

SCOR Global P&C delivers strong January renewals with 5% premium growth and stable expected net technical profitability

Having booked 8% gross written premium growth (at constant exchange rates) for the full year 2013, to EUR 4.85bn¹, SCOR Global P&C manages to grow gross premiums by 5% during the January 2014 renewals, to EUR 3.4 billion.

This continued footprint expansion of SCOR Global P&C has been achieved while maintaining expected net technical profitability stable overall, thanks to its highly diversified portfolio, as shown in the following key performance indicators:

- Quasi-stable prices, at -0.2% on average, with variations in primary insurance prices largely compensating those of reinsurance prices;
- A stable expected return on risk-adjusted allocated capital;
- Better than expected conditions on the retrocession market, generating savings representing a 0.6% positive impact on the combined ratio with a slightly improved cat coverage. This nearly neutralises an expected increase in the gross underwriting ratio of 0.9%;
- The projected net combined ratio of the contracts written in the January 2014 renewals is expected to remain flat compared to the January 2013 renewals.

As anticipated and communicated during the 2013 annual Monte-Carlo conference, the January 2014 renewals have been characterized by a challenging market environment with:

- A number of large and even mid-size insurers reconsidering their protection strategies and reinsurance buying policies, and restructuring their reinsurance programmes;
- The reinsurance market witnessing a “tiering” of players, to the benefit of the larger and most diversified ones, operating as true multi-liners in terms of pricing and underwriting capabilities, with a global approach to client relationships.

In this context, SCOR Global P&C has been successful in expanding its franchise and crystalizing new business opportunities, while keeping a disciplined underwriting approach, pushing back unsatisfactory terms & conditions and accepting the non-renewal of under-priced business.

The premiums up for renewal at 1/1 represent 71% of the total annual volume of treaty premiums and are distributed between P&C Treaties (72%) and Specialty Treaties (28%).

¹ Unaudited and at constant exchange rates used for accounting year reporting (i.e. for 2013 growth rate, at the average rate for 2012). Growth at current exchange rates is 4%.

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The main business line developments at the January 2014 renewals are as follows:

- For **P&C Treaties**: gross premiums increase by 6% at constant exchange rates, to EUR 1.927 billion, of which 4 percentage points relate to the renewal of the large quota share deals in Asia.
SCOR Global P&C continues to diversify its portfolio towards Asia (32% growth), this region now representing 19% of the P&C Treaty portfolio.
In all regions, the growth is accompanied by active portfolio management and a successful handling of clients' programme restructurings. The global insurers initiative is bearing fruit, with SCOR achieving growth from this client base despite these clients restructuring and increasing their retentions.
- For **Specialty Treaties**: gross premiums increase by 4% at constant exchange rates, to EUR 724 million, of which 2 percentage points relate to the renewal of the large quota-share deals in Asia.
Some segments have benefited from relatively better market conditions, leading to a 6% premium increase in Marine & Energy and a 4% increase in Engineering. The US cat segment represents only 2% of the overall P&C book to be renewed, and has witnessed 6% growth thanks to increased shares with large national, multi-national and global insurers, more than compensating the reductions on the regional book where pricing and general conditions have often been viewed as unsatisfactory.

Victor Peignet, CEO of SCOR Global P&C, comments: *"Having anticipated the market changes, SCOR Global P&C has proven to be a leading reinsurance player in the market, positioned among the preferred partners for insurers. This is particularly true concerning our targeted clients with whom we have largely managed to increase our shares, taking advantage of their programme restructurings. The January 2014 renewals confirm our analysis of the ongoing "bifurcation" of the reinsurance market and reinforce our conviction that SCOR Global P&C is set to be among the beneficiaries of this "tiering" of the industry. In this context, size and diversification combined with the capabilities to cover all lines and offer global approaches to cedants are key competitive advantages. We are confident in our ability to further strengthen our market position, including through our complementary business platforms SCOR Business Solutions and the Channel 2015 Lloyd's syndicate, which are in line with our strategic plan".*

The full presentation on the SCOR Global P&C January renewals results is available on SCOR's website.

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