

# IR day 2014

## SGL deepens its franchise in an attractive market

London, 10 September 2014

## Disclaimer

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Certain statements contained in this presentation may relate to forward-looking statements and objectives of SCOR SE, specifically statements announcing or relating to future events, trends, plans, or objectives, based on certain assumptions.

These statements are typically identified by words or phrases indicating an anticipation, assumption, belief, continuation, estimate, target, expectation, forecast, intention, and possibility of increase or fluctuation and similar expressions or by future or conditional verbs. This information is not historical data and must not be interpreted as a guarantee that the stated facts and data will occur or that the objectives will be met. Undue reliance should not be placed on such statements, because, by nature, they are subject to known and unknown risks, uncertainties, and other factors, which may cause actual results, performance, achievements or prospects of SCOR SE to differ from any future results, performance, achievements or prospects explicitly or implicitly set forth in this presentation.

Any figures for a period subsequent to 30 June 2014 should not be taken as a forecast of the expected financials for these periods and, except as otherwise specified, all figures subsequent to 30 June 2014 are presented in Euros, using closing rates as per the end of 31/12/2013. “Optimal Dynamics” and “Strong Momentum” figures previously disclosed have been maintained at unchanged foreign exchange rates unless otherwise specified.

In addition, such forward-looking statements are not “profit forecasts” in the sense of Article 2 of Regulation (EC) 809/2004.

The 2013 pro-forma figures in this presentation include estimates relating to Generali USA to illustrate the effect on the Group’s financial statements, as if the acquisition had taken place on 1 January 2013.

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# SCOR Global Life deepens its franchise in an attractive market

## SCOR Global Life is a leading global franchise in the life reinsurance market

- ❑ SCOR Global Life is a leading player in a concentrated & well protected business with high barriers of entry
- ❑ Strong global footprint with biometric focus
- ❑ Successful track-record of growth, while delivering steady profitability & adhering to strict ERM principles

- ❑ Key traits of the Life insurance industry (Long term / technically complex, “Sold, not bought”, Local & concentrated) drive reinsurance buy where long term partnership and credibility are critical
- ❑ SCOR Global Life is executing on “Optimal Dynamics” strategic plan with a 3 pronged execution framework



### Have the best team, organization and tools

- ❑ An expert management team with over 300 years of industry experience
- ❑ A strong emphasis on managing talents, systems and processes
- ❑ Successful integration of Generali US thanks to a strong operational framework

### Deepen the franchise

- ❑ Very attractive markets: New business underwritten at or above ROE target
- ❑ Footprint: strong position, and opportunity for further expansion
- ❑ Proposition & offering:
  - Distribution solutions
  - Financial solutions
  - Longevity solutions
- ❑ Go-to-market: continuous improvement of client facing processes

### Manage and optimizing the in-force book

- ❑ In-force management is critical to life reinsurance
- ❑ MCEV shows strong growth, with minimal experience/assumptions variance
- ❑ IFRS profit emergence confirms health of in-force book
- ❑ In-force book is highly cash-generating

# IR Day 2014 - SGL deepens its franchise in an attractive market

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1

SCOR Global Life is a leading global franchise

2

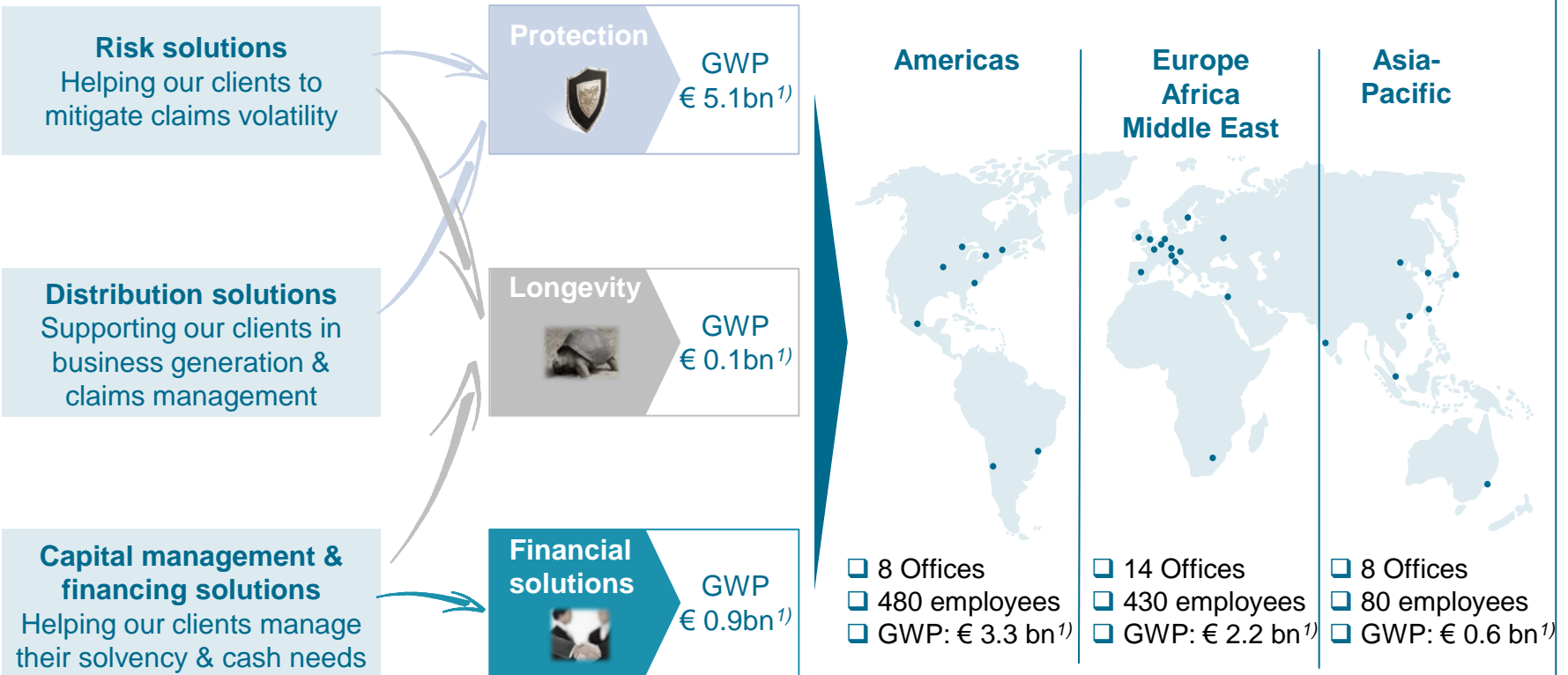
Key traits of Life (re)insurance industry

3

Executing on “Optimal Dynamics” with a 3-pronged execution framework

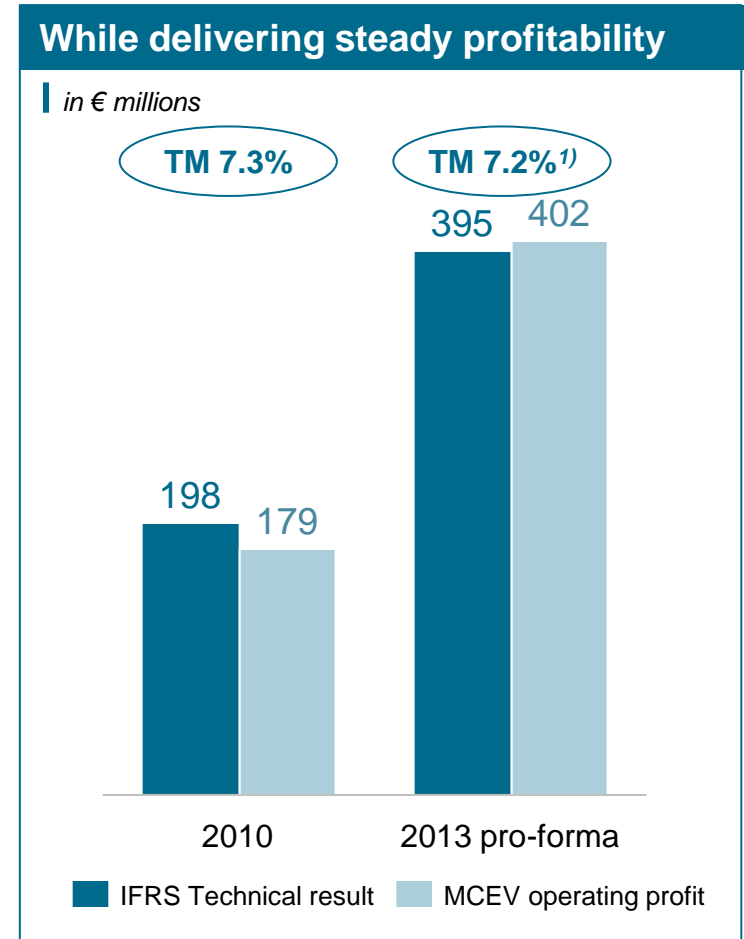
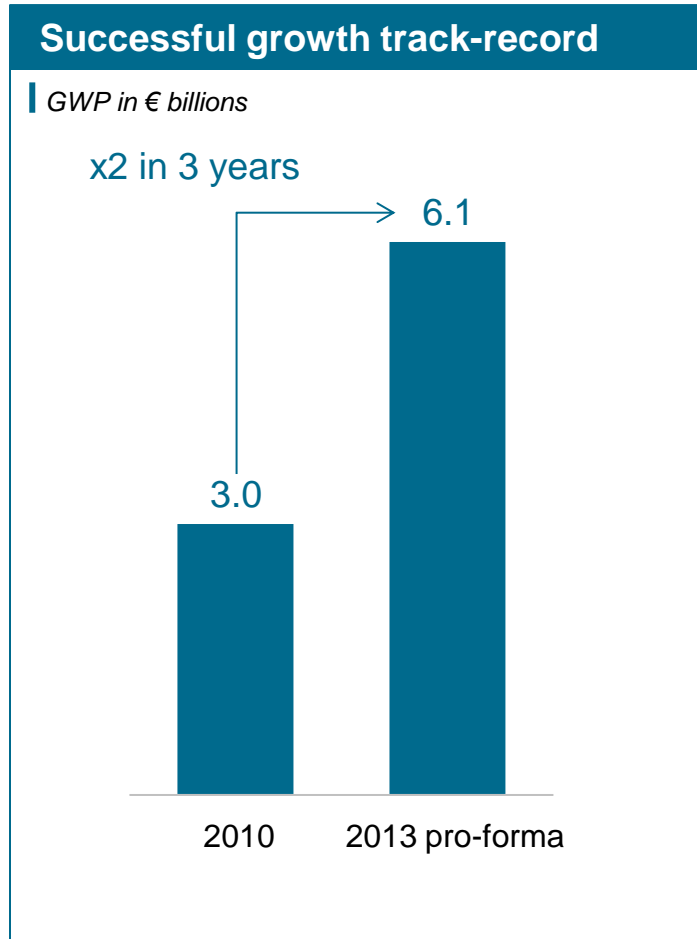
# SCOR Global Life: a leading player in the Life reinsurance market

## Providing solutions to our clients around the globe, covering biometric risks



1) 2013 pro-forma

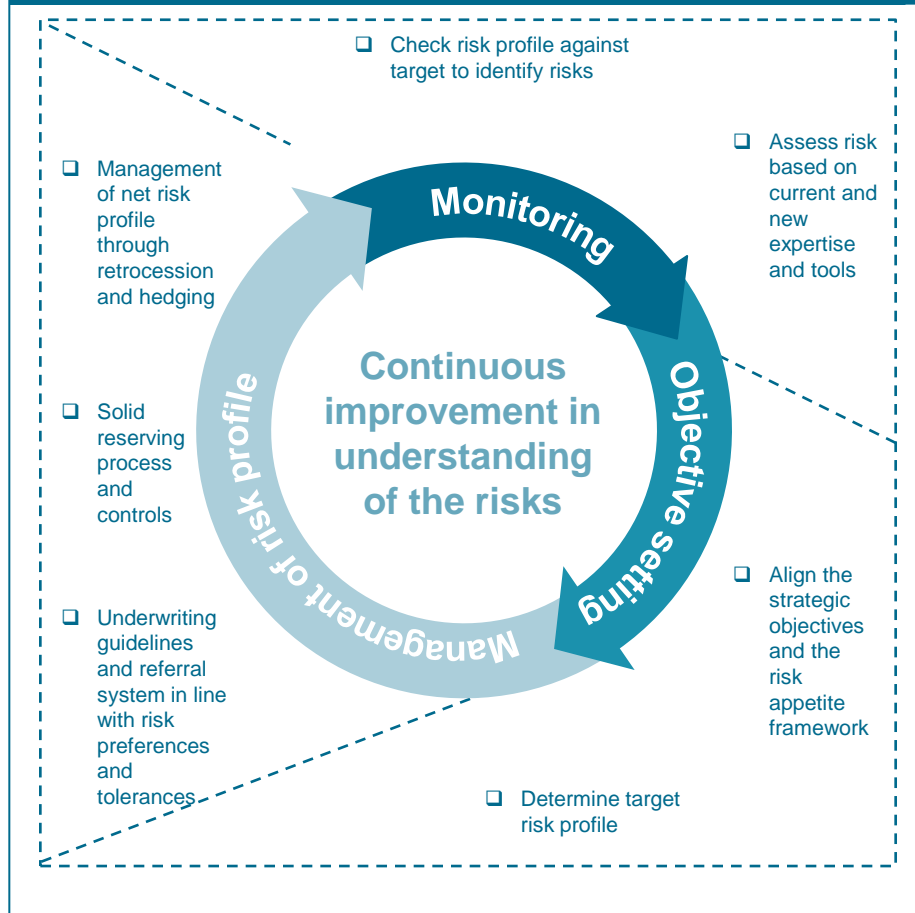
# Successful in combining growth & profitability



1) Published technical margin of 7.3% includes 0.1 pt. from non-recurring items (GMDB reserve adjustment) and is not pro-forma

# SCOR Global Life is minimally affected by recent market issues thanks to strict ERM principles

## SCOR's risk management processes are applied in both strategy setting and daily operations



### SCOR organic growth principles

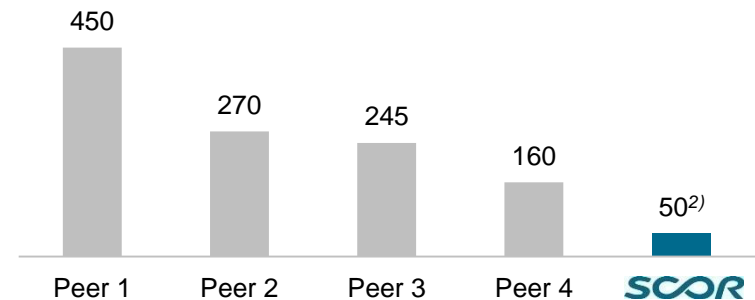
- Do not buy market share
- Diversify exposure by geography and client

### SCOR acquisition principles

- Full re-pricing of the portfolio
- No price paid for future new business

## Illustration: US mortality and Australian disability - Impact on Life reinsurers since Q4 2012<sup>1)</sup>

in € millions



1) Source: Public disclosures. Peers in alphabetical order: Hannover Re, Munich Re, RGA, Swiss Re

2) Only on US mortality; none of it stemming from Generali US acquisition

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- 1 SCOR Global Life is a leading global franchise
- 2 Key traits of Life (re)insurance industry
- 3 Executing on “Optimal Dynamics” with a 3-pronged execution framework

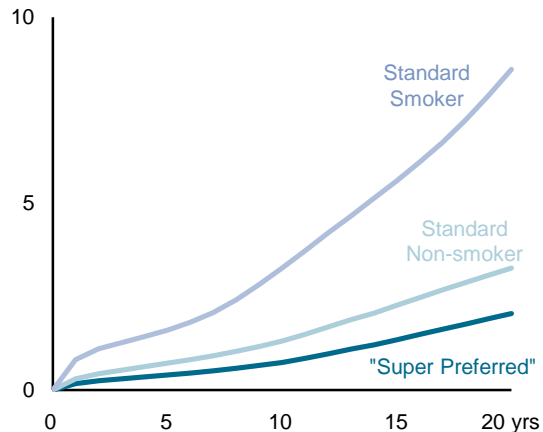


# Confirming three key traits of the Life insurance market

## Long term / technically complex

### Pricing models illustration (US term life)

Probability of death after year n for a 20-year life policy – male issue age 40, fully underwritten<sup>2)</sup>  
(in ‰)

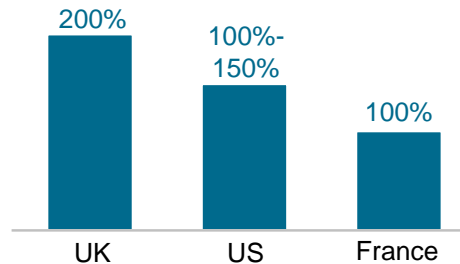


**Strong technical expertise required, supported by large experience databases**

## "Sold, not bought"

- Face-to-face advisers are vital in helping retail customers articulate & quantify their insurance needs:
  - >70% of retail customers say they use advisers<sup>1)</sup>
  - >10% cite adviser – rather than self-perceived need – as primary reason for purchase<sup>1)</sup>

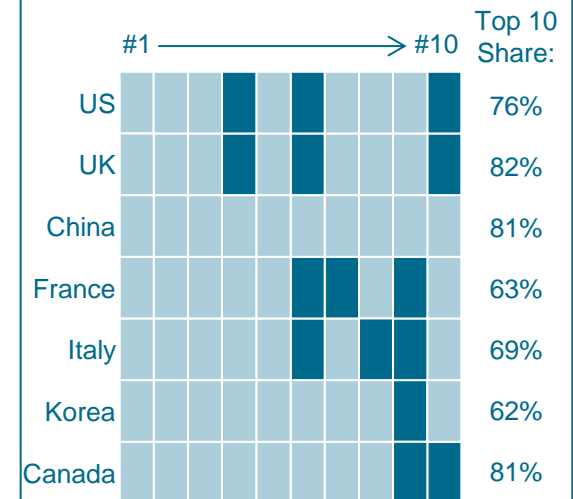
■ Distribution commissions as % of first year premiums<sup>2)</sup>



**Distribution channels are both critical & expensive**

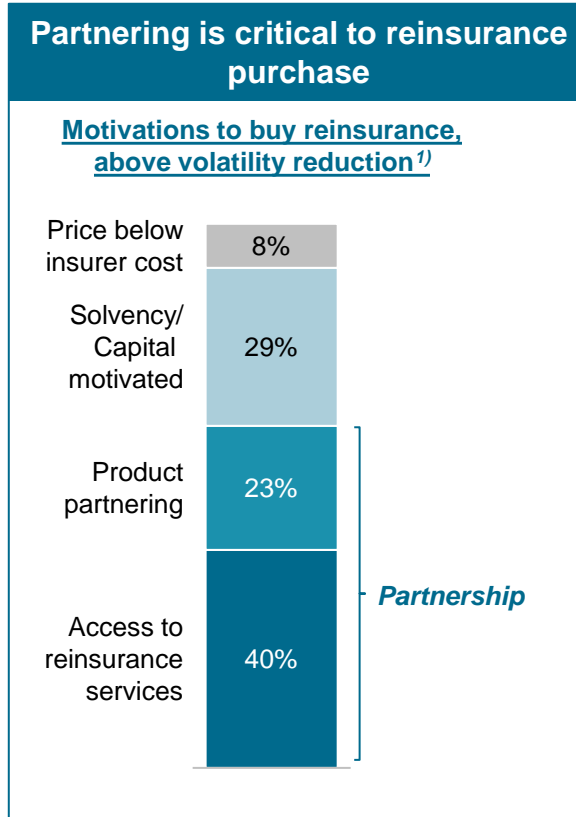
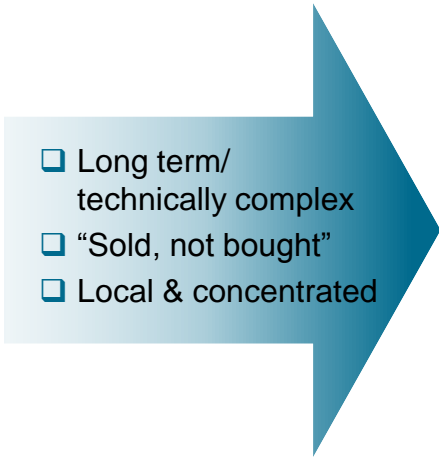
## Local & concentrated<sup>3)</sup>

■ Local Life insurer  
■ Foreign Life insurer / Group

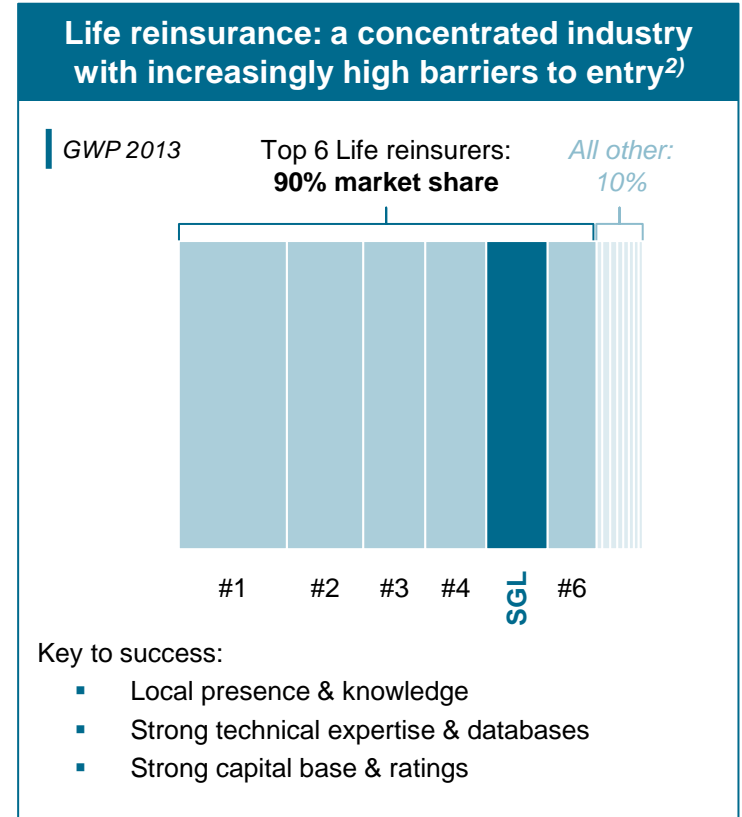


**Limited number of true global players and limited portability of operating models**

# Life insurance key traits drive characteristics of Life reinsurance market



**Looking for solutions with a long-term business partner**



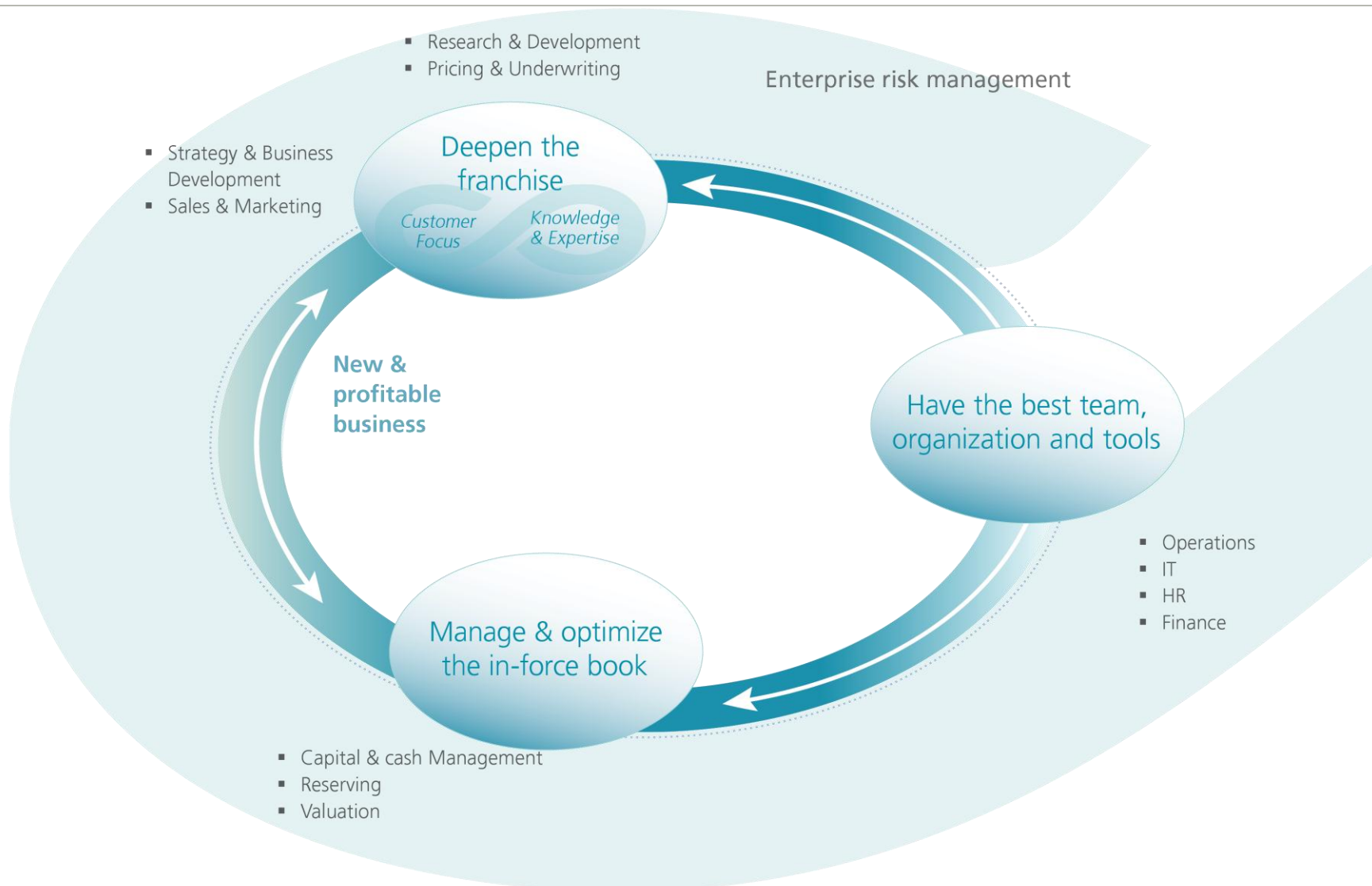
**Credibility and long established experience are critical: no successful new entrant over 20 years**

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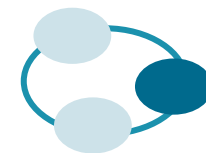
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- 1 SCOR Global Life is a leading global franchise
- 2 Key traits of Life (re)insurance industry
- 3 Executing on “Optimal Dynamics” with a 3-pronged execution framework

# Execution of “Optimal Dynamics” follows a clear vision, with three key focus areas



# SCOR Global Life can count on a strong and expert team with over 300 years of industry experience

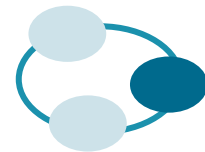


Position	Years in industry <sup>1)</sup>	Years with SCOR <sup>2)</sup>
Chief Executive Officer	15	7
Deputy Chief Executive Officer	34	8
Head of Actuarial & Underwriting	18	15
Chief Risk Officer	19	19
Chief Financial Officer	22	14
Chief Reserving Actuary	26	8
Chief Operating Officer	37	31
Head of Strategy & Development	5	1
Global IT Manager	26	15
Head of Europe, Middle East, Africa & Asia	27	15
Deputy Head of Europe, Middle East, Africa & Asia	24	24
CEO of SCOR Global Life Americas	36	6
Head of US Life Reinsurance	29	10
<b>Total years in the industry</b>	<b>307</b>	

1) Includes experience in insurance and reinsurance

2) Including years with acquired companies (Converium, Revios, Transamerica Re & Generali US)

# Strong emphasis on operational effectiveness, which has driven the successful integration of Generali US



## SCOR Global Life puts a strong emphasis on managing Talents, Systems and Processes

### ☐ Talents

- 260 qualified actuaries out of ~1,000 highly experienced staff
- Local teams around the globe
- Yearly Strategic Talent Workforce Reviews

### ☐ Systems

- One worldwide back office system
- Digital company initiative: Big data, workflows, imaging
- Continuous improvement of data quality, consistency and accessibility

### ☐ Processes

- End-to-end processes designed for maximum efficiency
- Continuous harmonization, optimization & rationalization
- Leveraging best practices worldwide

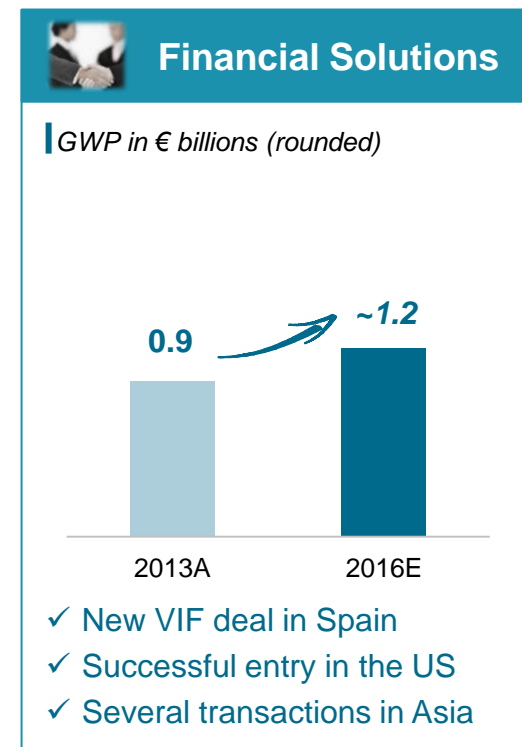
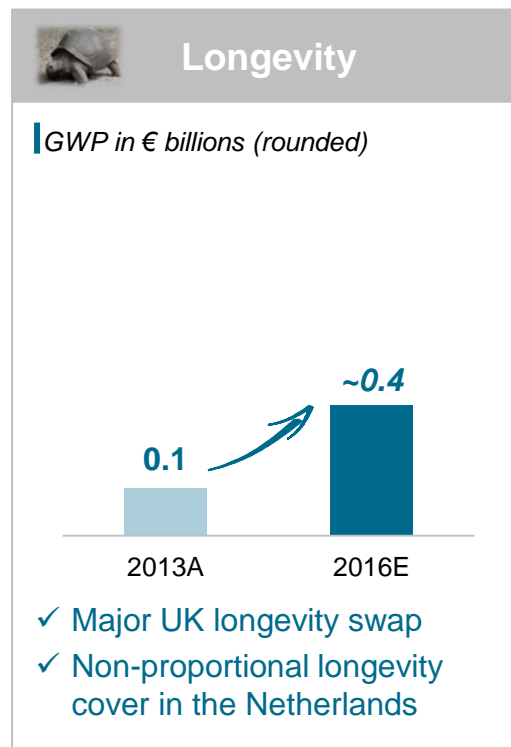
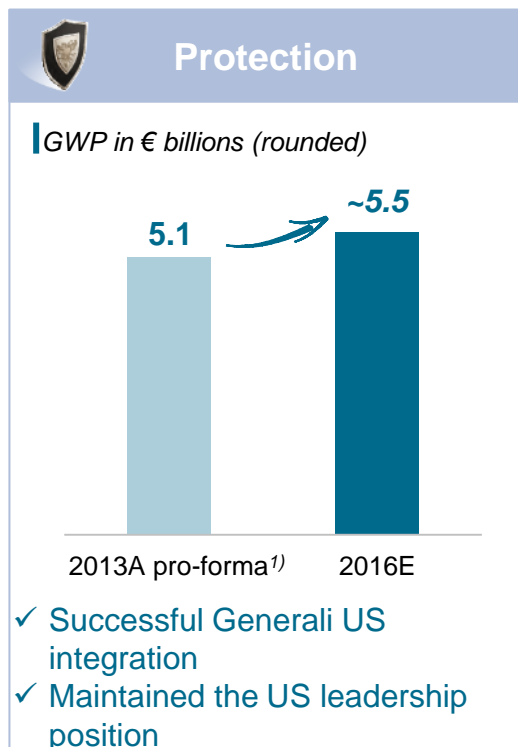
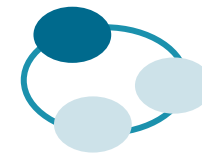
## Strong operational framework drives successful Generali US integration

Done ✓

In progress ⚙

✓	<b>Risk Management</b>	Adapt to SCOR's ERM, Solvency II, Extend risk management processes
✓	<b>Legal, Regulatory &amp; Compliance</b>	Integrate into compliance frameworks Implement authorizations levels and legal entity name changes
✓	<b>Life Business</b>	Complete new business portfolio transfer Execute on client, product and market strategies
✓	<b>Underwriting &amp; Pricing</b>	Implement unified underwriting policies Implement unified pricing methodologies
✓	<b>Retrocession</b>	Include in Group cat protection Define combined protection for 2014
✓	<b>Finance and Capital Management</b>	Streamline capital structure Roll out management reporting and financial & accounting requirements
✓	<b>Human Resources</b>	Align and unify policies and procedures Setup unified management processes
⚙	<b>IT and Operations</b>	Creation of one common platform Integration into global platforms (target 1/1/2015)

# Deepening the franchise following the strategic path laid out by “Optimal Dynamics”, with remarkable early success

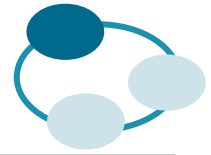


Success since OD launch:

**New business profitability at or above Group’s ROE target of 1,000 bps above risk-free rate; also confirming technical margin at 7%**

<sup>1)</sup> Pro-forma, includes Generali US for the full year 2013

# Deepening the franchise by being the Life reinsurer of choice with focus on Go-to-market, Footprint and Proposition



Key traits of Life insurance industry



Customer needs



Drivers of Life reinsurance purchase



Our own experience & success

## Be the Life reinsurer of choice

Partner with our customers, using and developing our knowledge & expertise, to create mutually sustainable value

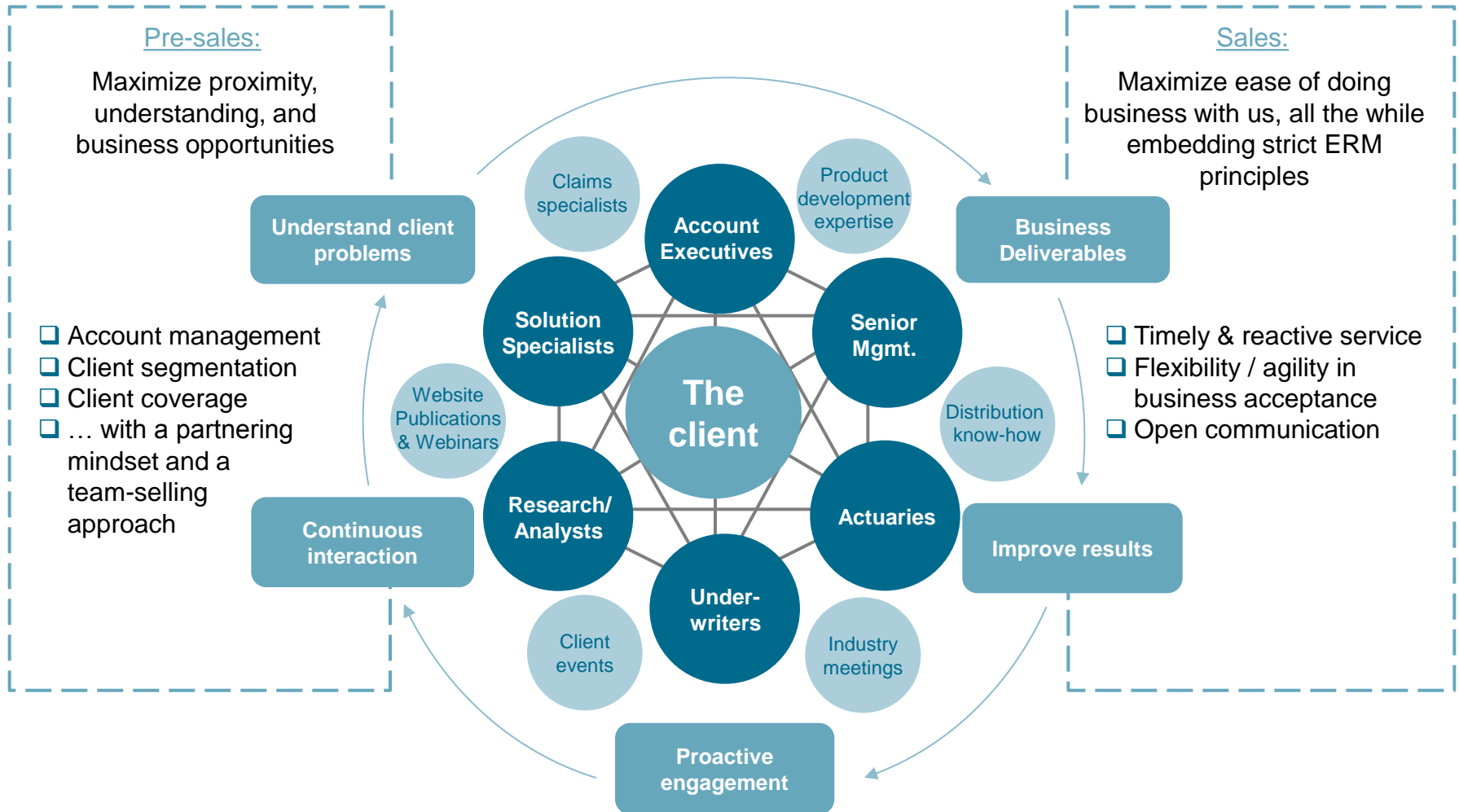
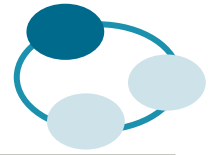


## Deepen the franchise with profitable new business

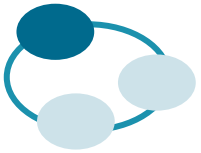
- 1 **How?** ⇒ Go-to-market approach
- 2 **Where?** ⇒ Footprint expansion
- 3 **What?** ⇒ Proposition & offering expansion



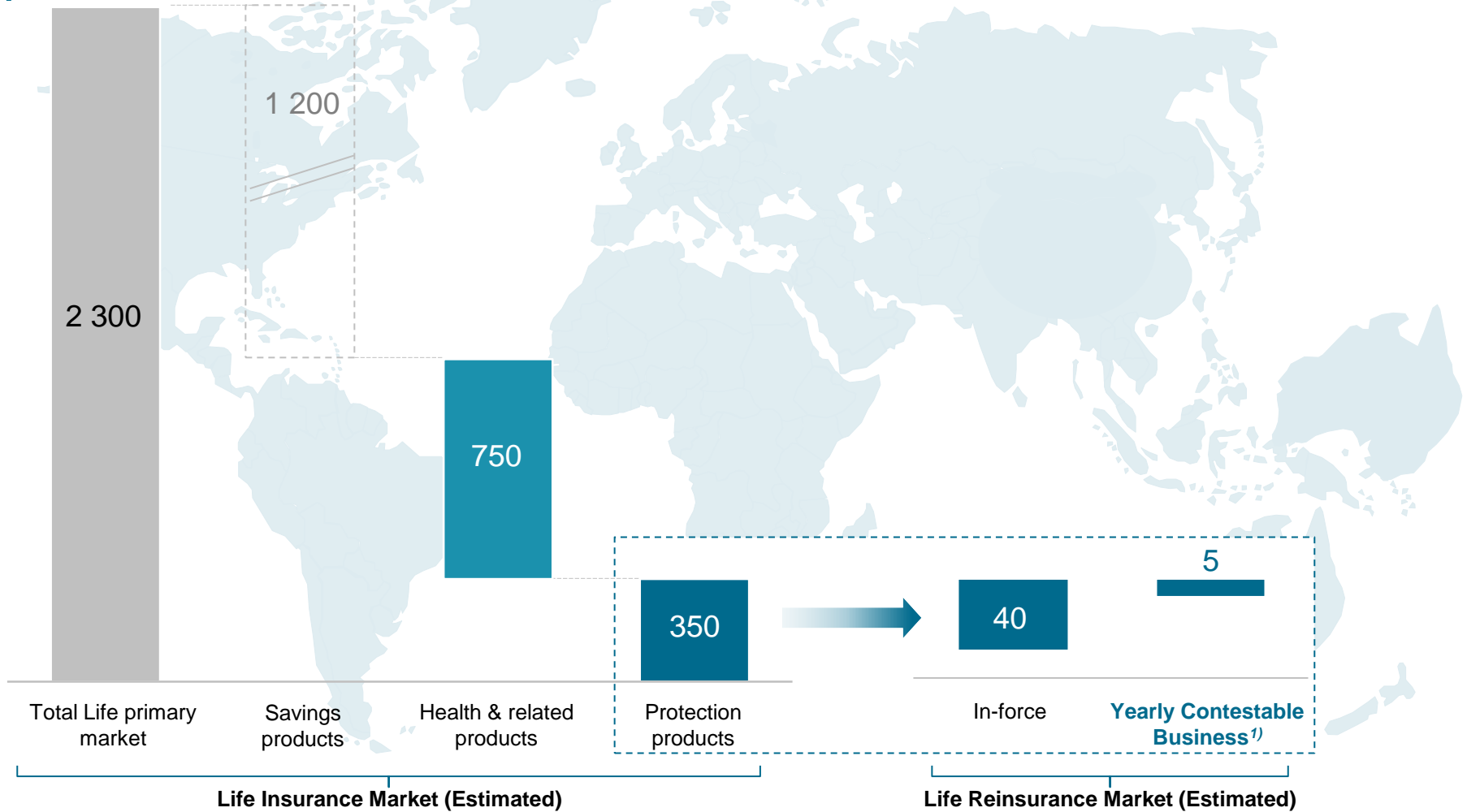
# 1 Go-to-market: continuous improvement of client-facing processes



2 Footprint: the Life reinsurance market is ~ € 40 billion, with ~ € 5 billion of contestable business to tap yearly

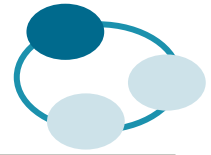


Estimated yearly GWP in 2013 (in € billions)



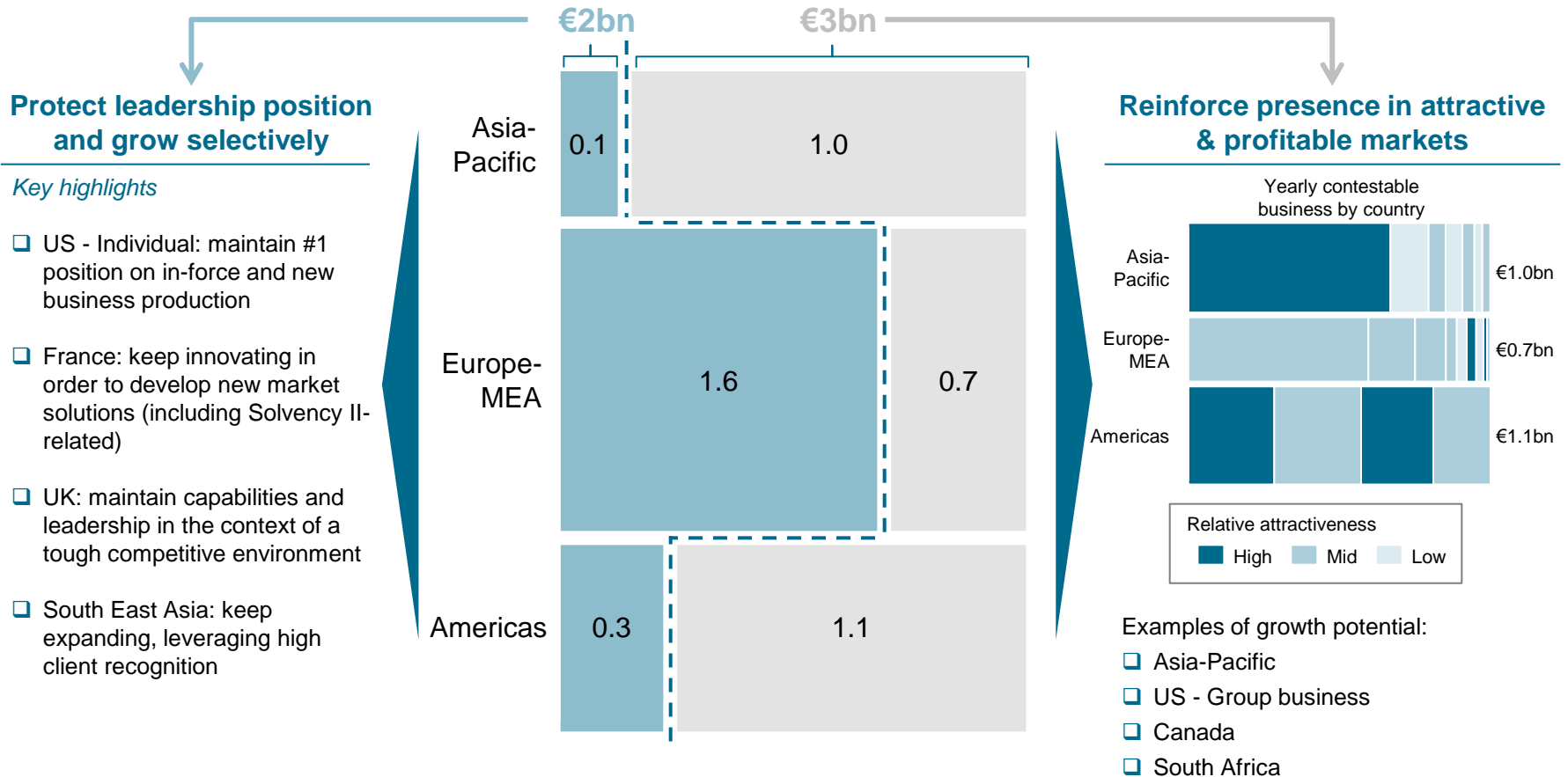
FX as of 31/12/2013

## 2 Footprint: focusing on protecting leadership positions and reinforcing presence in attractive markets

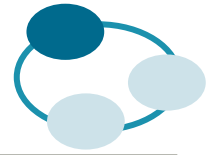


In € billions (rounded)

### € 5bn Yearly contestable business



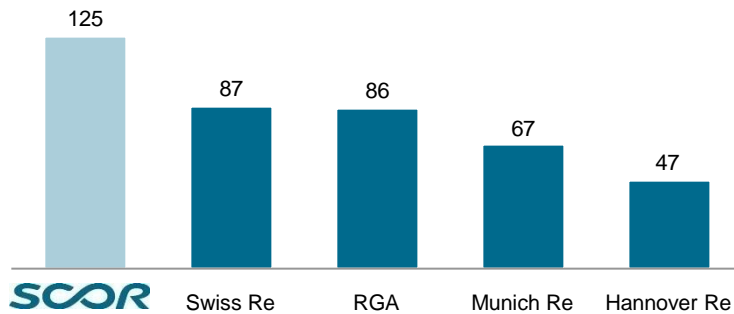
## 2 Footprint: protect our leadership & grow selectively in the US



### Individual Life – protect leadership

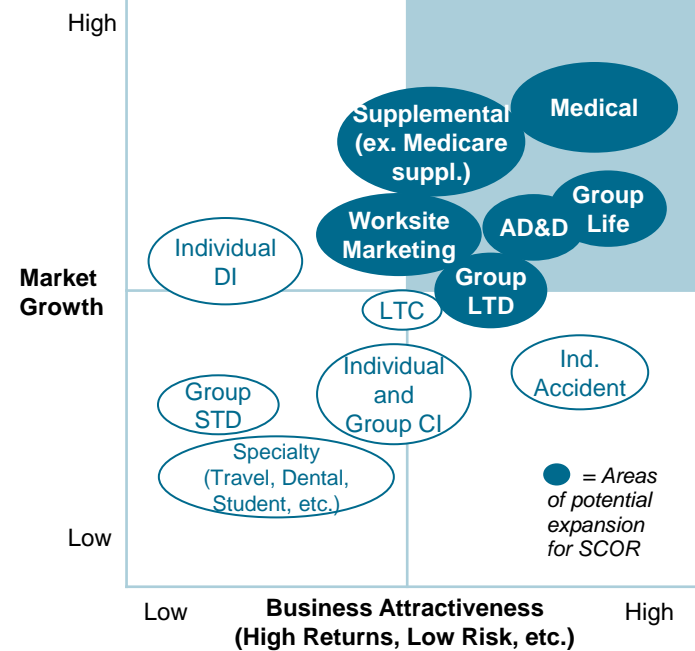
Face amount in USD billions

#### 2013 US Life reinsurance: recurring new business volume



- After successful Generali US acquisition, SCOR Global Life is the leading reinsurer in the US<sup>1)</sup> with a 28% market share for new business volumes
- No client attrition, minimal business loss due to acquisition – maintaining a strong focus on new business profitability, and reinforcing go-to-market process & Velogica capabilities
- These successes were achieved while overall cession rates in the US have been stabilizing

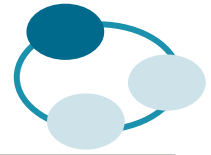
### Group Life & Health – opportunity for growth



- Group insurance market is experiencing dynamic changes (e.g. Affordable Care Act) forcing insurers to redefine their strategies
- Reinsurance Opportunities: there is a growing reinsurance demand in Group Life, which SCOR Global Life will be tapping, leveraging the capabilities acquired from Generali US

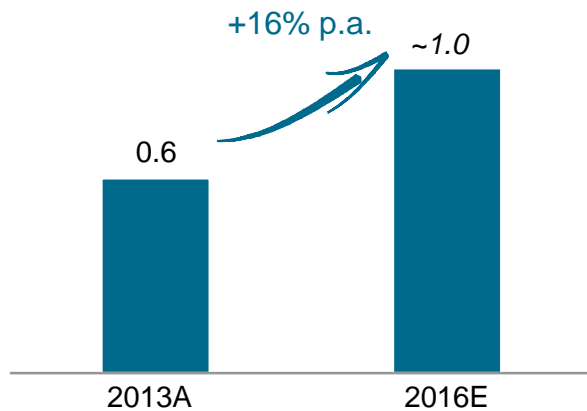
1) Source: 2013 SOA/Munich Re Survey of US life reinsurance

## 2 Footprint: reinforce presence in attractive & profitable Asia-Pacific markets



### 2013-2016 growth assumptions for Asia-Pacific: +16% p.a.

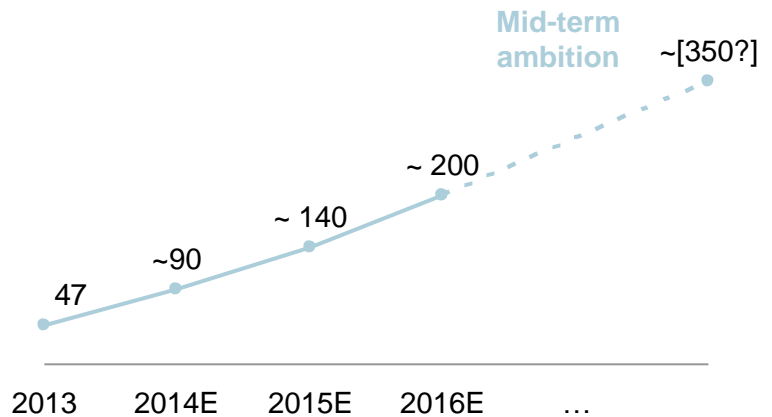
GWP in € billions (rounded)



- ❑ **Protection:** potential for expansion in both emerging and mature countries, specifically Australia
- ❑ **Financial Solutions:** need for growth financing solutions (including direct marketing support) and capital relief transactions

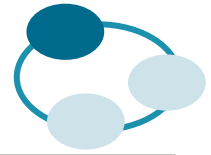
### Specific focus: renewed expansion ambitions in Australia in the context of market disruption

ANZ GWP, in € millions



- ❑ Current market turmoil creates perfect entry point, benefiting from strong price increase, while competitors are focused on sorting through in-force issues
- ❑ SCOR Global Life intends to expand both in Group and Individual markets, leveraging strong local team and recent client wins
- ❑ As for growth initiatives, emphasis will be given to strong ERM control & profitability focus

### 3 Proposition & offering: Distribution Solutions – supporting our clients to originate new & profitable business



**Supporting our clients in business generation & claims management**

- Product Development** 7 R&D centers with strong product development focus
- Marketing & sales** **ReMark** – Direct marketing
- Medical underwriting**
  - VELOGICA**® – automated underwriting
  - SOLEM** – underwriting manual
  - Telemed** – tele underwriting
  - Facultative underwriting services
- Claims handling** **réhalto** – Rehabilitation services
- Experience Analysis** Analytics and benchmarks

**VELOGICA**  
WHERE SPEED MEETS KNOWLEDGE.

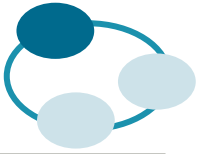
- Velogica is a state-of-the-art mortality risk assessment algorithm for underwriting Life insurance applicants **in real time** in the US

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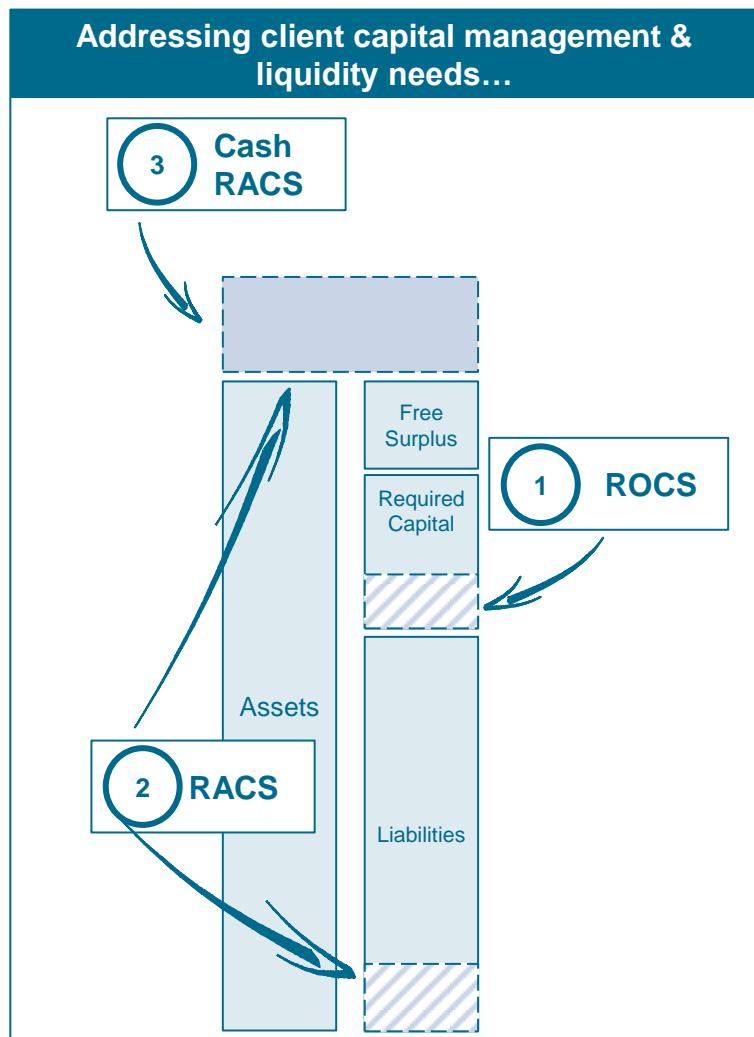
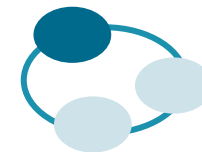
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      Insurer --> Underwriting[Underwriting decision]
      Consumer[Consumer] --> AppData[Application data]
      AppData --> Policy[Policy issue]
      Policy --> Billing[Billing, Admin, etc.]
      Billing --> Reinsurance[Reinsurance]
      SCOR --> Underwriting
      Underwriting --> Policy
      External[External databases] --> Underwriting
      subgraph External
        Presc[Indiv. prescription drugs records]
        Motor[Indiv. motor vehicle record]
        Medical[Medical Info. Bureau report etc.]
      end
  
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- It automatically captures key details about an applicant and interprets information from all of the data sources
- For the insurer, a previously 4-6 week process can be completed in minutes
- The system is approaching 1,500,000 applications underwritten, with more than \$100 billion face value

3 Proposition and Offering - Distribution solutions: Velogica in action



# 3 Proposition and offering: moving beyond the core protection market with Financial solutions



- ... with three sets of solutions:**
- 1 “Required Only” Capital Solutions (ROCS)**  
Optimize solvency margin requirements – € 0.2bn GWP<sup>1)</sup>

    - ❑ Solutions aiming to release solvency requirements and improve risk diversification; often applied to capital intensive blocks, as for example in Asia
    - ❑ Adapted to specific solvency regimes (risk-based, factor-based) and ranging from simple to more sophisticated structures (stop-loss)
  - 2 “Required and Available” Capital Solutions (RACS)**  
Optimize available capital / maximize admissible assets and/or minimize redundant reserves – <€ 0.1bn GWP<sup>1)</sup>

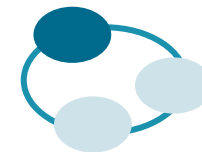
    - ❑ Solutions aiming to optimize redundancies & conservatism; often applied to long-term business
    - ❑ Wide range of solutions usually structured as co / mod co arrangements; includes XXX / AXXX solutions in the US
  - 3 Cash-based “Required and Available” Capital Solutions (Cash RACS)**  
Optimize available capital & liquidity – € 0.6bn GWP<sup>1)</sup>

    - ❑ Solutions aiming to provide capital and cash; often applied to long-term business
    - ❑ Includes VIF monetizations and New Business financing, which are part of SCOR’s historical strengths

1) 2013 GWP - rounded



### 3 Proposition and offering: longevity – Markets starting to develop outside the UK



#### Longevity markets: four key conditions needed for a market to form

1. Volume of assets backing private pensions & annuity promises
2. Conducive regulatory & accounting environment, for corporate pension schemes and/or insurance annuities, including:
  - Definition of mortality and interest rate tables
  - Solvency regimes
  - Local GAAP requirements and disclosures
3. Presence of “early adopters” among risk carriers
4. Availability and quality of mortality data



#### Currently active countries:

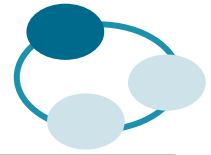
- ✓ United Kingdom
  - Proportional covers dominate the market
  - Large portfolios with specific mortality data
  - Impaired annuities market remains active
- ✓ Netherlands
  - Non-proportional seems to be taking off first
- ➔ Canada, France, Germany

#### Available solutions

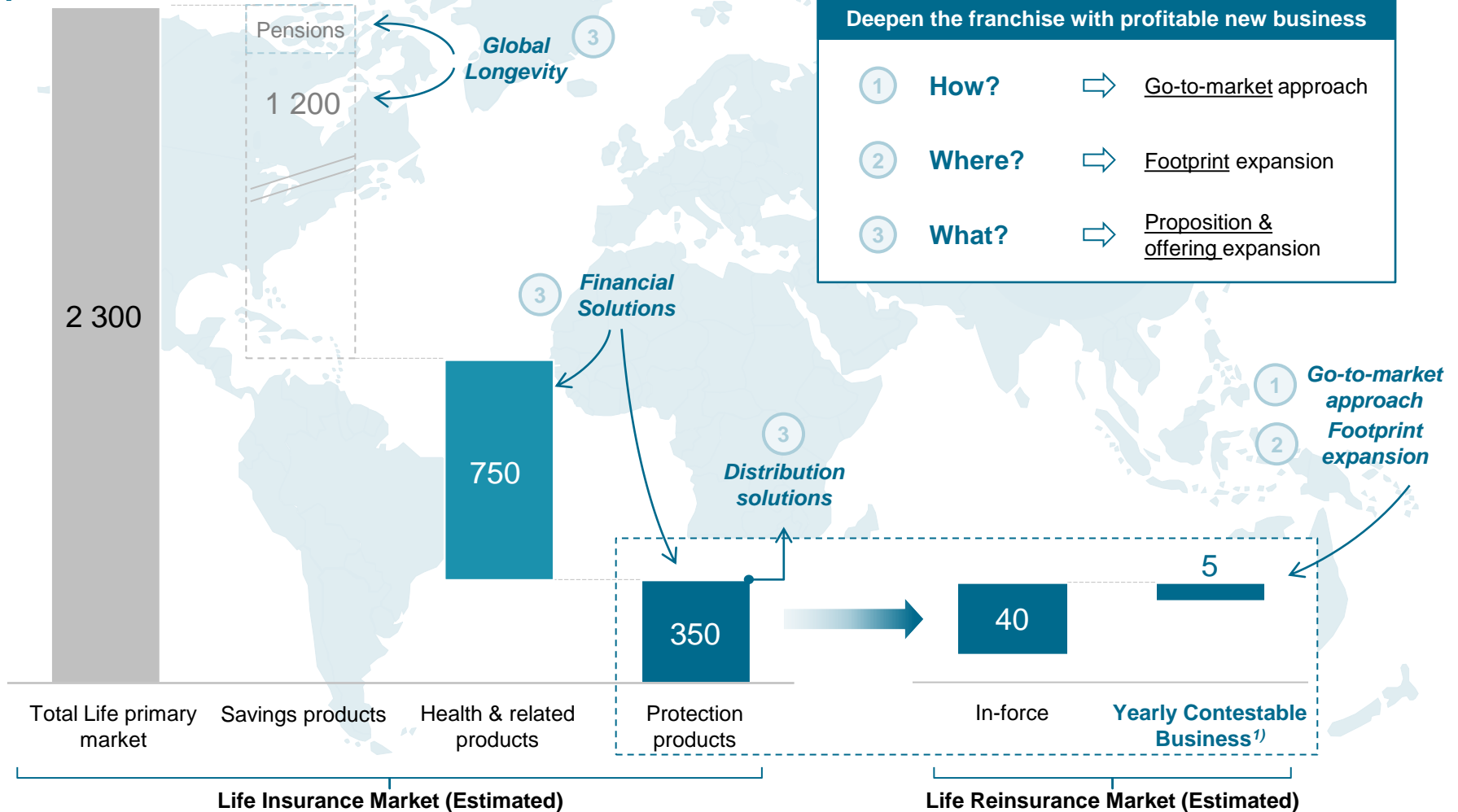
<p>✓ <b>Bulk Proportional swaps</b></p> <ul style="list-style-type: none"> <li>❑ Proportional swaps are relatively simple structures, based on survivorship of actual lives in a portfolio</li> <li>❑ The risk carrier is swapping actual vs fixed cash movements (premiums-claims) with the reinsurer</li> <li>❑ SCOR’s track record includes four large deals</li> </ul>	<p>➔ <b>Individual Proportional</b></p> <ul style="list-style-type: none"> <li>❑ Main individual market is the UK “impaired annuities” market, in which applicants are underwritten individually</li> <li>❑ SCOR currently pursuing market entry</li> </ul>
<p>✓ <b>Non-proportional covers</b></p> <ul style="list-style-type: none"> <li>❑ Typically out of the money covers (i.e. stop loss):                             <ul style="list-style-type: none"> <li>▪ Often linked to movement in a mortality index</li> <li>▪ Term limited cover with commutation payment</li> </ul> </li> <li>❑ SCOR has written non-proportional transactions in Europe</li> </ul>	<p>🔍 <b>Buy-ins</b></p> <ul style="list-style-type: none"> <li>❑ Buy-ins include full longevity and asset risk transfer on a proportional basis</li> <li>❑ Reinsurer provides longevity cover and partners with a third party (e.g. bank) to provide the asset risk cover</li> </ul>

<p>✓ Market presence</p>	<p>➔ Market entry/pricing activity underway</p>	<p>🔍 Under study</p>
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# In summary: three key ways to keep deepening SCOR Global Life's global franchise

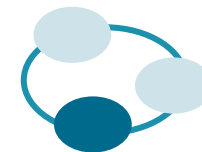


Estimated yearly GWP in 2013 (in € billions)



FX as of 31/12/2013

# In-force management is critical to life reinsurance, and requires a continuous and dedicated effort

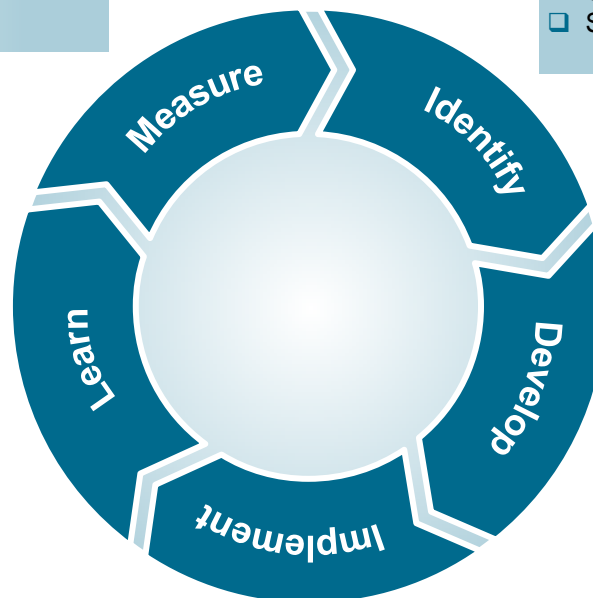


## Measure & monitor key performance drivers

- ❑ Mortality, morbidity, lapse, expenses, etc.
- ❑ By client, product, duration, face amount, underwriting class, etc
- ❑ By geography

## Identify opportunities for improvement

- ❑ Ongoing client contact/ relationship
- ❑ Data analytics / predictive modeling
- ❑ Underwriting, claim, premium audits
- ❑ Specific treaty terms



## Learn continuously

- ❑ Routine experience analyses
- ❑ Impact assessment for new business steering

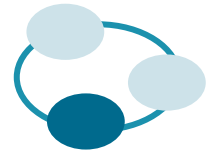
## Develop & assess risk & return options to enhance value

- ❑ Capital optimization (economic, regulatory)
- ❑ Retro costs vs. value proposition
- ❑ Treaty terms vs. overall client relationship
- ❑ Best estimate assumptions

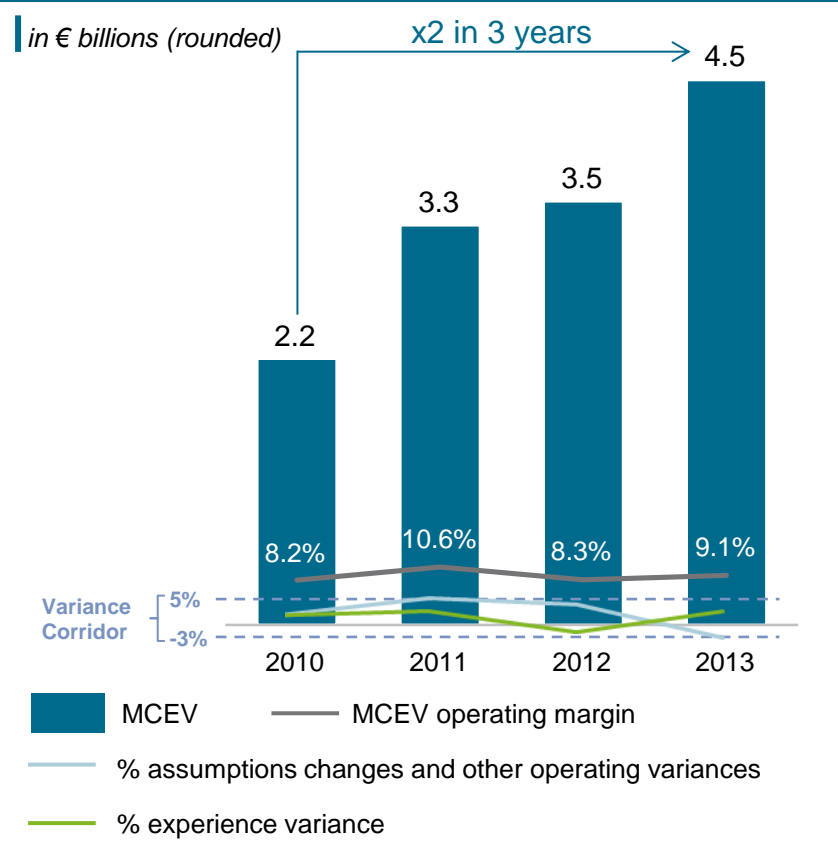
## Implement in-force optimization efforts

- ❑ Retro recapture / new limits
- ❑ Improved treaty terms
- ❑ Post-level-term enhancements
- ❑ Admin. process improvements

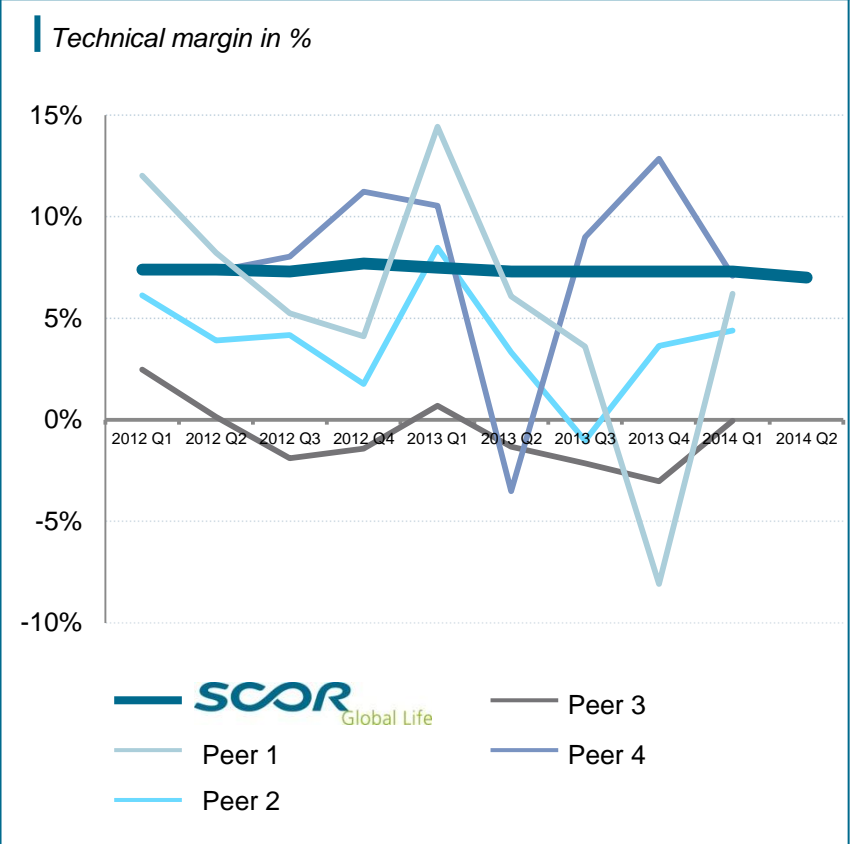
# Strong growth of in-force value matched by strong profitability with minimum variance



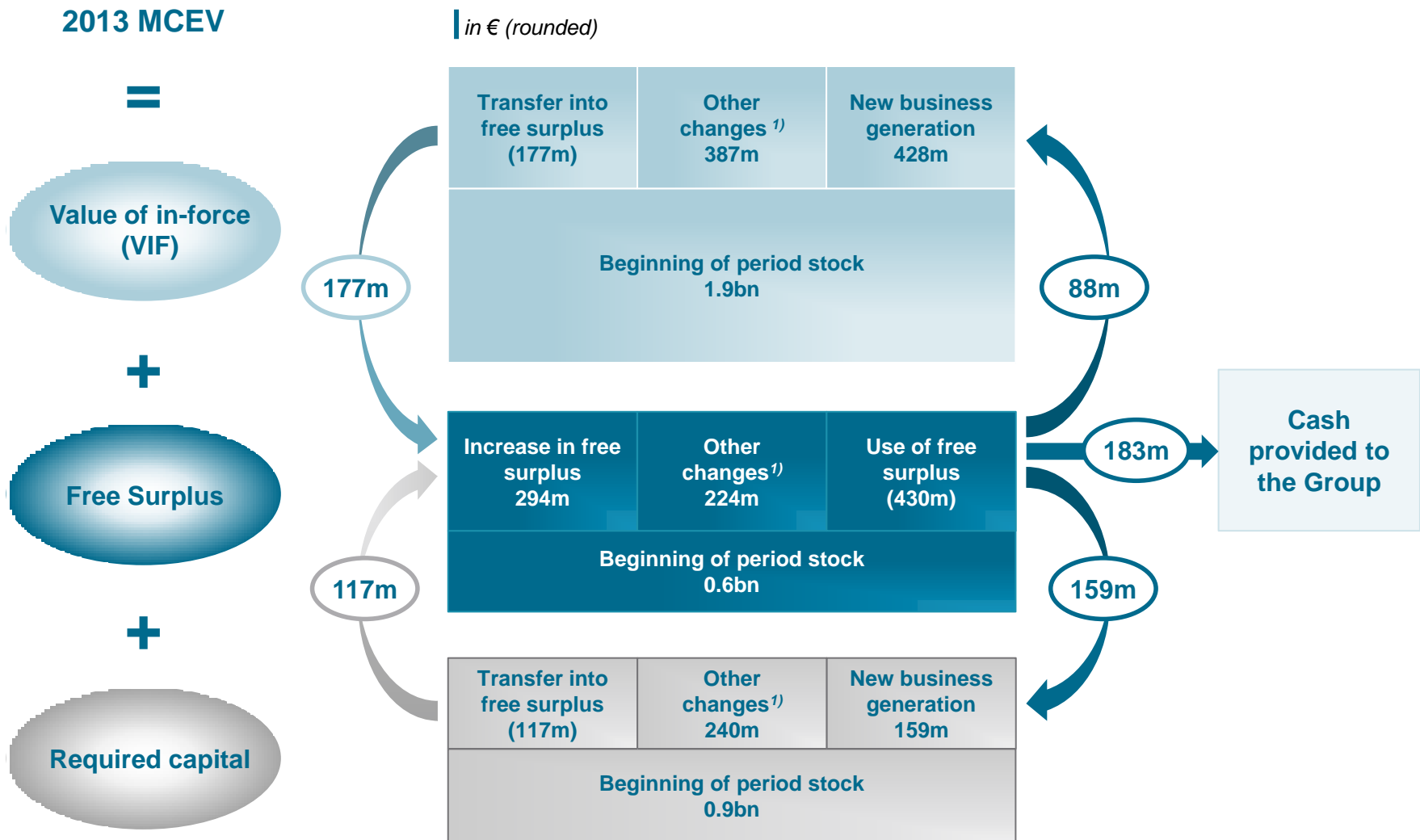
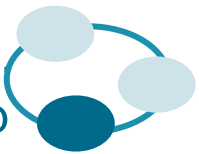
## In-force MCEV shows strong growth with minimal experience/assumption variance



## IFRS profit emergence confirms health of in-force book<sup>1)</sup>

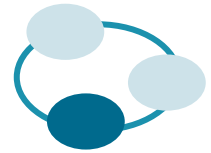


# Health of in-force book, coupled with strong profitability of new business enable for self-funding of growth and significant distribution to the Group



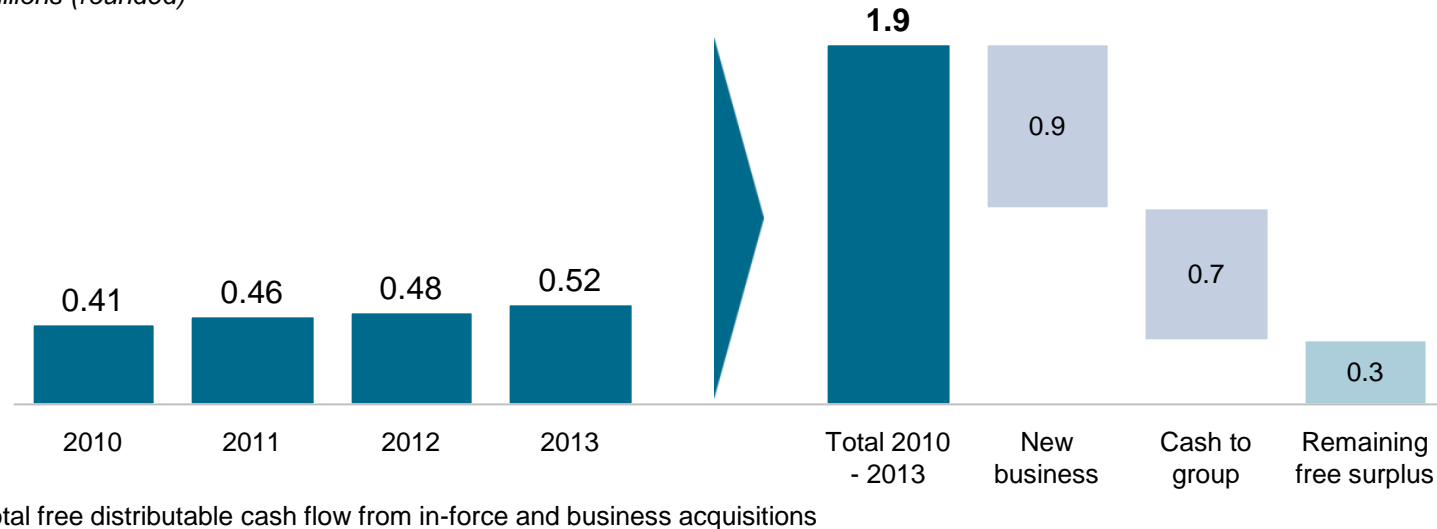
1) Other changes include Generali US acquisition as follows: required capital 0.3bn, free surplus 0.4bn, VIF 0.1bn

€ 1.9 billion of free cash flow generated in 4 years, with  
€ 687 million transferred to SCOR group



### Significant free cash flow generated by SCOR Global Life

in € billions (rounded)



- Mature and acquired portfolio generated € 1.9 billion of free distributable cash flow since 2010, demonstrating SCOR Global Life's strong cash flow generation capabilities
- This has allowed SCOR Global Life to fund new business, leading to a doubling of the business volume, while maintaining cash transfers to SCOR group of € 0.7 billion between 2010 and 2013
- SCOR Global Life expects to keep generating positive cash flow over the next three years thanks to new business and in-force portfolio development, therefore contributing strongly to the Group's results and dividend capability

# SCOR Global Life confirms “Optimal Dynamics” profitability and growth assumptions

Have the best team,  
organization and tools

Deepen the  
franchise

Customer  
Focus

Knowledge  
& Expertise

Manage & optimize  
the in-force book

## Confirming “Optimal Dynamics” assumptions:

- ❑ **+6% growth p.a.**
- ❑ **7% technical margin**
- ❑ **2014E GWP ~ €6.1bn**

## SCOR Global Life is successfully executing the “Optimal Dynamics” plan

- ❑ Life Reinsurance is an attractive market where SCOR Global Life can further increase its already strong global protection footprint
- ❑ SCOR Global Life keeps expanding its product offering - Longevity, Financial Solutions
- ❑ Strict ERM principles are deeply embedded in the organization, driving a cautious approach when entering new markets & lines of business
- ❑ In-force is very healthy and continues to show strong performance – focus is on constant optimization
- ❑ True opportunity to drive best practices globally to further strengthen processes & organization