

Press Release

7 September 2016 - N° 18

Investor Day 2016:

**SCOR launches its new strategic plan,
“Vision in Action”**

At its annual Investor Day in Paris today, SCOR presents its new three-year strategic plan, **“Vision in Action”** covering the period mid-2016 to mid-2019.

Continuing on from “Back on Track”, “Moving Forward”, “Dynamic Lift”, “Strong Momentum” and “Optimal Dynamics”, **“Vision in Action”** is the sixth strategic plan drawn up and implemented by SCOR under the chairmanship of Denis Kessler. This new plan was approved by the Board of Directors during its meeting of 26 July 2016. The three-year strategic plan “Optimal Dynamics”, launched in September 2013, has come to an end having fully achieved all of its targets.

With the success of “Optimal Dynamics”, SCOR confirms its capacity to combine growth, profitability and solvency, with ambition and determination

Over the last ten years, SCOR has almost tripled its gross written premiums, with EUR 13.7 billion expected for 2016, while at the same time almost doubling its shareholders’ equity, which reached EUR 6.3 billion at the end of June 2016. From 2005 to 2015, the Group distributed dividends of more than EUR 2 billion to its shareholders. Over the “Optimal Dynamics” plan, covering the mid-2013 to mid-2016 period, both gross written premiums and shareholders’ equity grew by more than 30%.

The Group has fully achieved its “Optimal Dynamics” targets. The relevance of its strategy, combined with the quality of its underwriting policy and the recognised skills of its global teams, enabled the Group to record an average ROE of more than 1,000 basis points over the risk-free rates¹ over the period of the last plan, while maintaining the solvency ratio within the optimal range of 185% to 220% of the SCR². At 30 June 2016, the estimated solvency ratio was 210%.

Meanwhile, SCOR is constantly enhancing its Tier 1 position in the reinsurance market, leveraging its AA-³ rating and its confirmed status as a market leader and an independent global player, combining strong profitability and solvency.

SCOR’s Tier 1 position gives it a clear advantage in an attractive industry

Despite a challenging macroeconomic and pricing environment, particularly in the P&C sector, SCOR firmly believes that the reinsurance industry benefits from long-term drivers which confirm the sustainable attractiveness of this market.

¹ Three-month risk-free rates

² Solvency Capital Requirements

³ Standard & Poor’s and Fitch Ratings

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The sector enjoys solid foundations and long-term perspectives:

- The risk universe, which is the raw material of reinsurance, is rapidly expanding. This is due not just to traditional risks, which are thriving in the midst of the general economic growth, globalisation, population growth and the concentration of populations in the most exposed areas in the world, but also to the emergence and development of risks linked to new technology and the general reconfiguration of the world as a whole;
- The demand for insurance and reinsurance cover is itself expanding and aversion to risk is increasing as nations become wealthier and governments are pushing insurance companies to seek support from the reinsurance industry;
- There is a major protection gap due to the lower prevalence of insurance solutions in most emerging markets – as well as in more mature and developed markets -, and closing this gap will support demand for insurance and reinsurance;
- The reinsurance industry is less exposed to technological “contestability” than other industries. The cat bond phenomenon is largely fuelled by reinsurance companies and enlarges the overall market capacity. Furthermore, the reinsurance industry will benefit from the current technological and financial revolution, which includes alternative capital, connected objects, big data and automation;
- Insurers and reinsurers will benefit fully from the normalization of the current exceptional economic and financial conditions, as well as from the inversion of the P&C pricing cycle;
- The potential for innovation in the reinsurance industry remains strong and will be enhanced by new needs from insurers, changing regulation, better understanding of risk correlation, and better understanding by insurers of their own portfolios, etc.;
- Finally, the reinsurance industry, and more particularly the diversified global reinsurers, have proved their very strong resilience to the most extreme events over the long term, in terms of both economic and loss event shocks.

With “Vision in Action”, SCOR will continue to focus on its two equally weighted strategic targets: profitability and solvency

“Vision in Action” relies on three dynamics to enhance its profitability and its solvency:

- **Build on continuity and consistency:** SCOR’s strategy implemented in the previous plans has proven to be relevant. The Group’s four historical cornerstones (strong franchise, high diversification, robust capital shield and controlled risk appetite) are still fundamental in the current environment. The Group, whose focus will remain on the reinsurance business, intends to pursue its diversified strategy, which combines Life and P&C business;
- **Expand and deepen the franchise:** over the 2016-2019 period, SCOR plans to grow organically and profitably, leveraging on existing and new platforms. Gross written premiums are expected to grow organically between approximately 4% and 7% annually on average over the plan;

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- **Normalize the asset management policy** as market conditions allow over the plan by aligning it to the upper mid-level risk appetite of the Group, reducing the very high level of prudence that currently characterises the investment portfolio.

With “**Vision in Action**”, SCOR has two targets:

- A **high return on equity** at or above 800 basis points over the 5-year risk-free rate over the cycle⁴;
- An **optimal solvency ratio** in the 185-220% range (percentage of SCR)⁵.

A strategy based on technical profitability, operational excellence and optimized capital management

The “**Vision in Action**” plan defines a set of key assumptions for each of the Group’s three engines, including a **Group-wide annual gross written premium growth rate of approximately 4% to 7%** over the course of the plan:

- **The P&C division, SCOR Global P&C**, is well positioned to pursue sustainable annual growth in the 3% to 8% range (of gross written premiums) over the plan by: i) further developing the US franchise towards clear Tier 1 reinsurer status, while consolidating its position in international markets, ii) building the Channel Syndicate to sustained profitability, iii) transitioning SCOR Business Solutions (SBS) towards a customer-centric model and expanding the sectors and products offered to large corporations, iv) and developing the MGA⁶ platform to promote new business channels using the P&C division’s infrastructure. SCOR Global P&C anticipates a net combined ratio of 95-96% over the plan.
- **The Life division, SCOR Global Life**, pursues the strengthening of its market position, building on its leadership position in the US market, enhancing its strong EMEA position and expanding in fast-growing Asia-Pacific markets. SCOR Global Life will continue to manage and optimise its in-force book, expand longevity transactions and enhance its Global Distribution Solutions capabilities. Meanwhile, the Life division will develop in China, Japan and South East Asia. SCOR Global Life anticipates a technical margin of around 6.8% to 7.0% p.a., while anticipating annual premium growth of between 5% and 6% over the plan.
- **The Asset Management division, SCOR Global Investments**, will normalize its investment policy, by reducing liquidity to the target level of 5%, by closing the duration gap between assets and liabilities by the end of the “**Vision in Action**” plan and by benefitting from additional degrees of flexibility in its asset allocation. The Group expects an average annualised return on invested assets in the range of 2.5% to 3.2% over the plan.

“**Vision in Action**” will also attain a new degree of sophistication in terms of the Group’s risk and capital management. The retrocession strategy, ALM⁷ and risk management will be further fine-tuned to support business developments.

⁴ Based on a 5-year rolling average of 5-year risk-free rates

⁵ This is the ratio of Eligible Own Funds over the Solvency Capital Requirement (SCR)

⁶ Managing General Agent

⁷ Asset Liability Management

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Denis Kessler, Chairman & Chief Executive Officer of SCOR, comments: *“In an attractive industry with positive long-term perspectives, SCOR unveils its new 3-year strategic plan “**Vision in Action**”, designed to strengthen the Group’s position amongst the Tier 1 players of the reinsurance industry. The Group will leverage the success of the five previous strategic plans, which have established a consistent and resilient global strategy. Over the next three years, SCOR will pursue its dynamic combination of growth, profitability and solvency with ambition and determination, serving its clients and benefitting its shareholders.”*

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The SCOR Investor Day 2016 webcast starts at 9:30 am CET today: [click here to watch it live](#)

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Forward-looking statements

Certain statements contained in this communication are forward-looking statements, considered provisional. They are not historical facts and are based on a certain number of data and assumptions (both general and specific), risks and uncertainties that could cause actual results, performance or events to differ materially from those in such statements.

Forward-looking statements are typically identified by words or phrases such as, without limitation, "anticipate", "assume", "believe", "continue", "estimate", "expect", "foresee", "intend", "may increase" and "may fluctuate" and similar expressions or by future or conditional verbs such as, without limitations, "will", "should", "would" and "could." Undue reliance should not be placed on such statements, as due to their nature, they are subject to known and unknown risks and uncertainties.

As a result of the extreme and unprecedented volatility and disruption related to the financial crisis, SCOR is exposed to significant financial, capital market and other risks, including variations in interest rates, credit spreads, equity prices, currency movements, changes in government or regulatory practices, changes in rating agency policies or practices, and the lowering or loss of financial strength or other ratings. Forward-looking statements were developed in a given economic, competitive and regulatory environment and the Group may be unable to anticipate all the risks and uncertainties and/or other factors that may affect its business and to estimate their potential consequences.

Any figures for a period subsequent to 30 June 2016 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 2016 are presented in Euros. "Optimal Dynamics" 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.

Certain prior year balance sheet, income statement items and ratios have been reclassified to be consistent with the current year presentation.

Additional information regarding risks and uncertainties that may affect SCOR's business is set forth in the 2015 reference document filed on 4 March 2016 under number D.16-0108 with the French Autorité des marchés financiers (AMF) and posted on SCOR's website www.scor.com. SCOR undertakes no obligation to publicly update or revise any of these forward-looking statements and information, whether to reflect new information, future events or circumstances or otherwise, other than to the extent required by applicable law. This communication only reflects SCOR's view as of the date of this communication.

Without limiting the generality of the foregoing, the Group's financial information contained in this communication is prepared on the basis of IFRS and interpretations issued and approved by the European Union.

Numbers presented throughout this report may not add up precisely to the totals in the tables and text. Percentages and percent changes are calculated on complete figures (including decimals); therefore this communication might contain immaterial differences in sums and percentages due to rounding.

Unless otherwise specified, the sources for the business ranking and market positions are internal.