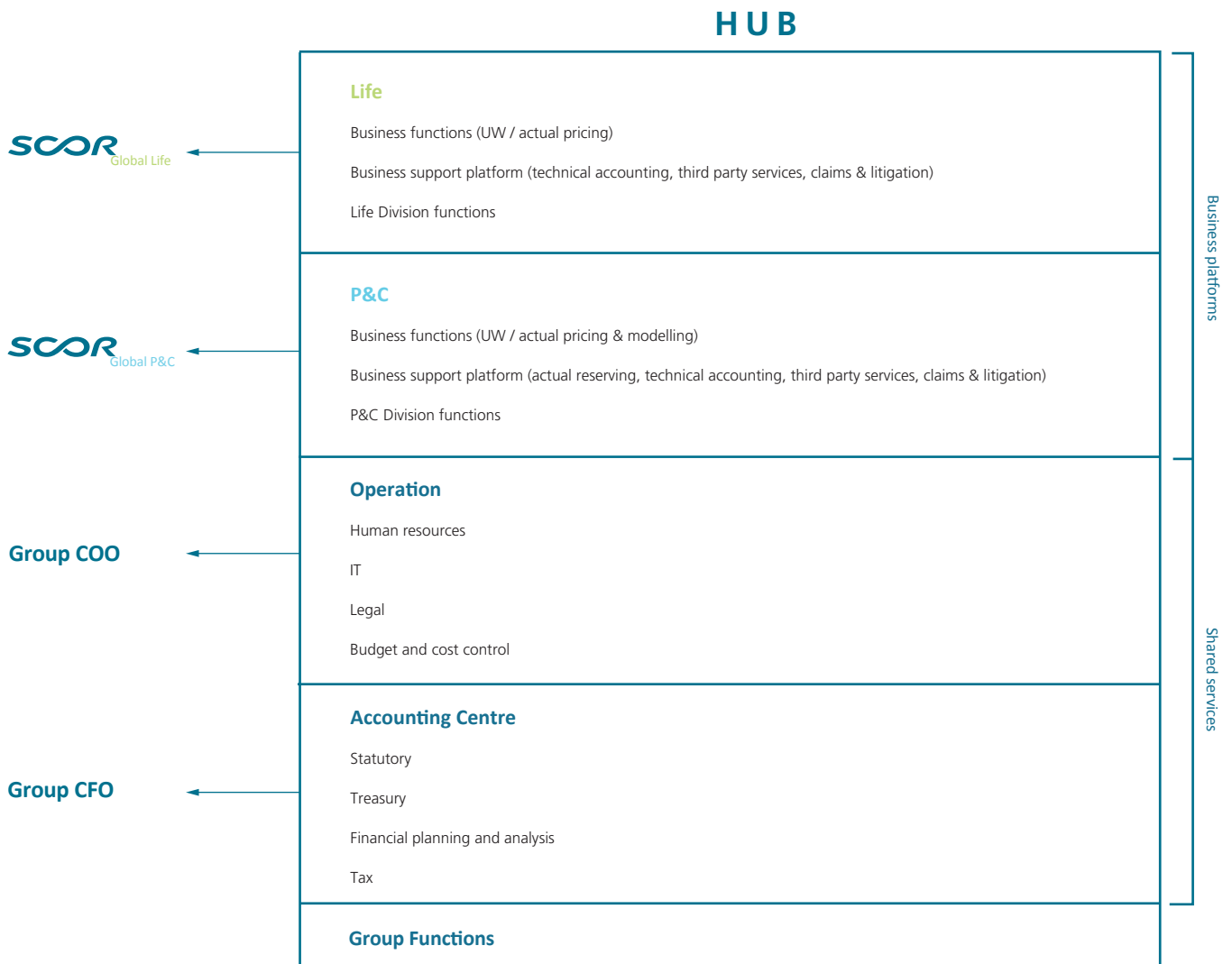
An Efficient Organisational Structure, Organised by Line of Business and by Hub

In 2008 and at the beginning of 2009, SCOR implemented its new, Hub-based organisational structure. Six hubs – in London, Cologne, Zurich, Singapore, New York and Paris – provide highly efficient support for the underwriting activities of SCOR Global Life and SCOR Global P&C. Central functions are partly conducted from these Hubs. This original model corresponds to the Group's desire to be global, with communal methods and policies

throughout the world but also very close to the markets in which it operates (cf. diagram).

The Hub structure entails a thorough knowledge of local markets, which enables the Group to make use of a talent pool on a global scale.

ORGANISATIONAL PRINCIPLES OF THE HUB COMPANY



The Group has also taken into account in its organisational structure the features of its statutory reorganisation around three *Societas Europaeae* in 2007. SCOR chose to transform into *Societas Europaeae* not just the parent company SCOR SE, which is listed in Paris and Zurich, but also the three operating entities SCOR Global Life and SCOR Global P&C (in 2007) and SCOR Global Investments (in 2008). For the SCOR group, this form of company is a choice relating to the Group's identity and structure, insofar as the *Societas Europaea* status efficiently responds to the specific features of the reinsurance business. A reinsurance company located in a State of the European Union is now subject to supervision by the authorities of that State, notably in terms of solvency, and consequently in terms of the location and immobilization of capital, even if it conducts its business through the intermediary of branches located in other European States.

This efficient organisational structure is also reinforced by the management's desire to simplify the Group's legal structure by reducing the number of legal entities, which fell from 71 subsidiaries in 2007 to 45 in 2010.

The operating entities have opted for their own specific organisational structures: SCOR Global Life is structured around Market Units, which are themselves based on geographic areas, while SCOR Global P&C is structured by line of business (cf. diagram). Each entity chooses the most efficient structure in terms of its business lines and client expectations, whilst maintaining the Group's desire to keep its presence and service offering in close proximity to its clients.

THE THREE PILLARS OF THE GROUP





The link between a region's activities and the role of the Hub

Maxine Verne
Senior Vice President & General Counsel for the Americas Hub

Does this organisational structure facilitate better communication between the operating entities and the central functions?

While the US operations have been providing central functions to both operating divisions all along, the implementation of the Hub management platform has further improved the sharing of information and coordination between the divisions in the Americas. The Hub management's broader or more global perspective regarding the Group's objectives and events and circumstances within the Americas results in management imparting appropriate, timely and useful information to both divisions. It has also, as was noted previously, improved the ability of the operating divisions to leverage client relationships in order to create new opportunities, and it has fostered a more consistent presentation by SCOR to clients, regulators, brokers, etc.

How does the Hub manage this organisational structure and connect business line/Hub relations?

The most effective management tool is the consistent communication and active interaction between the divisional functional management (e.g. financial officers, risk officers, etc.) and their Hub counterparts. In addition, the Americas Hub management participates in the Board of Directors meetings for each of the operating entities, and certain members of the Hub management team are officers of each operating entity. This level of involvement creates an informed, responsive environment.

Has this simplified and/or improved the existing organisational structure?

Unlike other parts of the world, US regulations prohibit a single entity from underwriting both Life and Non-Life business. As a result, the establishment of the Hub structure has not impacted the number of corporate entities within the Hub. Operationally, however, it has created real efficiencies. With the Hub providing certain central functions to both divisions we take advantage of operational synergies and optimise the Americas' resources, creating a leaner and more efficient operational structure.





The Group's Three Engines

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Reinsurance, a Strategic Sector

Patrick Thourot
former COO of SCOR

Reinsurance is a business about which the general public, and even insurers themselves, know very little. Until recently, reinsurance cessions were dealt with by a few experts and industrial risk underwriters within insurance companies. Nevertheless, the reinsurance sector fulfils a major function in an industry that, unlike the banking sector, does not have a lender of last resort, which ensures the liquidity of the banking system whatever happens and keeps clients supplied with “central bank money”. In the recent past, we have seen that this role is in no way theoretical or hypothetical: nonetheless, it does not exist in Insurance. Reinsurers provide this function, as well as guaranteeing the insurability of risks. This is already a considerable role, but it is likely that, in the near future, the role of quasi-guarantor of cedant solvency will appear under the new Solvency II regulations.

THE REINSURER, GUARANTOR OF INSURANCE TRANSACTIONS

In general, reinsurance guarantees the proper execution of insurance transactions, at least for the share of the transaction ceded to the reinsurance company. This is accomplished without public intervention, and until recently was accomplished with no restrictive regulations. It is no small achievement to have managed to withstand, in the same decade as the World Trade Center tragedy, the accumulated hurricanes Katrina, Rita and Wilma, as well as some of the most severe and deadly earthquakes on record in Indonesia, China, Haiti and Chile.

This role can only be fulfilled efficiently if all the skills of Reinsurance Companies are put to optimum use in order to constitute worldwide risk portfolios that mutualise peak exposures (and consequently the factors contributing to the gravity of risks) in space and time. Dispersion, de-correlation and diversification are the objectives pursued by reinsurers when constituting Property & Casualty and Life risk portfolios. By following these rules, and by knowing the quality and

exposure of the risks ceded to them in as much detail as possible, reinsurers can ensure that insurance transactions are executed properly, even when facing exceptionally serious losses.

Consequently, Reinsurance also defines the insurability of a risk, by considering that this insurability is only compromised by the absence of chance, by the excessive asymmetry of information (“moral hazard”) and by the availability of reinsurance capacity. This role is clearly a strategic one: as soon as a reinsurer agrees to devote capacity to covering a genuine, uncertain risk, that risk becomes insurable by market insurance. Nonetheless, in order for capacity to be created, the remuneration that the cedant is prepared to give to the reinsurer must be sufficient to remunerate the risk and, above all, the capital (the solvency margin) that has been set aside in order to guarantee that risk. Obviously, this is not always the case.

That being said, this reflection underlines the fact that Reinsurance produces an intermediary role between the financial markets (which finance its shareholders' equity, solvency and security margins in return for remuneration) and Life and Non-Life risks. It is precisely this intermediary role that certain cedants would like to bypass, by turning to securitisation for certain risks on their portfolio (quasi quota share treaties) or to Catastrophe bond issues (quasi excess of loss treaties). In actual fact, reinsurance defines the theoretical risk premium of cedant portfolios, just as the most efficient financial markets would. Logically speaking, this should put reinsurers in charge of defining the subscription rates for the major risk classes on each market. Even if fluctuations in the abundance of capacity explain certain rate developments, particularly at the present time, there seems to be no clear governance of rates right now. Reinsurance is a “lender of last resort”. It cannot boast of dictating to cedants premium rates as restrictive as the current base rates of the Central Banks. Competition wins out and the harshness of the cycle is duly softened.

AN EXPANDING ROLE

The role of reinsurance could expand further still over the coming years. The solvency rules that will apply to all insurance companies will be based on the allocation of capital and safety margins to each risk category. The logical progression would be to optimise portfolios depending on the available equity capital, the risk appetite, and the profitability expected by the company from its portfolio, which will be higher if the portfolio is diversified.

This major exercise in reflection on risk and on the capacity of companies to underwrite may, in the future, include the support that reinsurers could provide to insurers in terms of reallocating portfolios or compensating for temporary deficiencies in equity capital. Reinsurers could thus regain the role that they have played and indeed still play in emerging countries, namely that of “solvency margin lenders”.

Promoting insurability and providing performance guarantees for insurance transactions, measuring risk and its profitability in a way that constitutes the basis for pricing, and maybe tomorrow guaranteeing or supporting the solvency of certain cedants, reinsurance occupies a strategic position in terms of global risk coverage facilities.

THE FUTURE OF REINSURANCE

Observers are fond of describing the imminent disappearance of reinsurance in favour of new, acute risk covering techniques, which are often in the form of bond, ILS or Cat bond issues. Similarly, according to some, “captions” or generalised “securitisation” should supplant reinsurance. Suggestions to this effect often highlight the “quality” of the risk prices offered by the financial markets, which is better than that of the prices offered by the intermediary of reinsurance. Because, obviously, the reinsurer is basically an intermediary between the financial markets, which supply it with capacity, and the risk universe covered by Insurers.

None of this is ultimately very worrying for our profession. The risk universe is expanding and the development of the financial markets is pushing the development of reinsurance capacity, all the more so given that this capacity is properly remunerated and the risks are well known and efficiently selected. Therefore, the profession has a future, provided of course that the remuneration involved is sufficient to facilitate underwriting. Provided as well that reinsurers continue their research efforts in terms of risks and of product creativity. SCOR has demonstrated its know how in these areas: Longevity, Long-Term Care, ILS, conditional capital, efforts to master the constraints of Solvency II, high-level ALM, a “best in class” internal model, grasp of emerging risks, ERM. For experts in the assessment and insurability of risks, moreover, the future undoubtedly has some new challenges in store, which the reinsurance industry will have to meet.

SCOR will also continue to accompany its clients in the new markets of emerging, rapidly developing countries, firstly in Property & Casualty insurance and subsequently in Life insurance, pensions and health.

SCOR Global P&C

SCOR's Property & Casualty reinsurance activities are combined within a single dedicated entity, SCOR Global P&C. In P&C reinsurance, SCOR is one of the top-5 reinsurers in the world, with a major presence on the European markets and strong positions in the rest of the world, with the exception of the United States and Casualty lines. These deliberate under-weightings by the Group are linked to two major features of its policy: on the one hand a moderate risk appetite and a quest for low results volatility, accompanied by a good level of capital remuneration, and on the other, cycle management that anticipates the probable return of inflation in the relatively short term, which encourages prudence in terms of long-tail development insurance lines.

PRODUCTS AND SERVICES TAILORED TO THE NEEDS OF OUR CLIENTS

Combining two approaches, one global and the other multi-domestic, SCOR Global P&C (SGPC) provides its clients and commercial partners with value added products and services, guaranteeing the level of security expected from a leading reinsurer, whilst respecting the Group's requirements in terms of economic capital allocation, profitability and risk diversification. Today, as a top-5 Non-Life reinsurer, and in many markets one of the four leading players, SGPC is lead underwriter on around one third of the premiums it writes. It offers its clients its know-how through the design, structure and pricing of tailor-made risk transfer and financing solutions. To achieve this, SGPC uses its forty years of experience and recognised multi-line expertise in Treaty, Specialty and Facultative business, which was strengthened by the acquisition of Converium in 2007.

SGPC's operating structure combines the commercial efficiency of an international network of offices on the ground, used to pricing and underwriting, with the centralised control of this underwriting through planning, pricing and risk control tools. Thus, SGPC can simultaneously select and price its risks as part of a framework of global insurance and reinsurance cycle management, whilst providing the proximity-based relationships and high level services expected by its clients. This centralised risk management is conducted through a single information system used by the whole Group.

TWO CATEGORIES OF BUSINESS

SGPC's activities are evenly distributed between Property & Casualty Treaties and accompanying Facultatives on the one hand,

and Specialty Treaties and Facultatives and large risk Facultatives on the other.

- **Property & Casualty Treaties:** this line of business is marked by the local characteristics of each market; it requires a technical approach based on a strong local presence, which creates in-depth knowledge of the legal and social environment surrounding the risks involved, of the conditions and foreseeable developments of the direct insurance markets, and of the needs of insurers in terms of risk financing and transfer. The central cross-sector functions of actuarial pricing, underwriting, modelling, risk and claims management, marketing and R&D, all provide their experience and expertise to SGPC's clients. Property & Casualty Treaties constitute the heart of SCOR's P&C business and are structured around three regions: Europe / the Middle East / Africa, the Americas, and Asia-Pacific.

- **Specialties and Large Risks:** this line of business involves a global approach across a wide range of generally unconnected economic sectors. Based around traditional reinsurance Treaties, this segment is carried by specialised, expert teams with operational experience in target sectors. These teams operate from global centres of excellence and use the P&C Treaty network to market their expertise and maximise synergies. The business portfolio is distributed between four major components:

- Business Solutions is exclusively dedicated to the underwriting of large corporate and industrial risks, providing Property, Liability and Construction solutions in business segments sectors such as Natural Resources (onshore, offshore, shipbuilding and mines), and Industrial and Commercial Risks (light and heavy industries, finances and services).
- Joint ventures and partnerships, with Lloyd's, MDU (Medical Defence Union) and GAUM (Global Aerospace Underwriting Managers).
- Specialty Lines 1, comprising Agriculture, Transport, Natural Catastrophes in the US, Construction and Breakdown of Machinery.
- Specialty Lines 2, comprising Aviation, Credit & Surety, Inherent Defects Insurance and Space.

Over and above its commercial offering, SCOR offers a number of high added value services to its clients, such as technical and legal assistance in the assessment and management of risks and claims, training seminars conducted by Group experts and numerous technical publications.





Major catastrophes and the mutualisation of risks through geographical diversification

Jean-Paul Conoscente
Chief Underwriting Officer – Americas and Global Head of the Natural Catastrophe Team

How do you explain the fact that 2010 was marked by a high level of natural catastrophes worldwide?

2010 was an exceptionally active year in terms of natural catastrophes: in addition to three large earthquakes affecting Haiti, Chile and New Zealand, catastrophic floods took place in France, Eastern Europe, China, Pakistan and Australia, and 12 hurricanes and 8 typhoons formed in the Atlantic basin and the Pacific basin respectively. Luckily, none of these tropical cyclone events hit major urban areas and the economic and insured losses remained limited. Whilst the current scientific knowledge does not see any correlation between the various large earthquakes that took place, the significant flood and tropical cyclone activity can be directly or indirectly linked to the current La Niña climate conditions. Current predictions for 2011 are for a continuation of La Niña and so we can expect another active season next year.

Is the geographical diversification of risks a solution for a reinsurer?

This increase in natural catastrophes poses both a threat and an opportunity for a global reinsurer such as SCOR. The opportunities come from developing and developed countries where insured people and insurers are seeking additional CAT

coverage in terms of severity as well as frequency. This condition makes catastrophe reinsurance a vehicle for growth for us in the coming years. Yet at the same time, we need to manage our own accumulations, both by adapting reinsurance protection and by optimising our geographical spread in accordance with the rate of return offered by each individual market. This optimisation is being implemented as part of our Strong Momentum plan and we plan to continue to balance our European and Japanese exposures with more Northern American exposures.

What is the best way to cover yourself in the US in terms of Nat Cat?

In the US, earthquake and hurricane reinsurance is still placed primarily on a CAT XL basis. However, we have seen a renewed interest from insurers for proportional cover to seek capital relief in case of an increase in the frequency and severity of losses. 2010 was also another bad year for Mid-Western companies suffering from both tornado and hail losses, for the third year in a row. It is not known whether this apparent increase in tornado/hail activity is part of a new trend or not but we at SCOR continue to aggressively manage our aggregates in case it is part of a new climate pattern.

Thanks to its wide-ranging offer of services, its recognised expertise and its very positive brand image, SGPC's reputation has grown constantly over the past few years. The bi-annual assessment of Non-Life reinsurance companies, conducted by the specialist consulting company Flaspöhler in 2010, confirms this status and shows that there has been very strong progress in terms of SGPC's reputation and client satisfaction. This demonstrates the depth of its business franchise, the level of its reinforcement over the past few years and its growth potential for the future. In Europe, SCOR Global P&C is rated 4th best overall reinsurer, and 3rd most recommended reinsurer by cedants on the "Net Promoter Score[®]" (an index assessing business development capacity). SGPC is rated 7th best reinsurer in Asia, n°1 in India, n°4 in Japan, South Korea and Taiwan, and is the most recommended reinsurer in the latter four countries.

A TECHNICALLY PROFITABLE YEAR

2010 was a technically profitable year requiring no release of reserves, despite being impacted by a series of natural catastrophes that were unprecedented in terms of their geographic dispersion and the size of the economic and insured losses involved.

The 2010 results are in line with previous years, combining a net combined ratio of less than 100% (98.9%, or 95.3% based on a natural catastrophe impact budgeted at a yearly average of 6 points of combined ratio) and premium growth of 12% (6% at constant exchange rates).

This performance has been achieved despite the major losses that occurred throughout the year, with the flooding and cyclones in Australia in the last quarter adding to the events of the previous quarters: storm Xynthia in Europe, earthquakes in Haiti and Chile, floods in Europe and an earthquake in New Zealand in September, to name just the largest events.

This performance confirms the effectiveness of the Group's dynamic portfolio management, which benefits from the desire of insurers to diversify reinsurance counterparties and from the resulting redistribution of shares, working to SCOR's advantage. This management results in a constant improvement in the quality of the risks underwritten, in the form of a continued decrease in the weight of basic portfolio losses in the combined ratio.

In a global market that remains slightly bearish, with a few upward and downward exceptions due to loss levels that have been abnormally high (e.g. the offshore energy sector) or low (e.g. natural catastrophes in the US), SCOR's P&C diversification policy has enabled the Group to manage the use of its capital more efficiently and to take advantage of profitable growth opportunities.

STRONG MOMENTUM

With the publication of its new strategic plan, the Group set out its orientations for the next three years. It intends to maintain its development model centred on profitability and on the balance between its Life and Non-Life reinsurance activities.

As part of the "Strong Momentum" plan, SGPC has launched six new initiatives for the period 2010-2013:

- moderately increase retentions over the course of the plan;
- develop Business Solutions large risks business
- increase US Casualty and Natural Catastrophe business
- access additional business via underwriting agencies
- launch ILS risk transfer solutions for third parties
- possible enlargement of SCOR's presence at Lloyd's since the announcement of the strategic plan with the launch of Channel 2015, of which SCOR is the sole capital provider, and of public-private partnerships.

This strategy should lead to:

- premium growth of around 9% per year for SGPC throughout the duration of the "Strong Momentum" plan, consisting of around 4% purely organic growth and 5% growth linked to the six initiatives;
- a stronger non-proportional reinsurance portfolio;
- a geographic rebalancing of underwriting towards the Americas and Asia-Pacific in P&C treaties;
- a continued policy of selective development and leadership affirmation in the Treaty, Specialty and Facultative fields, making the most of the strength of SCOR's franchise, the efficiency of the network and the synergies of Property & Casualty Treaties.

CONFIRMED OBJECTIVES FOR 2011

SGPC announced excellent treaty renewals in 2011, thereby strengthening its position as one of the leaders of the industry. In a stable pricing environment, with market terms and conditions that remain unchanged, SGPC records a 13% rise in gross written premiums to a total of EUR 2,056 million, whilst maintaining a stable underwriting ratio. These results fit in perfectly with the new strategic plan "Strong Momentum". SGPC has also continued the active portfolio management that has been in place for several years by cancelling and restructuring around 19% of the portfolio. At the end of these renewals, it is important and satisfying for the Group to highlight the fact that growth is well distributed on a geographic level and in terms of business lines, thereby fulfilling SCOR's strong desire to diversify whilst respecting profitability objectives.

Over the year, as announced as part of the strategic plan, SCOR Global P&C should record premium growth of 9% and a net combined ratio in the 95% to 96% range.



Composite reinsurance licence obtained in China

Yu Wei Dong
Managing Director, SCOR SE Beijing Branch

What are the advantages for the Group?

- A clear development strategy and breakthroughs every year

SCOR is a company that has a clear long-term strategy and business projection in the market, resulting in an effective marketing plan and appropriate internal resource allocation. This makes SCOR focus on the issues of highest priority and keep moving forward. Once a target is set, the SCOR China branch has a very strong executive force and the right action plans to achieve it.

- Employee stability and a consistent underwriting philosophy

Careful choice of representatives for each country/region with strong underwriting skills and marketing sense, who can help SCOR develop the local market effectively.

- Selective choice of long-term partners

The clients SCOR chooses are always partners who cope well with difficulties and will share their growth with SCOR. This is very crucial for SCOR's past, present and future strategy and development.

- In-depth analysis and continuous monitoring of market developments

For each and every business decision, the SCOR local entity or representative will conduct the necessary background work and develop further comprehensive plans in order to move forward, thereby projecting a clear market blueprint or business future.

How is the Group viewed on the Chinese reinsurance market?

- SCOR is viewed as a leading professional reinsurance company in the Chinese market, with reputable expertise and a clear long-term business development plan.

- Compared to some market competitors, SCOR has a smaller professional team and a more friendly response mechanism.

- As an international reinsurance company, SCOR always strives to maintain reasonable market order and advocate win-win business modes.

What would the Group's possible developments be on this market?

- The SCOR SE Beijing Branch has achieved a significant level of development since the end of 2009 due to local branch management reinforcement, a more flexible business strategy and strengthened client relationships. In terms of both treaties and Fac business, we saw average growth of 20% in the Chinese market. For Life business, SCOR SE Beijing Branch just upgraded its P&C license to an official composite license, which allows the Group to practise Life business directly in China.

- For the SCOR SE Beijing Branch, Facultative business is always an opportunity for cooperation with most of our partners. Our Facultative services are always appreciated by our clients. However, this part of the business needs to be further developed and strengthened, and more resources are due to be allocated in response to the booming demand from local cedants for more technical services and capacity support.

SCOR Global Life

SCOR Global Life (SGL), SCOR's Life insurance branch, is one of the top five Life reinsurers in the world. Its strategy is based on the construction of long-term relationships with its clients throughout the world. Thanks to a network of 31 offices and subsidiaries, serving more than 80 countries, the specialists at SGL adapt to the specific local features of each market, thereby offering their clients a highly appreciated service based on proximity, creativity and efficiency. SGL is structured around three operating units, consisting of one unit based in Paris (Market Unit 1) covering Southern and Western Europe and Asia-Pacific, one in Cologne (Market Unit 2) covering Eastern and Central Europe and the Middle east, and one unit in London (Market Unit 3) covering North America, Latin America, Scandinavia, the United Kingdom and Ireland.

SGL offers a wide range of products and services tailored to the specific requests of cedants, covering all insurance risks. SGL has experts in Death and Disability (Sweden and Germany), Accident, Long-Term Care, Longevity and Critical Illness (the United Kingdom) and provides cover on all individual, collective and loan products. SGL offers its clients high value added services, including a dedicated risk selection team, the provision of pricing tools, portfolio analysis, claims management and training programmes.

FOUR R&D CENTRES

In order to provide clients with the most up-to-date information, the SGL R&D centres regularly collaborate with researchers and academic institutions recognised as authorities in their given fields. These partnerships enable the R&D centres to utilise a wide range of expertise, thereby enhancing our risk assessment capabilities.

- R&D Centre for Longevity and Mortality Insurance (CERDALM) Mortality and Longevity are very common risks on insurance portfolios, notably through death cover and Life annuity products. This centre brings together statistical expertise and operational actuarial research in order to model and forecast risks. It also develops tools designed to facilitate claims analysis. Its portfolio study and risk projection services enable clients to predict future risk trends and to develop their range of products.

- R&D Centre for Disability and Critical Illness Insurance (CERDI) Benefiting from the international expertise and experience of SGL, this centre assesses and projects the major trends in terms of serious

illness and the factors contributing to disability risk. One of the topics studied is the link between disability claims and economic cycles. Thanks to its local approach to risks, the centre is able to communicate the latest international product developments directly to new markets. Through its portfolio studies, this centre offers our clients personalised advice regarding the design and follow-up of products.

- R&D Centre for Long-Term Care Insurance (CIRCAD)

This R&D centre studies risks related to Long-Term Care (LTC) and helps clients to manage long-term commitments. In addition to monitoring the global LTC offering, the R&D centre has developed numerous insurance products of its own. Now considered a key player in Continental Europe and Asia, the centre enjoys a particularly strong presence in France and South Korea.

- R&D Centre for Medical Underwriting and Claims Management (CREDISS)

For insurers, the selection of insurance applicants is a key risk management tool. Our International R&D Centre for Medical Underwriting and Claims Management manages our risk selection and acceptance policy and ensures its implementation across all SGL divisions. In addition, the R&D centre monitors medical advances and measures their impact on the insurance industry. It analyses the causes and circumstances of claims and verifies compliance with risk assessment rules.

Each of our four international R&D centres contributes to SGL's overall offer of services by concentrating on a specific aspect of risk and working collaboratively to enhance each other's performance. In addition, our R&D centres share their research findings through publications and seminars.

HIGH ADDED VALUE PRODUCTS AND SERVICES

SGL is developing in order to offer its clients a wider range of products and services:

- ReMark, a 100% subsidiary of SGL, designs and executes direct marketing programmes that establish and drive brand loyalty, increasing the lifetime value and profitability of each client. ReMark helps insurers, financial institutions and affinity organisations to acquire, grow and retain profitable clients.

■ SCOR Telemed is a dedicated tele-underwriting subsidiary designed to facilitate insurer underwriting and pricing. Telemed has developed the latest software to conduct tele-interviews and has a specialised automated underwriting system to deal with cases ranging from the standard to the most complex. In 2010, SCOR Telemed began to successfully propose its services to several clients in Spain and is now positioned as a leading tele-underwriting provider on the Spanish market. SCOR Telemed has also entered the Swedish market, where a platform has been successfully set up.

These numerous developments reinforce the already very positive image that SGL enjoys amongst its clients. According to the Flaspöhler survey conducted in 2010, SGL is recognized by its clients as one of the Top 4 Best overall Life Reinsurers in Europe, with a sharp improvement in client perception since 2008. SGL was also voted n°1 Life reinsurer in France, Italy, the UK, Ireland, Belgium and Luxembourg and n°2 in Spain & Portugal, whilst benefiting from a n°3 position in terms of client orientation.

SCOR GLOBAL LIFE (SGL) OPERATING MARGIN RISES TO 7.0% IN 2010, VS. 5.8% IN 2009

SGL's business model proved in 2010 its resilience and its ability to deliver strong technical performance in a low-yield environment thanks to its biometric focus and low sensitivity to financial market risk.

SGL gross written premiums total EUR 3,035 million in 2010, vs. EUR 3,118 million in 2009 (down 2.7% and 6.7% at constant exchange rates). Excluding equity-indexed annuity business in the United States, the reduction of which has been planned and deliberate, gross written premiums stand at EUR 3,003 million, compared to EUR 2,732 million in 2009, representing an increase of 9.9% (5.4% at constant exchange rates).

This growth of almost 10% in the biometric products portfolio is led by double-digit growth in several business lines, notably Life, Critical Illness, Health and Disability, and significant new business creation worth EUR 573 million.

SGL saw its operating margin rise from 5.8% in 2009 to 7.0% in 2010. In the last quarter of 2010 alone, the operating margin reached 8.2%. This 1.2-point increase over the year is principally due to improved technical results in several product categories and to the deliberate reduction of equity-indexed annuity business in

the United States, handled by our subsidiary Investors Insurance Corporation (IIC). The disposal of IIC, announced on 16 February 2011, is in line with the priorities of SCOR's new strategic plan "Strong Momentum", which aims to exclusively focus the Life reinsurance portfolio on biometric risks.

DEVELOPING AN UNDERWRITING POLICY TAILORED TO EACH REGION

SGL occupies very good positions on a large number of Life reinsurance markets:

■ In North America, SCOR Global Life US completed the acquisition of XL Re Life America (in July 2009) and completed the move of most of its operations from Plano (Texas) to New York City. SCOR Global Life US has extended its underwriting focus along the Mortality gradient by supporting fully underwritten, simplified issue and guaranteed issue Mortality business. In doing so, the company has expanded its market penetration by adding new clients, and expanded its market participation by gaining increased pool shares. SCOR Global Vie Canada is attracting more and more clients and continues to grow, particularly in individual Life, group policies and Health. Moreover, in 2010 SCOR Global Vie Canada entered the Critical Illness market.

■ In Latin America, SGL continues to expand on key markets such as Chile, Peru and Mexico, gaining closer proximity to its clients with the opening of an office in Mexico and the creation of a management platform in Chile. Present on the Latin American market for around 30 years and backed by a solid franchise, SGL has recently considerably strengthened its organisational structure by recruiting specialists in the marketing, pricing, product development, medical underwriting and claims fields, as well as reinforcing its administrative teams.

■ In 2010, SCOR Global Life further reinforced its position in Asia by achieving significant premium growth in excess of 20% over the previous year. The Retakaful license, which was obtained in 2009, has enabled SCOR to achieve 100% growth in this line of business, which is beyond initial estimates. SGL continues to gear itself for further expansion by strengthening its actuarial resources, particularly for the Japanese and Indian markets. 2010 was marked by a major event, with the China Insurance Regulatory Commission (CIRC) granting a composite reinsurance licence to SCOR SE, thereby enabling the Group to add Life & Health reinsurance services to its existing Non-Life activities. With this new license, SGL has strong ambitions for the Chinese market.

- In Scandinavia, PRIO, the juvenile risk selection guideline launched by Sweden Re in Sweden and Norway, confirms its successful appropriation by the market with no less than 10 client users.

- In the Eastern European countries, SGL has supported the development of its clients through its local presence in Russia and the introduction of new products such as Disability and Long-Term Care cover.

- In the Middle East, SGL reinforced its excellent positioning in 2010, thanks to client relations developed over the long term and an efficient network. The region recorded double-digit growth rates for both Life and Health insurance products, along with a solid level of profitability. The outlook for growth remains very high in the upcoming years. SGL continued to reinforce its presence and positioning in the region with the opening of a Life representative office in Tel Aviv in March 2010. SGL has been working on the market for over 30 years and is one of the Top 5 Life reinsurers in Israel.

NEW STRATEGIC INITIATIVES

In September 2010 the Group published its new strategic plan "Strong Momentum", covering the period 2010-2013.

The "Strong Momentum" plan sets out four new initiatives for SCOR Global Life, as follows:

- To develop a strong foothold in the Australian and New Zealand markets: SGL has a number of assets that enable it to penetrate this market, notably a wide range of Mortality products (both individual and collective), Critical Illness and Long-Term Care products, a service offering of excellent quality and a solid local team. The regional experts based in Singapore, along with the

Group's actuarial research centres, will also be vital to the execution of this initiative.

- To penetrate the UK Longevity market. The initial focus in terms of Longevity will be on the UK market, where the Group has been present for over twenty years. Longevity risk currently has low exposure, enabling the Group to cover itself via non-asset backed deals ("mortality swaps").

- To provide Solvency II-related solutions to clients, for example in the form of financial support or risk management assistance. This initiative will enable SGL to fill the gap between traditional reinsurance and capital market solutions.

- And finally, to support European pension funds: providing specific services and products, establishing partnerships with pension consultants in order to offer an appropriate range of products, and focusing particularly on the defined contribution pension market as a source of reinsurance business.

In addition to these new initiatives, SGL is using existing portfolios and a tried and tested client policy to improve its organic growth:

- differentiated growth by region, including the consolidation of relations in Europe, substantial growth in Emerging Asia, the Middle East and America, and the reinvigoration of the SGL US franchise;

- sustained growth of Mortality business, underpinned by a strong medical underwriting proposition;

- expansion of the medical expense portfolio in selected markets;

- growth of the Long-Term Care portfolio resulting from public reforms.





SGL's development on the Longevity Market in the United Kingdom

Simon Pearson
Head of SGL Market Unit: Northern Europe, Latin & North America

How is this a strategic axis for SGL?

Given the dynamic of an aging population in most developed countries, there is a growing realisation that people may outlive their savings. As a result there is expectation of continuing and increasing demand for retirement products that include Longevity cover. In addition, there are many countries in which employers sponsor defined benefit pension schemes. Employers have also begun to realise they hold a significant insurance risk on their balance sheet that they may not be best placed to manage, so they are looking at routes towards de-risking their pension schemes. This de-risking activity also gives the insurance and banking community opportunities to provide solutions. We see this activity continuing and increasing, and being reinforced by the recognition of the importance of Longevity risk under Solvency II and the upcoming European Pensions regulation, for many years to come.

A further benefit for SGL is that writing Longevity makes efficient use of our capital, as it provides a partial hedge to our large Mortality portfolio. As a result SGL has decided to endorse entry into the Longevity market as a key strategic initiative of "Strong Momentum".

What is the initial focus for SGL?

We have set up a dedicated Longevity team in the UK, which today represents the most developed market for Longevity. Initially, we are focusing on the UK pension scheme market and are able to provide Longevity reinsurance for in-payment pensions, in partnership with investment banks and insurers. Our initial offering is deliberately vanilla as it satisfies the capacity needs of the market. As our expertise is in insurance risk, initially we do not intend to take any asset risk associated with pensions. From the London-based team we are supported by the Paris-based Mortality & Longevity research centre. Other markets, with the same dynamic of an aging population, are starting to develop Longevity solutions and we hope that the growing expertise within SGL can be leveraged for these markets too.

SCOR Global Investments

THE EMERGENCE OF SOVEREIGN RISK IN EUROPE

2010 marked a turning point for global capital markets. After the initial turmoil, the legacy of the post-Lehman world and the repercussions felt at all levels of the capital markets, it would appear that the world has entered a new phase of consolidation, which should lead to sustainable economic recovery. Needless to say, obstacles – some quite serious – remain. At the end of 2010, however, the global capital markets emerged into a clearer setting that paves the way for a much-awaited change of macro economic regime on a global scale.

The beginning of the year was marked by the sovereign debt crisis in Europe. The capacity of certain European governments to make good on their individual financial obligations, as well as the organisation of inter-State collaboration, caused serious concern. The public debate on whether and how to bail out the weaker countries in Europe weighed heavily on the cost of funding European member states.

As measured by the Credit Default Swap level and by the asset swap level of government bonds, the “peripheral” Eurozone countries saw their borrowing costs increase substantially. Greece’s CDS levels reached above 1000 bpt, amidst fears of imminent default, restructuring, or worse yet, exit from the Euro.

In typically consensus-based, gradual, European style, the measures necessary to protect the system from current as well as future mishaps were implemented towards the middle of 2010. The European Financial Stability Facility, or EFSF, was created on 9 May 2010 by decision of the European states, and operates within the Ecofin Council framework. Its first fund raising action was completed in the first weeks of 2011 with overwhelming success.

The sovereign spreads have now stabilized and the peripheral countries in Europe are able to raise funds in the capital markets, albeit at a high cost. The next step in terms of the full stabilization of the solvency issues in Europe will be to tackle the interdependence of the banking sector and the impact of the sovereign debt crisis on individual lenders within the Eurozone.

2010: A YEAR OF PRESSURE FOR THE UNITED STATES

In the US, 2010 did not start off any easier. The capital markets were plagued with a host of problems, ranging from the very technical, such as the poor risk-reward characteristics of the Fixed Income asset class, to the highly practical, for example the issues surrounding the US mortgage market, court rulings on foreclosures, etc.

The US authorities, however, were very quick to put in place an exceptionally large macro economic stimulus. Dubbed Quantitative Easing, the QE1 and QE2 programs injected some USD 2,400 billion dollars into the US economy via Federal Reserve purchases of Treasury securities. Given the near zero short interest rates in the US, this measure was the only solution to stimulate the morose economy running at near 10% unemployment. Although called “unprecedented”, this method has been used by other nations plagued with low (real) rates, notably Japan, and to a certain extent the UK. However, whereas the Bank of Japan took 10 full years to embark on this course of action, the US Federal Reserve implemented its program in just 15 months!

The intended aim of the program is, on the one hand, to inject liquidity into the economy, and on the other to encourage investors out of the Treasury Bond asset class and into risk assets by seriously reducing the risk / reward properties of fixed income instruments.

Investors flocked to risk assets, ranging from US Equities (registering an 11% performance in 2010) to Commodities, which are currently in an uptrend that should last throughout 2011. However, imposing further leverage on an already highly leveraged economy, regardless of the nominal amounts in question, would not have been enough. This is why the US authorities gave a new, favourable sign to economic agents at the end of 2010.

The result is a brighter outlook for the US economy in 2011, although a GDP growth rate able to tackle the near 10% unemployment is still not considered an immediate outcome. Nonetheless, the stage is set for a more sustained recovery within the next 2 years.

MOVING TOWARDS THE PROBABLE RETURN OF INFLATION

These monetary and budgetary support measures could lead to inflation. Although the consensus on the inflation outlook remains moderate in most developed countries, there have been significant developments since the beginning of 2010, and deflationary scenarios are no longer evoked as they were a few months ago.

The main concerns now relate more to the consequences of a massive expansion of cash and a highly accommodative monetary policy, which could spell the beginning of the wage/cost spiral, in an environment of sharp raw material price increases on the global market.

This inflationary context, which was already significant in developing countries, is beginning to make itself felt in the developed countries. The HICP in the Eurozone has exceeded the 2.00% ECB target and is now at 2.3% (beginning of 2011). In the UK, inflation had already increased sharply to over 4%, which could lead the Bank of England to hike rates as early as Q2 2011. Nonetheless, monetary policy could remain more stable, especially in the US. That being said, the bond market should price in these imminent changes, resulting in higher interest rates and higher inflation rates for the whole of 2011.

"CREDIT" ASSET CLASS VERY UNEQUAL IN 2010

The "credit" asset class turned out to be very unequal in 2010. In the United States, the standardization of the credit market facilitated the progressive removal of some of the unconventional policies adopted by the Federal Reserve. Conversely, systemic risk remained very significant in Europe, notably carried by the problems surrounding the restructuring of the Irish and Spanish banking systems.

In order to avoid the pitfalls of the past, European governments are looking at the possibility of making senior debt holders contribute to the cost of losses by major banks when these are placed under the supervision of the authorities. All of this has naturally led investors to avoid bank bonds and to turn towards bonds issued by other sectors.

Thus, credit premiums have remained relatively stable for these companies, whereas in the European banking sector they have regained the exceptionally high levels reached when Lehman Brothers collapsed.

In this unfavourable context, the combination of low nominal rates and continued cash injections by the central banks has led to a strong demand for private bonds. In fact, in order to make up for the low remuneration of nominal rates, a number of institutional investors have increased their credit risk by lowering the average rating on their portfolio. Issue volumes have also been high, with companies taking advantage of these low interest rate levels in order to prolong the average maturity of their debts and improve their financial profile.

VERY VOLATILE EXCHANGE RATES

Exchange rates were extremely volatile in 2010, with the Euro and the US Dollar alternately subjected to doubts over the solvency of the European countries and the growth of the US economy. Once again, the determination of the central banks to avoid a double dip scenario was what set the tone here: unconventional policies, particularly American, British and European quantitative easing, have helped to soften the deflationist trend that prevailed at the beginning of 2010.

UNCERTAIN SHARE MARKETS

On the share markets, 2010 was marked by the uncertainty of the return to growth in the US and by the fears that weighed on European sovereign debt. These concerns benefitted the stock markets of emerging countries, which continued to develop to the point where they seemed to fear possible overheating. In the United States, the additional Quantitative Easing" (QE2) policy has had a positive effect on the share markets. Developments in terms of unemployment and inflation should dictate that this effort be continued, and the Fed has left the door open for a follow up.

In Europe, the various States have implemented austerity policies, massively reducing their spending. The strong Eurozone countries have come to the aid of those in difficulty.

European shares are up 7% over the year, whereas the S&P 500 recorded a performance of 11% for 2010. This performance was accompanied by a very sharp reduction in volatility during the second half of the year, settling at 17.8% after having risen as high as 45.8%.

The most profitable sectors were logically those most connected with the emerging countries and the recovery of consumption: motor +45%, heavy industry +35%, and consumer staples +28%. The worst performances recorded were those linked to the local economies of developed countries, such as consumer services and banks.

AN INVESTMENT POLICY THAT IS ALWAYS PRUDENT AND HAS MANAGED TO ANTICIPATE THE EMERGENCE OF NEW RISKS

The SCOR Global Investment teams operate a prudent investment policy that meets the strategic objectives determined by the Group in terms of asset management. This includes:

- ensuring that the Group has a profitability level compatible with the long-term objectives set out in the strategic plan,
- preserving capital by evaluating the acceptable level of risk and practicing strict asset selection,
- guaranteeing a sufficient level of solvency, regardless of the economic and financial environment.

In this context, SCOR does its utmost to be on permanent watch for the first signs of possible significant market variations, and to adapt its investment policy accordingly and extremely rapidly. Thus, since the beginning of 2007, five major risks have been identified early:

■ Beginning of 2007: first early warning signs of the crisis

At the beginning of 2007, SCOR recognised the first warnings on the financial markets, particularly those coming from the real estate market in the United States. In an increasingly uncertain market context, the first significant measure that SCOR took was to considerably reduce the exposure of the investment portfolio to equity risks and risks linked to volatile asset classes.

■ 2007: liquidity as a major risk

Faced with mounting concern over the financial markets in 2007, SCOR very quickly envisaged the possibility of a liquidity crisis if the subprime crisis spread to other sections of the economy and subsequently the entire financial sector. The cash accumulation policy implemented in 2007 enabled the Group to protect the value of its assets: at the end of March 2009, around 40% of these assets were invested in very liquid securities with a maturity of less than one year.

■ End of 2008: the emergence of sovereign risk

At the end of 2008, SCOR identified the emergence of sovereign risk linked to the dizzying rise in the level of public debt and to massive revival policies. SCOR Global Investments, which, in response to the emergence of this risk, had drawn up a watch list of the countries affected by it, began to reduce its exposure in the peripheral countries of the Eurozone from the fourth quarter 2008 onwards. Moreover SCOR widely shared its concerns with regard to sovereign risk and the resulting investment decisions at its investors' days held in July 2009.

This risk remained a major concern throughout 2009 and 2010 and the Group chose to stay away from the peripheral European countries, despite profitability rates that were at times exceptional.

The risks of debt restructuring and the possible spread of mistrust to all Eurozone countries led the Group to focus on Germany and, to a lesser extent, France, with regard to investments in State bonds.

■ 2009: the return of inflation?

Faced with massive recovery plans and unprecedented cash injections by the central banks, and also because of strong demand in emerging countries pushing up the price of raw materials, at the end of 2008 SCOR realised that inflation could become a major risk over the next few years. As of February 2009, therefore, the Group strongly reinforced its investments in French, European, UK and US inflation-indexed bonds. These investments now total EUR 1 billion.

The positioning of the portfolio with regard to the possible return of inflation led to increased exposure within the "Equities" segment of the portfolio to industrial sectors and to companies that should benefit from this scenario. From the end of 2009, the Group also focused on real estate, which is a good long-term shield against monetary erosion, concentrating more particularly on office buildings of excellent quality accompanied by guaranteed rental contracts with tenants posing no major counterparty risks. Finally, a raw materials investment portfolio was progressively put into place throughout 2010 in order to benefit from the strong historical correlation of this asset class with inflation.

■ 2010: the risk of a sharp rise in rates

From 2009 onwards, in an environment marked by deflationist risk and historically low interest rates, SCOR realised that there was a risk of a very sharp increase in interest rates. In order to minimise the impact of this on a portfolio largely invested in fixed-income securities, SCOR implemented a so-called "rollover" strategy. This investment strategy consists of keeping a significant cash reserve from redemptions and bond coupons in order to benefit from rate increases at reinvestment, whilst taking advantage of short-term market opportunities. Thus, at 31 December 2010, this rollover policy enabled SCOR to accumulate nearly EUR 4.4 billion in liquidities that will be available in two years' time. Consequently, the duration of the bond portfolio is relatively weak at 3.4 years (excluding liquidities) and is shorter than the duration of the Group's liabilities.

The bond portfolio was repositioned in 2010 in order to increase the proportion of variable rate securities, to add some convexity to the "Inflation" segment of the portfolio and to diversify the "Credit" segment on securities with little connection to the rise in interest rates, such as emerging markets or high yield bonds.



Faced with the very strong volatility expected on currencies, the Group maintains a strict policy of congruence between its assets and its liability commitments. The Group's financial assets are thus invested in the same currencies as its reinsurance liabilities. The exchange rate position is analysed regularly in order to limit the effect of exchange rate fluctuations, whether through spot arbitrage or the implementation of forward cover.

At 31 December 2010, investments consisted of cash and short-term investments (6%), funds withheld by cedants (36%), bonds (49%, average rating AA), equities (5%), real estate (2%) and other alternative investments (2%).

INNOVATIVE ALM MANAGEMENT

During the presentation of the strategic "Strong Momentum" plan in September 2010, the Group unveiled an innovative approach to asset-liability management (ALM) based on the concept of "buckets". This approach aims to create asset-liability buckets based on line of business rather than simply on the Group as a whole.

Six buckets (three for Life and three for Non-Life business) have been identified, each with uniform characteristics in terms of product lines, duration, cash flow profile and/or exposure to certain economic risks such as inflation. The investment strategy within each of these six buckets consists of guaranteeing the Group's ability to meet its client commitments, and therefore concentrates on high quality bond assets. A seventh bucket covers the Group's shareholder equity, a resource available over the long term. The financial assets attached to the shareholder equity must guarantee the solvency of the Group.

A SIGNIFICANT AND REPEATED CONTRIBUTION TO THE RESULTS FROM THE GROUP'S THIRD ENGINE

Thanks to this prudent investment policy and to the active management of the investment portfolio, the portfolio yield in 2010 (excluding funds withheld by cedants) stands at 4.3% net of impairments and 3.8% after impairments. The net return on all assets (i.e. including funds withheld by cedants) stands at 3.2% for 2010.



SGI initiatives as part of the “Strong Momentum” plan

François de Varenne
Chief Executive Officer of SCOR Global Investments

What does the Atropos fund consist of and what are its specific features?

Atropos is an investment fund that will invest exclusively in securitised extreme insurance risks (Insurance-Linked Securities or ILS) such as earthquakes, cyclones and storms. This asset class is totally disconnected from the financial markets and presents real advantages in terms of portfolio diversification and expected profitability. Atropos will benefit from the SCOR group’s recognised expertise in these risks, particularly with regard to selection, underwriting, modelling and pricing. SCOR will invest the equivalent of USD 100 million in this asset class and will open the Atropos fund to third party investors.

Another initiative presented in “Strong Momentum” is “built on in-house asset management expertise” – what does this involve? When is it set to be operational?

By creating SCOR Global Investments (SGI) in 2009, the Group made a strategic choice to internalise a large part of its asset management. A talented team of asset managers

joined SGI to devote themselves exclusively to SCOR’s proprietary investment activities. Backed by our track record, we now want to share this expertise by opening up our asset management to third party investors on niche funds. Subject to receipt of the appropriate regulatory authorisations, several funds should be launched onto the market in the second half of 2011. The target clients will be exclusively institutional investors or professionals. In the long run, this new activity will generate additional revenue for SCOR, without the need to mobilise capital.

Can you give some examples of the funds that will be open to third parties?

By opening up our asset management to third parties, we are enabling our potential clients to benefit from our full expertise. The first initiative will be the Atropos fund, due to be launched in the spring. Subsequently, within each asset class managed by our various management desks (rates and inflation, credit, shares), certain high added value strategies, initially devoted to the SCOR group, are likely to be marketed to external investors.

A global presence

Since its creation in 1970, SCOR has proved that a successful reinsurance strategy can only come from the geographic, and therefore global, mutualisation of risks. This is why the Group has rapidly opened offices on all continents, notably via a global strategy of external growth. Since the beginning of the 2000s, SCOR has acquired Partner Re Life (in 2000), SOREMA (in 2001), Revios (in 2006), Converium (in 2007), Prévoyance Ré (in 2008), and XL Re Life America (in 2009).

STRONG GEOGRAPHICAL DIVERSIFICATION

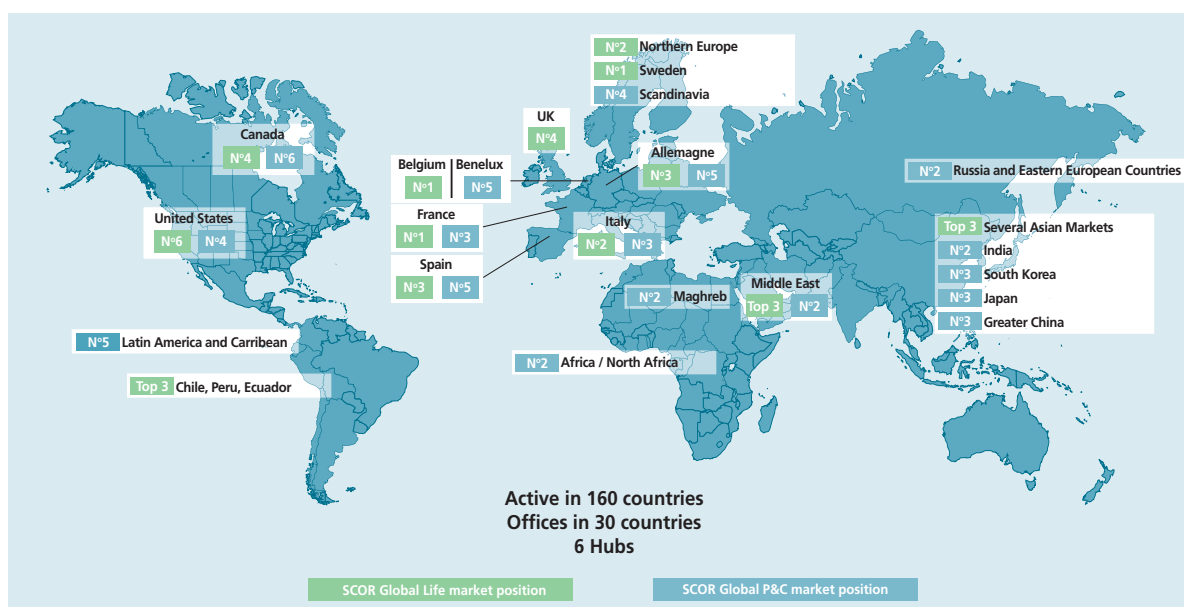
The Group has created six operating platforms spread across six Hubs (New York, London, Paris, Cologne, Zurich and Singapore) and has opened numerous representative offices, subsidiaries and branches in several countries in accordance with the local economic environment, market conditions and growth perspectives (in 2008: representative office opened in South Africa, P&C branch launched in China; in 2009: Life and Non-Life subsidiary opened in South Africa, Life reinsurance branch opened in the Netherlands; in 2010: Israel representative office opened). Diversification is a strategic axis for SCOR, from both a business line and geographical point of view, and has given the Group a presence balanced between emerging and developing markets on the one hand, and more mature markets on the other.

A KEY AXIS OF THE STRATEGIC PLAN

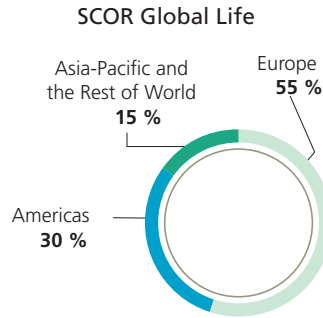
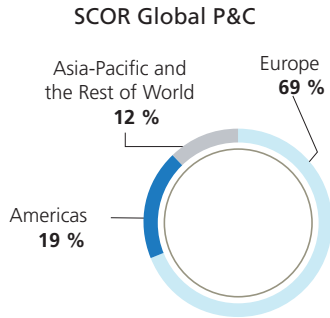
Among the strategic choices that feature in the Group's new plan, a balanced global presence has been reaffirmed as a key axis. The Group notably hopes to seize the opportunities offered by market dynamics, thanks to its targeted approach to local issues. The Group's outlook in the Life reinsurance markets is solid and long-term, which enables SCOR Global Life to anticipate an increase in its premiums by the end of 2013, as set out in the "Strong Momentum" plan: in the US/Canada and Europe thanks to regulatory changes and to an increased need for insurance, amongst other factors; in Asia due notably to close cooperation between local reinsurers, in Latin America, particularly with the recent opening of an office in Mexico, and in South Africa/Australia, thanks notably to the Johannesburg office which was opened in 2009 and to the opening of an office in Australia in 2011.

SCOR Global P&C benefits from a longstanding strong position on the Asian, African, Middle Eastern and Latin American markets, where the Group wishes to pursue its investments in order to consolidate its position. Emerging markets remain very attractive, notably Eastern Europe and India.

THE SCOR GROUP IS A TOP 5 GLOBAL REINSURER



DISTRIBUTION OF PREMIUM INCOME BY GEOGRAPHIC AREA (2010)



SCOR’s development in South Africa – a successful “start-up”

Terry Ray
CEO SCOR Africa Limited

SCOR has been in South Africa for two years now; how has that gone? Have you been welcomed?

We have received tremendous support from the local market, which welcomed a new capitalised entity. SCOR has been involved in the South African market for a number of years, but the fact that we opened an office, staffed with local expertise providing an on–the-ground service, enhanced our reputation as a Group. The fact that we are now an “approved” reinsurer has given a number of clients the opportunity to place business with us, and to receive solvency dispensation from the local Financial Services Board.

How have you developed over the past two years? What is the Group’s positioning today?

Over the past two years our income has grown by over 50%, and we have made great inroads into the market. We are respected as a market leader, and have selectively taken the lead on certain strategic clients’ programmes.

From a personnel point of view, our staff has grown to eight, and we are looking to further increase this number as the business grows. Staffing the office has proved to be one of our major stumbling blocks, as there is a shortage of skilled people in the insurance and reinsurance industry in South Africa.

Is it accurate to refer to SCOR in South Africa as a successful “start-up”?

It certainly is accurate to refer to SCOR in South Africa as a successful “start-up”. Not only has our business grown substantially, but we have established ourselves as a serious market leader. We have provided the market with a genuine alternative, and with our skill set throughout the Group, we have been able to add value and demonstrate our commitment to our client base by visiting them on a regular basis with our specialist expertise from within the Group.

A local team we have become adept at understanding various Group and regulatory requirements. This has also meant that the team’s cross-functional skills have been enhanced.

Has the office enabled the Group to develop in the region?

We have shown tremendous growth in our income, and we have increased the number of contracts by approximately 40%. By opening the office we have further enhanced the Group’s global reach, and we have become much closer to our client base. Further development within the region will be ongoing and a focus for us in the future.





A Company Focused on its Stakeholders

Clients	70
Shareholders	74
Employees	75
Society	78



Clients

UNIQUE CLIENT RELATIONSHIPS

Over the past few years, the Group has considerably developed and strengthened its client relations through its two operating subsidiaries SCOR Global P&C and SCOR Global Life. The Group's two engines enjoy excellent relationships with our clients:

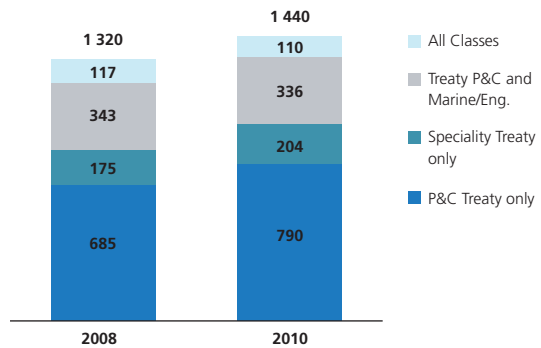
- Through their strong global presence: the Group is present in more than 160 countries and over the years has continued to open local offices in the various regions of the world, with a view to establishing client relationships based on proximity, becoming familiar with the local culture and anticipating market trends, thereby responding as effectively as possible to the expectations of our clients.
- Through the reinforcement of our presence in several business lines in order to respond as accurately as possible to the requirements of our clients.
- Through the creation of numerous specific products and services aimed at a target clientele. SCOR Global Life has developed a tele-underwriting tool (SCOR Telemed) designed to facilitate risk selection and pricing for insurers. SCOR Global Life thus offers a complete risk selection service and maximises added value for its clients. For its part, SCOR Global P&C has developed a claims management system for Treaty and Facultative business, on both a proportional and non-proportional basis. The Group wants to provide its clients with exhaustive services in terms of product design and actuarial support, using the technical know-how of its experts, the Life reinsurance R&D centres and the research chairs sponsored by the Group (cf p.80).
- Through the organisation of technical training seminars dealing with key issues for the insurance and reinsurance industries. The Group's two operating entities have thus organised or taken part in over 200 seminars throughout the world. Certain seminars have been the subject of technical publications, such as "Enterprise Risk Management", "Climate Change Management", "Les Existants Indivisibles" (Indivisible Assets), "La loi sur le diagnostic génétique et ses implications pour l'examen des risques et des prestations d'assurance – l'exemple allemand" (The law on genetic diagnosis and its implications for risk assessment and insurance services – the German example), "World life expectancy and future Longevity scenarios", and so on.

■ Through the provision of regular information throughout the year via a number of publications such as "SCOR in FORM" and the Newsletters and Focus publications of both SCOR Global Life and SCOR Global P&C.

CONSTANT INCREASE OF CLIENTS AND CLIENT SATISFACTION

The Group has applied this commercial policy for several years now. Its success can be seen in the constant increase in client numbers for both SGPC and SGL.

INCREASE IN SGPC CLIENTS OF 4.3% PER YEAR BETWEEN 2008 AND 2010





Client relationships: a view from SCOR Global P&C

Andrea Sommerlad
Chief Underwriting Officer Aviation & Space treaties

What kind of relationship do you have with your clients?

Our relationship is key. Most of our business relationships in the Aviation market have been established over many years. Trust and personal communication are cornerstones of establishing a lasting business attachment based on mutual understanding.

How do you anticipate their needs and expectations?

Our clients are spread around the world. We maintain constant contact with them and their brokers. This allows us to foresee changes to the underwriting philosophy of our clients and predict developments in their reinsurance requirements. It is also important to participate in industry events and conferences to monitor market trends and attract new opportunities.

How do you organise yourself in order to best meet their demands?

Expertise is our capital. Visiting clients and their brokers is important to acquire the right insights into their portfolio and any individual characteristics involved. We are well connected within the SCOR group and often join forces with our colleagues. We use our tools and resources to properly analyse our clients' requirements in order to provide the best service to them and increase SCOR's value.

What image do your clients have of SCOR?

Clients and brokers value us highly. They respect our focus and efficiency in servicing them in a timely manner, with an

excellent level of quality that often exceeds their expectations. Our professionalism, backed by our underwriting expertise and our quality of security, make SCOR stand out in a market that is currently suffering from an excess of capacity.

How to you explain the loyalty of your clients?

Transparency breeds loyalty. To show our business partners long-term commitment we keep them well informed about SCOR, for example by sharing our three-year plan "Strong Momentum" with them. This allows us to improve our position in the reinsurance environment.

The Aviation insurance/reinsurance market is very small compared to other lines of business. Once established a relationship lasts for a long time, some for decades. In the aftermath of a loss, the market is prepared to give its members a chance to recover through continuing business.

Has the Group's development had a positive effect on your client relationships?

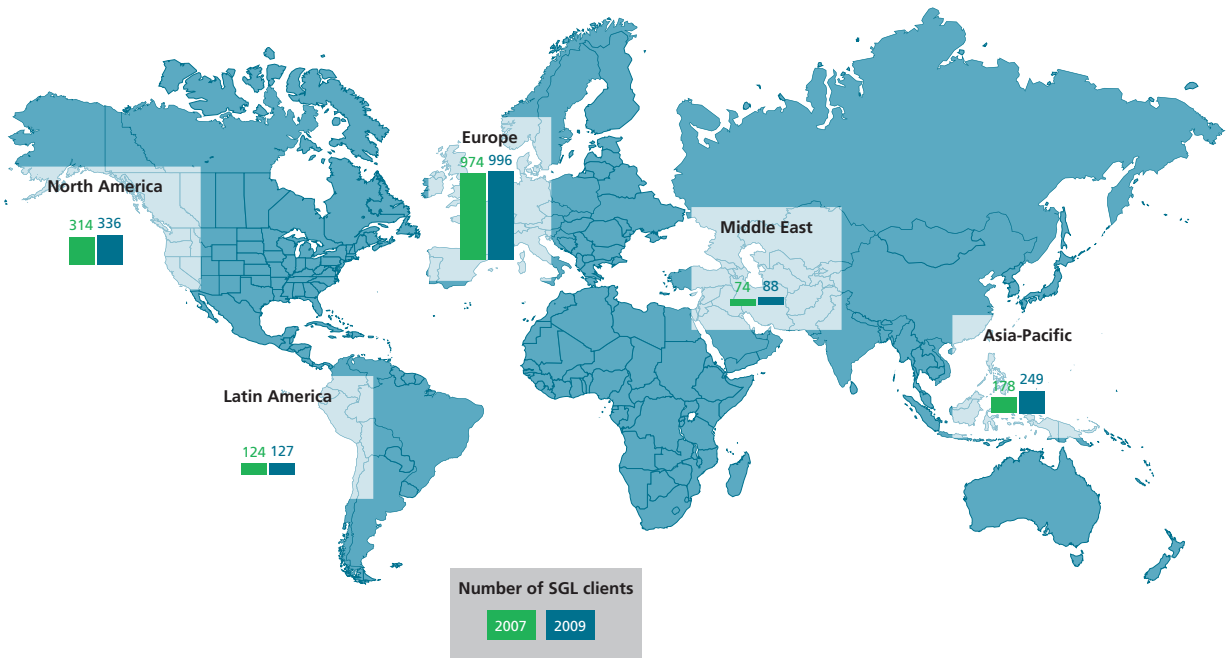
SCOR is a top-five global reinsurer. The significant improvement in rating, combined with the Group's growth, success and stability over recent years have, undoubtedly contributed to establishing SCOR as one of the premier global reinsurers. Quality security, a clear and coherent strategy, allied with a demonstrable track record of financial success, make SCOR a reinsurer of choice for our business partners.

This trend can also be seen via the internal satisfaction campaigns conducted by the Group each year, as well as through external surveys, including one of the best known surveys in the industry: Flaspöhler (www.frsurveys.com). The survey conducted on cedants throughout the world in 2010 revealed excellent results for each of the Group's entities.

Throughout 2010, the Group organised several events to celebrate its 40th birthday with its clients. These events, which took place in each of SCOR's Hubs throughout the world, gave the Group's Management and staff a chance to congratulate themselves on the excellent commercial relationships SCOR has built with its clients.

According to Flaspöhler Europe, SCOR Global P&C has a "good vision of the business" and has enjoyed the "best progress". In Europe, SCOR Global P&C is rated 4th most globally used reinsurer in 2010, 3rd most recommended reinsurer by cedants on the "Net Promoter Score®" (an index assessing business development capacity), and 7th best reinsurer in Asia, being notably n°1 in India, n°4 in Japan, South Korea and Taiwan, and the most recommended reinsurer in the latter four countries. As for SCOR Global Life, the survey classes the Group's Life entity among the best 4 overall Life reinsurers in Europe and reveals the fact that 25% of non-clients have expressed a desire to work with SCOR Global Life. The survey also shows the entity's continued client growth.

SCOR GLOBAL LIFE BENEFITS FROM A CONTINUOUSLY GROWING CUSTOMER BASE





Client relationships: a view from SCOR Global Life

Miguel Alferieff
SGL Head of Western & Southern Europe

What kind of relationship do you have with your clients?

SCOR Global Life maintains long-term business relationships based on client proximity.

Increasingly, Life insurance companies are looking not just for reinsurers to whom they can cede some excess, but genuine partners that can accompany them over time through the development of new lines of business, propose new, alternative sales channels (which is what we do with ReMark), or provide them with quality services, for example in terms of optimising the risk selection process (which is what we are developing with SCOR Telemed). When you are present locally on the market, the expectations of clients are all the more legitimate. In a market environment that is now less buoyant, our clients want us to help them with their need for competitive positioning. We owe it to ourselves, therefore, to be responsive, flexible, fast and....creative! Innovation is currently (and will be in the years to come) a crucial, differentiating element in the global offering of reinsurers.

How do you anticipate their needs and expectations?

In-depth knowledge of the market and its specific features and developments is a crucial starting point in our business strategy. Regular, trust-based contact with our clients enables us to anticipate their needs and to provide them with tailor-made solutions. Let's take the example of SCOR Telemed, which began a little over two years ago: tele-underwriting is a new technique for the selection of Life & Health risks, which enables us to gather high quality information whilst reducing both costs and the time invested by insurers in the policy issuing process. Cost reduction needs, plus the reticence of banking channels to make their selection process too fastidious for their clients, put us on the right track towards developing the services offered by SCOR Telemed.

What image do your clients have of SCOR?

Today, more and more multinational insurance companies are looking to optimise their reinsurance programmes through internal cessions or the involvement (and even participation) of the parent company in their placements, or are seeking global service offerings. The organisational structure of SCOR Global Life means that it can act on both a local and global level for these insurance groups and their subsidiaries by (1) coordinating our offer of products and services, (2) taking advantage of synergies, and (3) positioning us as a genuine partner for the most ambitious insurers. The Global Client Management initiative has already enabled us to identify several large companies responding to these criteria, amongst others. An underwriter, who is responsible for the entire service offering, deals with these companies. This approach goes hand in hand with the reinforcement of our Group's image, as well as that of SCOR Global Life.

Has the Group's development had a positive effect on your client relationships?

The development of SCOR, the upgrade of our financial rating by the major rating agencies, the breadth of our offer of products and services, and the know-how of our teams, have all contributed to improving the image that clients have of the Group and its subsidiaries. The latest Flaspöhler survey in Europe notably reflects the improved position of SCOR Global Life as a preferred reinsurer of European clients.

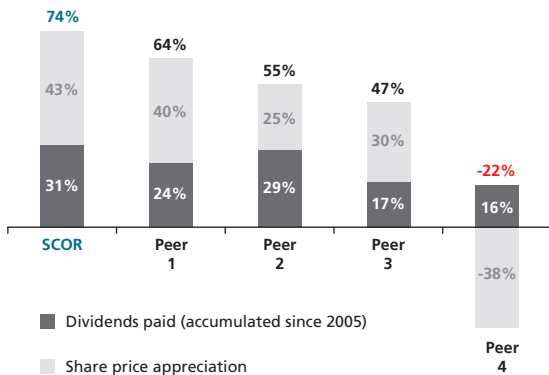
Shareholders

REMUNERATION POLICY

Shareholder remuneration is at the heart of the Group's strategy, with each of its strategic plans including a policy of high shareholder remuneration. Thus, as anticipated in the strategic plan "Dynamic Lift V2", the dividends paid have always exceeded 35% of distributable profit over the period of the plan, reaching 48% for 2009. Since 2007, the Group has distributed EUR 466 in dividends to its shareholders. Moreover SCOR's global rate of shareholder remuneration has been higher than that of its peers since 2005.

Throughout its new plan "Strong Momentum", the Group aims to maintain an active remuneration policy which, coupled with the increase in its profitability objective to 1000 basis points above the risk-free rate over the cycle, should maintain SCOR's performance at the highest level in the industry in terms of shareholder remuneration.

SCOR OFFERS IT SHAREHOLDERS HIGH GLOBAL PROFITABILITY COMPARED TO ITS PEERS



The Group has recorded a solid stock market performance over the past few years, notably in 2008, which was marked by an unprecedented economic and financial crisis. SCOR has thus confirmed its ability to absorb major shocks.

DYNAMIC FINANCIAL COMMUNICATIONS

The reinsurance profession is little known and often viewed as being very complex. Consequently, SCOR does its utmost to communicate its activities to shareholders by applying a policy of absolute transparency. This objective can be seen in the numerous Corporate publications on the Group's operations and results (annual reports, bi-annual letters to shareholders, press releases, bi-annual Facts and Figures, etc.), and in the technical publications relating to the Group's lines of business (SGL and SGPC Focus, monthly newsletter, etc.).



In 2010, SCOR revamped its website, notably to provide its shareholders with a broad range of easily accessible information.

For several years now, SCOR has maintained a dedicated shareholder department, to which any shareholder can address questions.

Employees

Our Human Resources policy corresponds to our corporate values and is incorporated within the three-year strategic plan “Strong Momentum”. At the end of 2010, the Group had 1,665 employees throughout the world¹.

The company’s values and core skills we look for in our employees reflect our commitment with regard to the Group’s stakeholders: our shareholders, our clients, our employees and society as a whole.

The company’s values are as follows:

- Profitability, which relates to transparency, consistency, accountability and credibility.
- Expertise, which relates to quality, trust, innovation, commitment and integrity.
- Operational excellence, which relates to fair competition, agility, leadership and foresight.
- Empowerment, which means equal opportunities, diversity, respect, loyalty, professional training, partnership and team spirit.
- Sustainability, which means involvement, responsibility, equitable development, scientific progress and openness.

The core skills we look for in our employees are as follows:

- Achievement of Goals, Capacity for Change, Innovation
- Teamwork and Collaboration, Focusing on the Client/ Stakeholder, Making an Impact
- Technical skills and expertise
- Managerial skills, leadership and Business Acumen

RECRUITMENT AND INTEGRATION

SCOR encourages equal opportunities and is extremely attentive to promoting diversity. Recruitment is selective, with strict requirements in terms of high-level skills. Furthermore, SCOR favours candidates with original, diverse, international and multi-cultural backgrounds.

Trainees and work experience apprentices also form an integral part of our recruitment policy. Driven by the desire to share its

expertise and to train new generations, SCOR regularly welcomes trainees and apprentices from engineering or business schools or those studying for university degrees in field as diverse as actuarial science, finance, accounting and law.

We also offer VIE (international volunteers abroad) programmes within the various Hubs and global sites of the Group. This provides the opportunity to acquire a fulfilling international experience, whilst gaining in-depth knowledge of the SCOR group and its business lines. Some of our young recruits come from this pool of potential and skills.

Moreover, SCOR has forged close links with the major universities in relation to its business and its professions, which has contributed to strengthening our cooperations and partnerships over the years.

For example, since January 2009, SCOR has taken part in the Master 218 Insurance and Risk management programme at the University of Paris-Dauphine, providing support in terms of promoting and developing this training programme, contributing to its excellence and reputation.

SCOR is also a partner of the *Ecole nationale d’assurances* (ENASS) within the ELSA programme, which is designed to promote the entry into the insurance sector of students with a literary or humanities background.

The Group places particular importance on integration and the development of each of its employees.

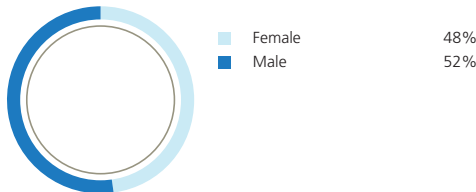
The integration period is a key time for all new employees in the company. With this in mind, SCOR has implemented a personal integration process for all employees, allowing them to quickly adapt to their new functions and to familiarise themselves with SCOR’s culture and organisation, thereby encouraging their commitment to the company.

Within the Paris Hub, the “DiSCORvery Meeting” brings together new recruits every year. This event aims to promote meeting and exchange amongst employees from different backgrounds and with different capabilities. In 2010 the topic of the event was the strategic plan “Strong Momentum”.

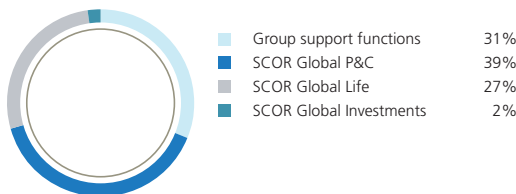
¹ Excluding ReMark

GROUP FIGURES

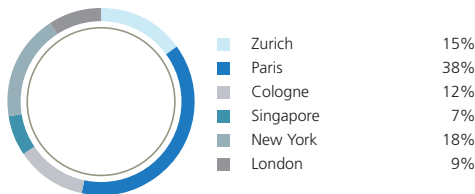
BREAKDOWN OF EMPLOYEES BY GENDER



BREAKDOWN OF EMPLOYEES BY ENTITY



BREAKDOWN OF EMPLOYEES BY HUB



BREAKDOWN OF EMPLOYEES BY BUSINESS LINE



AVERAGE AGE OF EMPLOYEES BY ENTITY

	Average age
Group support functions	42.5
SCOR Global P&C	44.7
SCOR Global Life	42.9
SCOR Global Investments	38.0
Total	43.6

Training and career management

In 2010, the Group continued its commitment to training and the development of skills. In terms of both individual and collective training, the plans implemented concerned fields relating to the reinsurance business such as actuarial science, underwriting, claims management and asset management, as well as more cross-disciplinary subjects such as Solvency II, anti-corruption/anti-fraud, legal and compliance, management and project management.

With a view to the development and permanent evolution of its employees, SCOR pays specific attention to the mobility of all its employees and has a policy of active individual career management.

In this regard, SCOR continues to place real importance on local and international professional mobility by encouraging and favouring internal applications in all countries and business sectors. Thus, as soon as a position becomes available in the Group, wherever it is based, it is accessible to all employees via the Intranet site.

REMUNERATION POLICY

SCOR's remuneration policy follows the Group's corporate values and is based on the strategic lines of its three-year plan. It is defined and applied uniformly between the Group's different Hubs and sites, whilst respecting the legislation and regulations in force locally.

Merit and performance are the fundamental principles of SCOR's remuneration policy; annual appraisals are based on an individual appreciation and development appraisal. Thus, each employee has the assurance of knowing that his or her situation and performance will be reviewed by the management every year.

To present all of its principles, but also with a view to sharing and transparency, an exhaustive document presenting and detailing the Group's remuneration policy has been drawn up and is available in all countries via the intranet.

This evolving document lays out the Group's remuneration practices. It was previously submitted to the Compensation and Nominating Committee of SCOR's Board of Directors as well as to SCOR's Board of Directors.

SCOR's remuneration policy, which aims to meet the Group's sustainability objectives, adopts the best practices and follows the most recent governance recommendations for remuneration.

Finally, as part of an individual social review, each of SCOR's employees was able to consult the breakdown of his or her direct



and deferred remuneration, comparatively and simultaneously for the years 2009 and 2010.

Since 2006, SCOR has implemented the "Partnership" system for employees with major skills, particularly those holding key functions. The Partnership is also open to young high-potential employees and to experts within the Group.

The "Partner" employees benefit from a specific cash bonus system, which is attributed each year and can account for between 20% and 80% of their fixed salary. This bonus is based on individual performance as well as Group collective performance (ROE).

In 2010, the Group once again implemented free share and stock option attribution plans for Partners and 210 free shares were allocated to each Group employee on a permanent contract.

Finally, to ensure its competitiveness on the market in terms of remuneration and in each Hub, SCOR carries out periodic remuneration surveys.

SOCIAL DIALOGUE

Professional equality between men and women

On 24 November 2010, SCOR reasserted its commitment to promoting professional equality between men and women by signing a three-year agreement with union representatives (2011 - 2012 - 2013).

This agreement provides for an innovative mechanism to remove any non-justified salary discrepancies that may exist between men and women by 31 December 2010 and will prevent any such differences for the whole duration of the agreement.

This is also an opportunity for SCOR to reiterate its desire to apply a Human Resources policy based on non-discrimination in terms of recruitment, career development, professional mobility and professional training, to ensure that maternity leave does not affect the professional and salary development of those concerned and to ensure a healthy work/life balance.

To reach its goal, SCOR is implementing significant resources, notably with the monitoring of possible remuneration discrepancies, the establishment of concrete actions to permanently correct any imbalances in professional situations, awareness campaigns and training for employees, annual follow-up of actions implemented

and their results as well as an analysis of the indicators and their evolution, particularly within the annual report on the comparative situation of men and women within the company.

The SCOR group, which is deeply committed to its responsible employer ethic, is determined to continue rolling out its diversity and anti-discrimination policy at all levels of the company.

Employment of seniors

On 21 December 2009, SCOR committed itself for three years (2010 – 2011 - 2012) to an ambitious policy in favour of the employment of seniors, by signing a collective agreement with union representatives.

SCOR reasserts its commitment to the principle of non-discrimination on the grounds of age, particularly in terms of recruitment, access to professional training, mobility, classification, professional promotion, remuneration and termination of the employment contract.

The plan implemented principally aims to favour a continuation of professional activity by those employees aged fifty-five and over, by enabling the employees concerned to retain or return to a suitable professional activity.

SCOR provides itself with the means to implement its policy for enabling seniors to remain in employment by anticipating career developments, by using high-performance tools (professional interview as part of the Annual Appraisal and Development interview, second half of career interview, skills review), by developing skills, qualifications and access to professional training for seniors (particularly by validating experience acquired (VAE), periods of professionalization, training passport) and finally, by facilitating the transfer of inter-generational knowledge and skills through the development of a tutorial system.

SCOR's commitment to the employment of seniors is also reflected in the continued recruitment of employees aged fifty and over.

SCOR has set itself ambitious objectives in terms of keeping its staff in employment: the average age of retirement over the period 2010 to 2012 must be greater than the average age of retirement observed at SCOR in 2009. The Group also aims to maintain a percentage of around 15% of employees aged over fifty-five.

Improving the rate of employment of seniors is therefore a major challenge for SCOR in the short and medium term.

Society

THE GREEN SCOR PROGRAMME

Although SCOR is not an industrial company, the Group is very mindful of controlling its impact on the environment. Since 2003 SCOR has therefore implemented several initiatives designed to align its activities with ten widely recognised principles, three of which relate to the environment, as part of its membership of the United Nations Global Compact. In addition to this commitment, SCOR has been associated with other leading global insurers and reinsurers since 2009 via the Geneva Association's Kyoto Statement. One of the Statement's messages focuses on the will of its signatories to reduce their carbon footprint.

In order to intensify the Group's environmental actions, since 2009 SCOR has had a manager in charge of coordinating and centralising all of the initiatives launched in this area under a single banner: GREEN SCOR.

The philosophy behind the initiative

This initiative forms part of the continued commitments made by SCOR, which has been a member of the UN Global Compact since June 2003, in terms of precautions, environmental responsibility and the promotion of environmentally friendly technology. The project has three different dimensions, being at once:

- a commercial strategy designed to define and improve the products and solutions that SCOR offers its clients in order to reduce the risks associated with environmental challenges;
- an internal management strategy designed to continue to reduce greenhouse gas emissions throughout the Group;
- a communications strategy designed to ensure that each person's environmental responsibilities are properly understood both inside and outside the Group.

The priority status of sustainable development, climate change and socially responsible practices for the SCOR group was reaffirmed in 2010 by the decision of the Group's executive committee to set up a Corporate Societal Responsibility committee. This committee aims to distribute best practices by sharing initiatives practised locally (e.g. the initiatives of the Cologne and London Hubs).

Main achievements in 2010

The tasks carried out in 2010 are a logical continuation of the first elements concluded in 2009:

- Formalisation of an environmental reporting process and promotion of actions designed to reduce the energy intensity of the Group's activities (real estate, environmentally friendly site management, Green IT),

- Promotion of the principles of the Global Compact amongst the Group's employees and strengthening the Group's involvement in corporate and community initiatives in terms of climate change and, more broadly, the environment.

FORMALISING AN ENVIRONMENTAL REPORTING PROCESS

In this context, SCOR continued to implement and institutionalise an environmental reporting process, which should enable it to manage its sites in the most environmentally friendly way possible. Based on a pilot experiment conducted in 2008 and again in 2009, SCOR has decided to extend its environmental reporting process to all of its largest sites (i.e. those with at least 30 employees). This choice allows the SCOR group to hold information covering some 90% of employees.

The results of the 2009 campaign were used in 2010 to improve the quality of the data collected. In this respect, SCOR published an environmental reporting guide that details the various notions. This guide allowed for improved coherence of the data collected. The aim to set objectives for reducing the Group's environmental footprint was postponed by one year in order to benefit from a reference document to measure the progress made over time. The Group has also initiated several actions, particularly in the fields of real estate and information systems, from which substantial environmental benefits are expected in the long term.

REDUCING ENERGY INTENSITY: REAL ESTATE AND SITE MANAGEMENT

SCOR has begun a voluntary policy of reducing its carbon footprint in its main offices, notably focusing on the acquisition or rental of new premises that meet demanding environmental criteria. Alongside the relocation of the SCOR teams in the London Hub to a single site that has been awarded a "very good" BREEAM rating, and the beginning of construction in Cologne of a building that will respect the ecological building requirements of the European Commission, SCOR acquired a building undergoing renovation in Paris, designed with a view to HQE certification. This building will eventually house SCOR's head office and its Paris employees. With these various projects, nearly 60% of staff¹ will carry out their activities in buildings with environmental certification. It should also be noted that SCOR's office services department at the Zurich Hub,

¹ Across the world, excluding employees of ReMark and subject to the stability of staff distribution by Hub before handover of the premises.



which is responsible for the operation of the building, has been certified ISO 14001.

In terms of investment property, SCOR applies a pragmatic and active policy designed to systematically take advantage of major renovation work in order to reinforce the heat insulation of buildings and improve the energy efficiency of technical equipment. The SCOR departments that manage the real estate held by the Group systematically conduct energy audit operations. These operations were initiated in 2010 over some 6,000m². In 2011, the operation will be extended to cover an additional 10,000m², or nearly 20% of the real estate held in France¹. These audits allow us to identify scenarios for improving energy consumption and reducing greenhouse gases. Alongside these operations, SCOR as a responsible lessor is gradually offering environmental annexes on target sites, in which tenants, lessors and site managers agree to the responsible use of the premises by regularly exchanging information relative to the environmental impact of the sites and the establishment of standards of use.

REDUCING ENERGY INTENSITY: THE "GREEN IT" INITIATIVE

The Group's IT Department is gradually stepping up the integration of environmental criteria into its projects. The Green IT initiative, launched in 2008, has a twofold objective.

To reduce the carbon footprint of the Group's IT systems

In an industry like reinsurance, the management of information systems represents an increasing proportion of overall energy consumption, notably due to the multiplication of applications, to the quantity of information processed and to the power of calculation required. The first investigation into this area, conducted in 2008, and again in 2009 and 2010, estimated this proportion at over 40% for energy consumption alone.

The initiatives and projects conducted as part of the Group's Green IT policy cover all of the equipment in the Group's fleet and apply to a large extent to the Group's activities throughout the world.

- Servers and data-centres: since 2008, the Group has constantly stepped up the consolidation and virtualisation of its servers (50% in 2010). At the same time, the Group is progressively reducing the number of its data-centres and is aiming for total consolidation into a single, green data-centre by 2012.
- Computers and laptops: the Group's desire to minimise the environmental impact of its IT systems has led it to prolong the lifespan of IT equipment up to a maximum of 5 years. In the past,

SCOR renewed all of its IT equipment every 4 years. In 2010, the Group renewed its IT equipment, prioritising the acquisition of highly energy-efficient equipment (EPEAT Gold standard). In order to encourage the development of second lives for its equipment, the majority of the Group's entities have chosen to sell their old material to interested employees for a symbolic contribution and/or have worked with recycling companies.

- Printers and consumables: the emphasis is on choosing energy efficient models with suitably adapted functions.

Moreover, the IT Department has maintained its policy of selecting its consulting service providers by drawing up an environmental and social charter that complies with the principles of the United Nations Global Compact. The 15 service providers used in France have all signed this charter.

Finally, in order to monitor the efficiency of the measures it has put into place, along with the commitment of the Group's employees to sustainable development, the IT Department has added environmental indicators to its existing indicators.

The increased awareness of all the IT teams responds to a genuine operational objective with regard to the running of projects, notably in terms of choosing the technical platforms used to support business applications.

Taking advantage of technological progress to improve the carbon footprint of all of the activities conducted by the Group and its subsidiaries.

- With the acquisition of a fleet of high performance copiers, and following consultation with the French Committee for Hygiene, Safety and Working Conditions (CHSCT), it was decided to remove all of the 600 personal printers at the Paris headquarters over the course of 2010. This measure was implemented at the same time as the IT equipment was renewed.
- Reducing the environmental footprint of all of the activities conducted by the Group and its subsidiaries will also be achieved through the streamlining of travel. The Group has thus installed 7 videoconference rooms, which were rolled out in 2010 in its main sites. At the same time it defined a travel policy applicable to all Group entities, particularly concerning travel between Hubs.

Although it is still too soon to accurately evaluate the impact of these various initiatives, the initial results are encouraging. However, we need to wait a full year to really be able to measure the effects of rolling out the new terminals and videoconference rooms on the energy efficiency of the information systems and of greenhouse gas emissions related to the use of air transport. In 2011, the IT Department will endeavour to quantify the impact of

¹ Data at constant figures, excluding new acquisitions that the Group may make in 2011.

these measures and continue its awareness campaign to employees on best practices for using the IT tools at their disposal.

PROMOTING THE ENVIRONMENTAL PRINCIPLES OF THE GLOBAL COMPACT AND REINFORCING THE GROUP'S INVOLVEMENT IN CORPORATE AND COMMUNITY INITIATIVES.

Promoting the environmental principles of the United Nations Global Compact.

By joining the United Nations Global Compact in 2003, SCOR clearly chose to promote the Compact's 10 principles amongst its employees and partners.

A number of environmental initiatives were thereby continued in 2010, aimed at all of the Group's employees and also at selected groups:

- Training sessions on the Group's Code of Ethics provided an opportunity to go over the Global Compact principles and ensure they are followed. This Code, which has been submitted to the European works council, was distributed to all of the Group's employees in 2010.
- The environmental principles of the Global Compact are also reiterated in the introduction to the underwriting guide relating to pollution and environmental responsibility risks.
- At the same time, the Group uses various forms of media to enhance awareness amongst employees of environmental issues (online interview, internal newsletter) and remind them of simple acts that can help to reduce the Group's environmental footprint.

The Group's involvement in environmental initiatives

As a major reinsurance player involved in the coverage of natural events, SCOR very actively monitors the possible impacts of climate change. As well as monitoring the risks and opportunities linked to climate change as part of the steering of emerging risks (ECHO – Emerging or Changing Hazards' Observatory), SCOR has become involved with a number of corporate and community initiatives, notably the initiative conducted by the Geneva Association.

In 2009 SCOR signed the Kyoto Statement, launched under the aegis of the Geneva Association, of which the Group is a member. Through this Statement the SCOR group, along with other leading global insurers and reinsurers, undertakes to continue to reduce its carbon footprint and to play a decisive role in the fight against the risks linked to climate change, notably by developing research into climate change, by putting its expertise in the field at the disposal of its clients, by securing its investments in low CO₂ technology and by working alongside the public authorities. SCOR

is also an active member of the CC+1 working group of the Geneva Association and regularly takes part in events as a sponsor or speaker. SCOR was thus one of the 9 sponsors of the first climate change summit for the Asian insurance sector, which was held in Singapore at the beginning of 2011 on the topic "Climate change: facing the threats and seizing the opportunities".

Moreover, SCOR is actively involved in the reflections conducted by the *Association française de l'assurance*, which has published a professional charter geared towards sustainable development and which carries out specific studies in the field of insurance and innovation, regarding construction, socially responsible investment and environmentally-focused insurance products.

Alongside these specific insurance industry initiatives, SCOR is a member of the Club Tendances Carbone, which was founded in 2007 on the joint initiative of CDC Climat Recherche, BlueNext and Météo-France. SCOR has also joined AGRION, a worldwide network which brings together companies concerned by energy, "cleantechs", raw materials, mobility, urban management and sustainable development.

Backed by the information gathered from its involvement across the globe, SCOR shares the expertise it acquires, which is constantly being renewed, with its clients. In 2010, SCOR Global P&C dedicated one of its Campus seminars in its entirety to the challenges related to water management. This seminar and its principal conclusions were then transcribed in the Focus collection ("Water: a key industrial resource at the crossroads of risks and opportunities").

SUPPORTING RESEARCH

SCOR's commitment to actuarial research has been visible for many years through its organisation of Actuarial Awards in Switzerland, the United Kingdom, Italy, France and Germany. These awards reward the best academic projects in the field of actuarial science. The juries are composed of university academics and professionals from the insurance, reinsurance and finance sectors. The Actuarial Awards are now recognised in the insurance and reinsurance fields as a gauge of excellence.

SCOR also promotes research through SCOR Global Life's four R&D centres (CERDALM, CERDI, CIRCAD and CREDISS), which are designed to enhance the Group's skills in terms of risk. To this end, the centres work closely with external research organisations. Moreover, the four centres regularly organise conferences and breakfast debates in order to promote the exchange of knowledge between SCOR's various employees and external experts.





The Cologne Hub's initiatives as part of the Green SCOR policy

Jutta Kern
Cologne Hub Human Resources Director

What initiatives have been implemented over the year?

Four major initiatives have been implemented:

- April 2010: "Plant for the planet"
"Plant for the planet" is basically a campaign organised by teenagers supporting the aim of the United Nations to plant one billion trees worldwide. The employees in Cologne planted 1 tree for each SCOR employee worldwide (=1600) in a forest that was damaged by a storm. An additional donation of €10,000 will be invested in planting 10,000 trees in Africa.

This initiative was carried out in connection with SCOR's 40th birthday as a symbol of the link between climate, the environment and reinsurance.

- Since 1 December 2010: GOGREEN
The "Deutsche Post" has found a way to offset the CO₂ emissions caused by the transportation of post (letters, parcels) by supporting several environmentally-friendly projects worldwide. The donations for these projects are financed by a small extra fee charged for each letter. This environmental commitment from companies is shown by a label printed on each letter/parcel. And in addition the company will receive a certificate at the end of each year.

- Annual Health Day and long-term health program at SCOR in Cologne
The idea is to take more responsibility for the health and work/life balance of each employee and to make people aware of how they can contribute to this. The main topic of our last health day was entitled "the back & ergonomics". This program dealt with mobile massage and office fitness and introduced Nordic walking as well as relaxation techniques.

- Social commitment at SCOR in the last 12 months
In 2009 HR decided to bring the idea of "corporate social responsibility" to each employee by creating a platform for "Social Commitment" within the Cologne Hub. These activities are based on voluntary participation in social projects under the coordination of HR.

Projects completed in the last 12 months:

- employees donated toys within the framework of the German organisation "Kölner Appell gegen Rassismus" dedicated to the defence of civil liberties.
- collection and donation of food for a Christmas meal for socially deprived people / people with lower income organised by the "Kölner Tafel".
- support of socially deprived children by supplying stationery for their first day at school.
- donation of nesting boxes to a kindergarten for handicraft lessons and nature study.

Have these initiatives been greeted well by staff?

Yes, of course. Our social projects can only exist through the financing and commitment of our employees. HR brought the idea of "corporate social responsibility" to each employee by creating a platform for "Social Commitment" within the Cologne Hub. Our Green Project for our 40th birthday celebrations, "Plant for the planet", was also a total success because the employees got deeply involved in the issue of sustainability.

How do you explain the fact that the "Green" influence is so prevalent in Germany?

We have recognised that a company has more than just an "economic responsibility" – they have also an "ecological and social responsibility". Furthermore, we have recognised that corporate social responsibility (CSR) could improve economic success as well as our reputation, and could also support staff retention because employees are proud of working in a company involved in CSR projects.

SCOR employs a number of PhD students, notably from the actuarial field, who come to finish their theses at SCOR, where they find an environment suited to high-level empirical or formal research into the worlds of insurance and finance.

As part of the Risk Foundation, SCOR finances a research chair dedicated to a major research project on the balance of risk markets, notably with regard to acute risks, and on the economic value created by such markets. A notable objective of this project, which is conducted in partnership with the *Institut d'Economie Industrielle* (IDEI) and the Paris-Dauphine University, is to define the conditions needed to optimise risk management by the markets and thereby determine the consequences involved for insurance and reinsurance supervision. The Risk Foundation is one of the major risk research centres in Europe bringing together a number of different fields such as mathematics, actuarial science, economics and engineering. It also brings together large corporations, as well as research laboratories attached to reputed academic institutions as well as experts from various research and educational institutions.

SCOR has joined forces with the *Fondation Jean-Jacques Laffont – Toulouse Science Economiques* to create a research chair dedicated to a new research project on economic developments in the wake of the crisis that has hit the global economy. The research conducted as part of this project notably concerns the management of financial risk, the detection and management of tail risk, and links between the financial markets, the real economy and innovation, along with long-term and responsible investment, corporate governance and effective motivation, links between strategic and tactical asset allocation in an uncertain environment where liquidity constraints are

likely, the factors involved in determining risk premiums, ambiguity premiums and liquidity premiums, and finally financial assets. The project enables SCOR to work closely with the best financial researchers in the world, thereby improving its finance expertise. The two research chairs with which SCOR is involved organise academic seminars where researchers and industry professionals can exchange views on the latest research developments.

SCOR also supports research as a member of the Geneva Association, which brings together 80 of the world's top insurance and reinsurance companies in order to promote research into the risk and insurance economy throughout the world, through the financing of studies and seminars that pit industry directors, public authorities and researchers against the major challenges of the profession such as climate change, financial risk, Long-Term Care, pensions, prudential standards and accounting standards.

As part of the new strategic plan "Strong Momentum", the Group has created the SCOR Global Risk Center, which represents a new expression of SCOR's commitment to the knowledge and science of risks in both the actuarial and other fields. This centre dedicated to Life and Non-Life insurance risks, as well as economic and financial risks, brings together studies and publications produced or supported by SCOR, as well as all of the resources that SCOR wishes to reference for all those interested in risk. The centre will deal with all disciplines concerned by risk (mathematics, actuarial, physics, chemistry, geophysics, climatology, sociology, law, economics, finance, etc.), although contributions may originate from any field, without restriction.



CODE OF CONDUCT

SCOR updated its Code of Conduct in 2009, linking it to the Group's fundamental values (profitability, expertise, operational excellence, sustainability and empowerment). Highly pragmatic, this new version of the Code of Conduct is a useful guide that helps the Group's employees to resolve any rights and ethics issues with which they may be confronted. Having been presented to the European works council, the Code was distributed to all employees in 2010.

The principles developed in the Code of Conduct are naturally in line with the quest for excellence pursued by the Group's Enterprise Risk Management Policy. The Code covers numerous fields, and notably reminds employees about the ethical and legal rules applicable to business confidentiality, to the use of inside information and to financial communications. It also reminds them about the crucial values of non-discrimination, respect and loyalty practiced within the Group. It defines the rules relating to the acceptance of gifts and invitations, and emphasises client knowledge as a key way to defend the company against the risk of money laundering and to comply with anti-terrorism financing measures. The Code also ties in with all of the Group's internal policies designed to ensure that its employees behave responsibly in terms of how they manage the underwriting of risks ("SCOR Group Anti trust/competition law policy", "SCOR Global Life and Global P&C Anti-Money Laundering and Terrorism Financing Procedure", and so on).

Absolute conformity with the principles, standards and regulations in force is one of the Group's key objectives. The Group's Compliance departments have developed an internal training programme for certain targeted employees. In 2010, over 30 training courses were held in different forms: workshops, e-learning, meetings/debates; over 700 Group employees (underwriters, underwriting assistants, accountants, claims managers etc.) benefited from this training programme at various different sites.

SCOR organises many client seminars on these topics, particularly in the field of Life insurance, where exposure to the risk of money laundering is higher than in the P&C insurance sector. SCOR Global Life has also devoted a special edition of its Focus series to the prevention of money laundering risk, which complements the various events organised on this topic.



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Glossary

A

ACCEPTANCE

Transaction whereby a reinsurer agrees to cover part of a risk already underwritten or accepted by an insurer.

ACCIDENT YEAR

The accounting year in which loss events occur.

ACCOUNTING YEAR

The company's financial year, constituting the period in which the accounts are recorded. Because of the time required to transfer information for a given period of cover, the ceding company's accounting year for premiums and losses may differ from that of the reinsurer. For reinsurers, premium and loss reserves are established in respect of cedant accounts for the last quarter(s) that have not been received at the account closing date.

ACCUMULATION

All the risks that could be affected by the same event or the combined parts of the same risk underwritten by an insurer or reinsurer.

ACTUARY

Specialist who applies probability theory to Life and Non-Life insurance and reinsurance in order to measure risks and calculate premiums and to establish technical and mathematical reserves.

ADDITIONAL RESERVES

Reserves for claims are recorded in the accounting system for the amount communicated by the cedants. They can be topped up for amounts calculated by the reinsurer according to past experience, to take into account estimated future payments (see "best estimate").

ADVERSE DEVELOPMENT

Losses for which initial estimates prove insufficient.

ATTACHMENT POINT

The cost of losses above which an excess of loss treaty applies. The retention level defines the attachment point of an excess of loss treaty.

B

BEST ESTIMATE

The actuarial "best estimate" of loss reserves calculated by the reinsurer expresses the expected value of future potential cash-flows relating to the risk underwritten, calculated on the basis of the information available and the characteristics of the underlying insurance portfolio."

C

CAT BOND

A high-performance bond generally issued by an insurance or reinsurance company. If a predefined occurrence takes place (such as an earthquake, tsunami, hurricane etc.), the bondholder loses all or part of the interest, and possibly even the nominal value, of the bond. This product enables insurance and reinsurance companies to procure third party support for part of the risks linked to exceptional events, thereby reducing their own exposure to these risks.

CEDING COMPANY (ALSO CALLED CEDANT, OR CEDING OFFICE)

Insurance company, mutual society or provident insurance provider that transfers (or lays off) a part of the risk it has underwritten to a reinsurer.

CESSION

Transaction whereby an insurer (cedant or ceding company) either mandatorily or facultatively transfers part of its risk to the reinsurer.

CLAIMS RATIO

Sum of claims paid, change in the provisions for unpaid claims and claim adjustment expenses in relation to premiums earned.

CLASS OF BUSINESS

A homogeneous category of insured risks. Since 1985, French reinsurers have utilised a uniform list of categories distinguishing between life, fire, crop/hail, credit and surety, other risks, third party liability, motor, marine and aviation classes. The last eight of these form the general class of Non-Life business. English-speaking markets generally distinguish between Property (damage to goods) and Casualty (liability insurance and industrial injury), and Life business.

COMBINED RATIO

In Non-Life, signifies the relationship between the cost of claims and overheads and the amount of gross premiums written.

COMMUTATION

Operation through which the ceding company takes back the risks ceded to the reinsurer, in exchange for residual reserves and assets constituted as part of the treaty.

CREDIT AND SURETY INSURANCE

Credit insurance provides cover against loss to a supplier caused by customer insolvency. Surety insurance is a commitment to a bondholder to substitute for his debtor in case of default by the latter.

D

DECENNIAL INSURANCE

Decennial insurance covers the liabilities of construction companies with regard to structural defects in the buildings they have constructed, resulting from inherent defects in design, construction itself or the materials employed. In a number of countries, including France, such coverage is required as a matter of law. It is generally granted for a period of ten years after construction is completed. Also called inherent defects insurance.

DEPOSIT, FUNDS WITHHELD

Sum deposited with the ceding company to guarantee the commitments made by the reinsurer to the cedant through the reinsurance treaty. Income from these deposits accrues to the reinsurer.

E

ECONOMIC CAPITAL

The amount of capital, calculated by the Group's internal solvency model, required to cover all of the risk exposures of an insurer or reinsurer. The amount is calculated so as to cover a total loss probability of 99%.

ENTERPRISE RISK MANAGEMENT

Enterprise Risk Management is a process, effected by an entity's Board of directors, management and other personnel, applied in strategy setting and across the company, designed to identify potential events that may affect the entity, and manage risks within its risk appetite. It aims to provide reasonable assurance regarding the achievement of company objectives.

EVENT

Aggregation of claims having a common origin and affecting either a single insured under more than one policy, or more than one insured (a storm constitutes a single event).

F

FACULTATIVE REINSURANCE

Reinsurance of all or part of a risk covered by a specific single insurance policy. Facultative reinsurance is usually written for very large-line risks that exceed the cedant's reinsurance treaty limits. It may be either proportional or non-proportional.

G

GOODWILL

Goodwill is the intangible asset of a company (i.e. strategic positioning, reputation on the market, quality of business franchise etc.). The calculation of goodwill is one of the methods used to evaluate a company and its capacity to create wealth.

GROSS WRITTEN PREMIUMS

Amount of premiums received from ceding companies by the reinsurer. The gross written premium amount represents premium income for the year (cf. earned premiums).

GROUP POLICY

A single insurance policy covering certain risks (death, accident, illness) for several persons forming a homogeneous group, and generally belonging to the same organisation (company, association etc.).

L

LEAD UNDERWRITER

In reinsurance, the primary reinsurer and first signatory of a treaty, who defines the terms and conditions of the contract and proposes pricing levels.

LIQUIDATION BONUS

Profit earned on liquidation of technical reserves on settlement of a claim or expiration of a Treaty.

LOSS

Event that triggers insurance cover, reserves notifying and then the payment of indemnities once the debt owed by the insurer or the reinsurer is confirmed by law and in terms of amounts.

LOW OR WORKING LAYER EXCESS OF LOSS REINSURANCE

Reinsurance that absorbs the losses immediately above the reinsured's retention layer. A low layer excess of loss reinsurer will pay up to a certain monetary amount at which point a higher layer reinsurer will be liable for additional losses. Also known as working layer reinsurance.

M

MARINE AND AVIATION INSURANCE (ALSO REFERRED TO AS OFFSHORE / SPACE AND TRANSPORTATION INSURANCE)

Insurance covering: damage occasioned during carriage (by sea, river, land, or air) to the transport vessel ("hull"), excluding motor-driven land vehicles, and to the goods carried ("cargo"), and third party liability incurred by the carrier.

MATHEMATICAL RESERVE

Amount that a Life insurance company must set aside and capitalise in order to meet its commitments to the insured.

MORTALITY

The number of annual insured deaths relative to the number of insureds.

N

NON-PROPORTIONAL (EXCESS OF LOSS) REINSURANCE

Reinsurance contract written to protect the ceding company from all or part of claims in excess of a specified amount retained by the insurer (retention). Excess of loss treaties are most often written by layers (or tranches) of exposure.

P

PENDING CLAIMS RESERVES / IBNR

Reserves for claims incurred but not yet reported and/or settled. These are estimated by ceding companies, which then communicated them to the reinsurer. The reinsurer calculates additional reserves at the close of the financial period to cover claims that have been incurred but not yet reported (Incurred but not Reported – IBNR).

POLITICAL RISK

All political or administrative events, actions, or decisions made by the political or administrative authorities of a State, that could lead to losses for companies contracting or investing in that State.



PREMIUMS EARNED

Premiums acquired by an insurance or reinsurance company during a specific accounting period. Premiums are acquired progressively throughout the period covered by the contract, but are written globally at the time of signature.

PREMIUMS NET OF RETROCESSION

Gross premiums received by the reinsurer less the portion of premiums paid for retrocession. As opposed to gross written premiums.

PRIMARY INSURER

An insurance company that signs insurance contracts with companies and individuals, and cedes part of its risks to reinsurers (see "cedant").

PROBABLE MAXIMUM LOSS ("PML")

The estimated maximum compensation payable, taking into account contract payment limits likely to come into effect following a single catastrophe. PML is assessed for fires and natural catastrophes such as hurricanes and earthquakes.

PROPERTY & CASUALTY (P&C) CLASSES

All insurance classes other than Life.

PROPERTY INSURANCE

Insurance that provides coverage to the owner or user of property in the event of total property loss, damage or loss of use.

PROPORTIONAL (PRO RATA) REINSURANCE

The reinsurer, in exchange for a predefined share or part of the insurance premium due to the cedant, undertakes to indemnify the cedant against the same predefined share or part of the losses covered by the cedant under the insurance policies concerned.

PURE PREMIUM

Premium defined by the technical estimate of the probability that the risk covered by the insurer will take place, excluding marketing and management costs and excluding returns on the capital allocated to the risk covered.

R**RATE**

Scale showing the various premium rates applied to risks belonging to a given category of insurance (as in motor rates, fire rates).

REINSTATEMENT

A provision in an excess of loss reinsurance contract, that fixes the terms and the reinstatement price of a reinsurer's exposure limit following the reduction or total exhaustion of this limit through the occurrence of losses during the course of the year. This provision is generally applied to natural catastrophes. The cost of reinstatement ("reinstatement premium") varies, as does the number of times that the limit can be reinstated. These elements are fixed by the initial reinsurance contract.

REINSTATEMENT PREMIUMS

Additional premiums charged by the reinsurer to restore coverage amounts after a loss (see "reinstatement").

REINSURANCE

Contract under whose terms one company, the reinsurer, undertakes to cover an insurance company, the cedant, subject to certain conditions, against all or part of the risks it has underwritten under the terms of one or more insurance policies.

REINSURANCE CONDITIONS

All the clauses included in the reinsurance treaty. In economic terms, "reinsurance conditions" signify the rates established for the commission, the share in profits, the frequency of presentation of accounts and payment of interest on the deposits, or on the absence of deposits. These elements determine the reinsurers' probable profit margin.

REINSURANCE COMMISSION

Percentage of premiums paid by the reinsurer to the insurer in quota-share or facultative treaties as a contribution to the acquisition and administrative costs relating to the business ceded.

REINSURANCE PORTFOLIO

The total reinsurance business (Treaty and Facultative) written and managed by a reinsurance company.

REINSURANCE PREMIUM

Amount received by the reinsurer as a consideration for covering a risk ceded by a primary insurer.

REINSURANCE TREATY

Reinsurance agreement between an insurer and a reinsurer defining the contractually obligatory terms under which the type or category of risk covered by the agreement is ceded and accepted. The two main categories of treaty reinsurance are proportional and non-proportional.

REINSURER

Company that undertakes (through a "treaty" or "facultative" contract) to cover the portion of a risk ceded to it by the insurer.

RESERVE FOR UNEXPIRED RISKS

Reserves intended to cover the portion of the cost of claims not covered by the unearned premiums reserve, for the period between the accounts closing date and the contract expiration date.

RETENTION

Share of the exposure retained by the insurer in non-proportional contracts.

RETROCESSION

Reinsurers take out reinsurance to cover their own exposure to risk and to increase their capacity. The reinsurance of an already reinsured contract is called retrocession.

RETROCESSIONAIRE

Insurer or reinsurer that accepts a retroceded risk from another reinsurer.

RISK

Property or person insured.

RUN-OFF

Halt to all underwriting of new business on a risk portfolio, as a result of which reserves are liquidated over time through the indemnification of claims until their complete extinction. Run-off may take up to several decades depending on the class of business.

T

TAIL

The period of time that elapses between either the writing of the applicable insurance or reinsurance policy, the loss event and the payment in respect thereof. A "short-tail" risk is one where ultimate losses are known comparatively quickly; whereas ultimate losses under a "long-tail" risk are sometimes not known for many years.

TECHNICAL (OR UNDERWRITING) RESERVES

Amounts that an insurer or reinsurer must place in reserves in order to pay out on claims insured, and on liabilities arising from policies written.

THIRD PARTY LIABILITY COVER

Insurance primarily covering the risk of injury or damage to third parties (i.e. persons not covered by the policy) and the legal liability imposed on the insured as a result of this.

U

UNDERWRITING

Decision by an insurer or a reinsurer to accept to cover a risk, in exchange for payment of a premium.

UNDERWRITING CAPACITY

The maximum amount that an insurance or reinsurance company can underwrite. The limit is generally determined by the company's retained earnings and investment capital. Reinsurance serves to increase a company's underwriting capacity through treaties and facultatives.

UNDERWRITING EXPENSES

Amount of policy acquisition costs, including commissions, and that portion of administrative, general and other expenses relating to underwriting activities (different from administration costs and claims management costs).

UNDERWRITING YEAR

A reinsurance contract reinsures losses incurred under insurance policies covered in the period covered by the reinsurance treaty.

UNEARNED PREMIUM RESERVES

For each reinsurance contract, these cover the portion of premiums written during the year relating to the period between the balance sheet closing date and the date at which the reinsurance contracts in the portfolio expire (see "earned premiums").

UNIT-LINKED CONTRACT

Life insurance contract for which the amount guaranteed and bonus amounts are expressed, not in a specific euro amount, but by reference to one or more "units of account" such as mutual fund units or real estate investment trust units. Contractual guarantees are directly linked to upward or downward variations in a security listed on a regulated market or in the value of a real estate asset.

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