



**BoAML Financials Conference**  
27 September 2016, London

# **Priced for uncertainties** **Looking for answers**

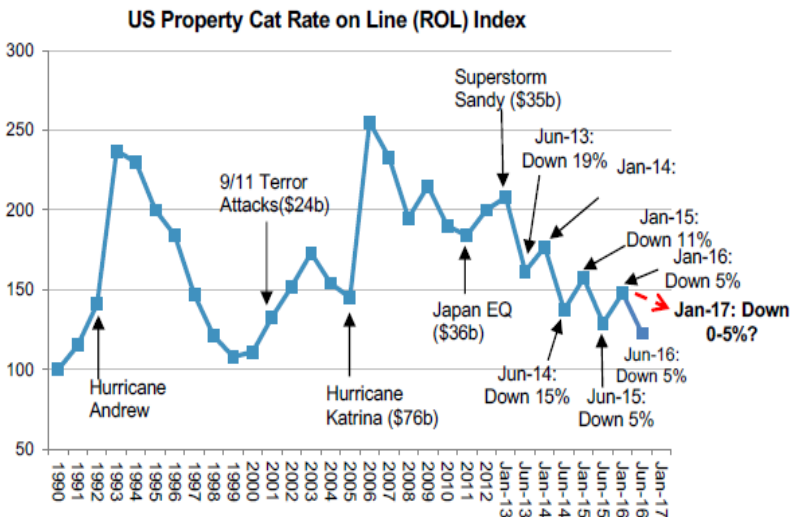
**Denis Kessler**  
Chairman and CEO

# The market feedback from Monte Carlo shows challenges and opportunities for the reinsurance industry

## Pricing remain challenging ...

*“Pricing conditions to remain challenging during 2017, with surplus underwriting capacity maintaining pressure on rates”*

(Fitch – 2017 Outlook Global Reinsurance)



Source: Guy Carpenter, Swiss Re Sigma, Morgan Stanley Research

## ... but some positive indicators emerge

### Protection gap

*“Underinsured risks are clearly a major theme, which makes sense given the lack of growth in more traditional parts of the market”* (BOAML)

### Alternative Capital

*“Excess capacity to remain but no longer growing”* (Insurance Insider)

### Technology

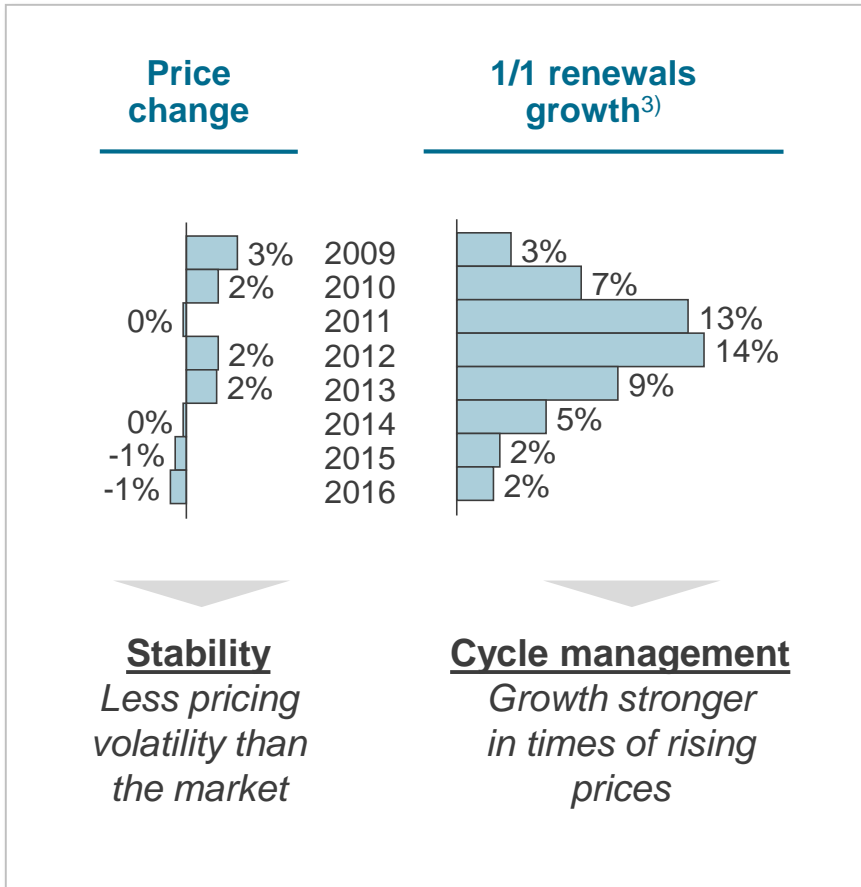
*“The industry is making better use of [data and analytics] to write new types of products, as well as constantly improving risk modelling”* (BOAML)

### Consolidation

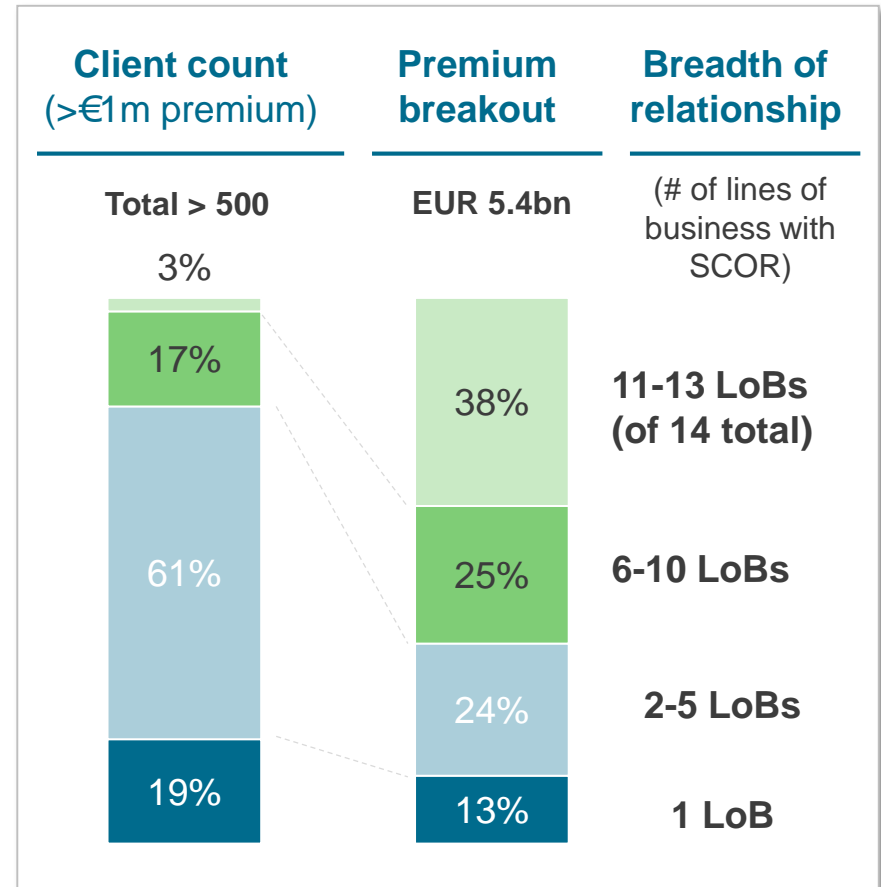
*“Even if some small reinsurers combine, we doubt that these new combinations will win significant market shares from the largest reinsurers”* (KBW)

# Monte Carlo confirmed SCOR's Tier 1 status with a tailored approach to outperform the market

## Resilience to pricing pressure thanks to cycle management<sup>1)</sup>



## Strong client loyalty from long-term relationships<sup>2)</sup>



# SCOR Global P&C's assessment of current segment attractiveness, based on the profitability of its own book (1/2)

## Treaty P&C

		Western Europe <sup>1)</sup>	Germany	UK	Northern Europe <sup>2)</sup>	France	Middle East	Eastern Europe	Africa	Russia & CIS	USA	Canada	Latin America	Caribbean	Japan	China	Australia	India	South East Asia <sup>3)</sup>	South Korea	Northern Asia <sup>4)</sup>
Property	P	Yellow	Yellow	Yellow	Yellow	Green	Yellow	Yellow	Red	Red	Green	Green	Yellow	Yellow	Green	Yellow	Yellow	Yellow	Yellow	Yellow	Green
	NP	Yellow	Green	Red	Red	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Grey	Green	Yellow	Yellow	Green	Grey
	CAT	Green	Green	Red	Yellow	Yellow	Dark Blue	Yellow	Red	Grey	Green	Green	Green	Green	Green	Red	Green	Green	Dark Blue	Green	Green
Casualty	P	Green	Green	Yellow	Dark Blue	Green	Yellow	Yellow	Grey	Grey	Green	Yellow	Green	Grey	Grey	Yellow	Grey	Grey	Yellow	Yellow	Yellow
	NP	Yellow	Yellow	Yellow	Yellow	Yellow	Grey	Yellow	Yellow	Grey	Yellow	Yellow	Yellow	Grey	Yellow	Yellow	Yellow	Grey	Grey	Grey	Yellow
Motor	P	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Red	Green	Yellow	Yellow	Red	Grey	Yellow	Yellow	Grey	Grey	Grey	Grey
	NP	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Red	Yellow	Yellow	Yellow	Yellow	Yellow	Grey	Grey	Yellow	Yellow	Yellow	Grey	Yellow

**P** Proportional  
**NP** Non-proportional  
**CAT** Natural Catastrophe

**Business attractiveness<sup>5)</sup>**

	Monte Carlo 2016	January 2016	Monte Carlo 2015
Very attractive	2%	4%	3%
Attractive	18%	24%	21%
Adequate	57%	42%	49%
Inadequate	7%	11%	9%
Not material premium amount	16%	19%	19%

1) Western Europe: Austria, Cyprus, Greece, Italy, Malta, Portugal, Spain, Switzerland  
 2) Northern Europe: Belgium, Luxembourg, The Netherlands, Nordics  
 3) South East Asia: Indonesia, Malaysia, Singapore, Thailand, Philippine, Vietnam





4) Northern Asia: Hong Kong, Taiwan, Macau  
 5) Percentages are based on the number of segments in each category, not taking into account the respective segments' premium volume

# SCOR Global P&C's assessment of current segment attractiveness, based on the profitability of its own book (2/2)

## Specialty lines and business solutions<sup>1)</sup>

Agriculture	Engineering	Credit & Surety	Marine & Offshore Energy	Aviation <sup>1)</sup>	IDI	Space	Business Solutions
<b>Total Agriculture</b>	<b>Total Engineering</b>	<b>Total Credit &amp; Surety</b>	<b>Total Marine &amp; Offshore</b>	<b>Total Aviation</b>	<b>IDI</b>	<b>Space</b>	<b>Total Business Solutions</b>
Hail	CAR	Credit	Hull	<b>Int. Airlines</b>			<b>ENR<sup>3)</sup> Worldwide</b>
MPCI	EAR	Surety	Cargo <sup>2)</sup>	Gen. Aviation			<b>C&amp;S<sup>4)</sup> Worldwide</b>
Live-stock	B&M		P&I <sup>2)</sup>	Prod. Liability			<b>CPC<sup>5)</sup> EMEA</b>
			Energy				<b>CPC<sup>5)</sup> APAC</b>
							<b>CPC<sup>5)</sup> Americas</b>

**Business attractiveness<sup>6)</sup>**

	Monte Carlo 2016	January 2016	Monte Carlo 2015
 Very attractive	0%	0%	0%
 Attractive	5%	0%	14%
 Adequate	86%	91%	77%
 Inadequate	9%	9%	9%

1) SUL, Channel & Alternative Solutions not considered  
 2) Including GAUM  
 3) Mainly non-proportional business  
 4) Energy and Natural Resources Property & Casualty (Energy Onshore + Offshore & Mines & Power)

4) Construction and Specialties (Professional Indemnity & Captives protection)  
 5) Corporate Property & Casualty (large industrial & commercial risks)  
 6) Percentages are based on the number of segments in each category, not taking into account the respective segments' premium volume

# SCOR is perceived as a recognized thought-leader, shying away from broad statement

Tier 1 leadership ✓

Profitable growth ✓

Strong cycle management ✓

Franchise Client loyalty ✓

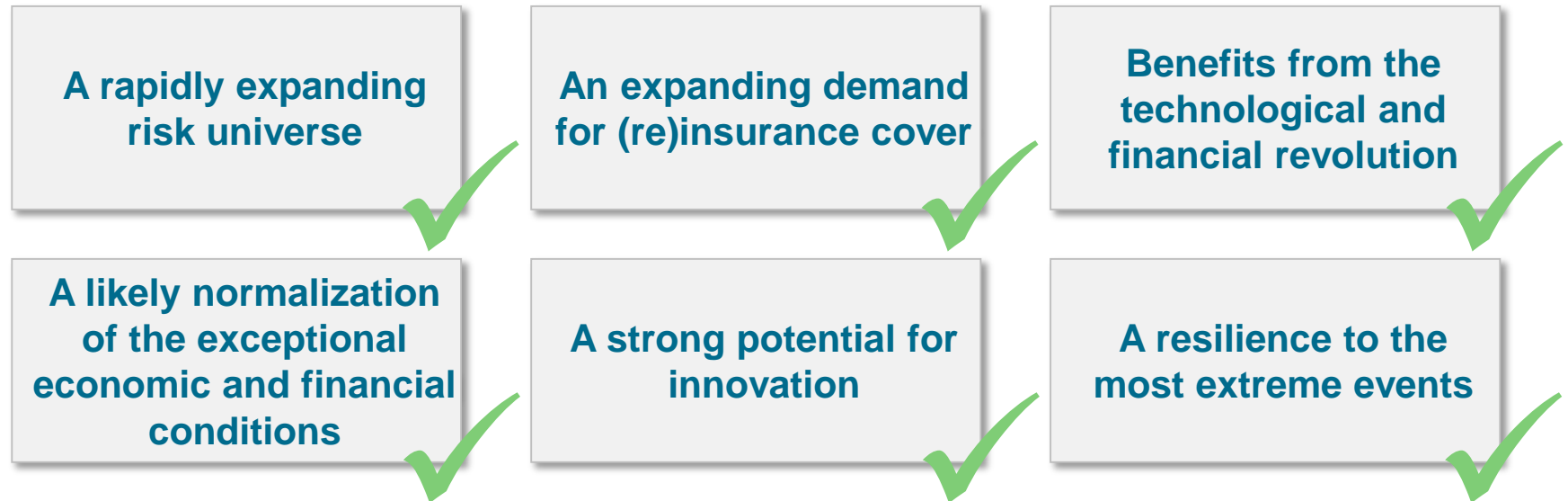
Tailored approach ✓

**SCOR has a dynamic and positive approach to outperform**

- SCOR communicates positively and efficiently about the industry's future prospects and its achievements
- SCOR is prepared and has the ways and means to take all the opportunities to offer solution for the protection gaps
- SCOR has the buy-in and the support of its stakeholders
- SCOR constantly finds new approaches to develop markets for risks for which there is no (re)insurance

# SCOR strongly believes reinsurance has a future which has not yet been priced in by financial markets

## SCOR has a positive “Vision” for the reinsurance industry



Creating value for clients and high profitability for shareholders

# SCOR has a strong track-record of profitable growth in uncertain market conditions

## Uncertainties priced in ...

## ... which SCOR turns into advantages

Low-yield environment

- Diversified currency mix
- Active asset management policy
- Strong position to benefit from yield increase

P&C soft pricing

- Active portfolio management
- State-of-the-art global IT system
- Optimal diversification with SCOR Global Life

Alternative capital

- Improved retrocession
- Protection by Atlas ILS series
- Development of ILS proposed to third parties

Geopolitical risks

- Minimal exposure to sovereign risk
- No material impact expected from Brexit
- ~90% of capital held in USD, EUR and GBP

Regulation

- Successful implementation of Solvency II
- Approved internal model by regulators

# SCOR

**GWP ~ +34%**  
to EUR 13.7bn  
since July 2013<sup>1)</sup>

**NAV ~ +33%**  
to EUR 6.3bn  
over “Optimal  
Dynamics”

**Dividend paid  
> EUR 700m**  
between 2014  
and 2016



# SCOR's new 3-year strategic plan "Vision in Action" builds on its successful strategy to expand profitably

## Profitability (RoE) target

**RoE  $\geq$  800 bps above 5-year risk-free rate over the cycle<sup>1)</sup>**

## Solvency target

**Solvency ratio in the optimal 185%-220% range**

**Flexible assumptions reflect the uncertain environment  
Management adapts its execution to achieve its two targets**

**P&C**

**GWP growth**  
8% p.a. (modest market recovery)  
-  
3% p.a. (flat market)

**Combined ratio**  
~95%-96%

**Life**

**GWP growth**  
5.0% - 6.0% p.a.

**Technical margin**  
6.8% - 7.0%

**Investments**

**Return on invested assets**

3.2% (strong recovery)  
-  
2.9% (gradual recovery)  
-  
2.5% (convergence to a low speed regime with low interest rates)

**SCOR**

**GWP growth**  
~4% - 7% p.a.

**Group cost ratio**  
4.9% - 5.1%

**Tax rate**  
22% - 24%

Estimated ranges  
1) Based on a 5-year rolling average of 5-year risk-free rates

# SCOR's track-record and franchise are recognized by Moody's with an upgrade to Aa3 – Stable Outlook

**MOODY'S**      **Aa3**      Stable outlook

**STANDARD & POOR'S**

**AA-**

Stable outlook

**FitchRatings**

**AA-**

Stable outlook

**A M BEST**

**A**

Positive outlook

# SCOR's track-record and franchise are recognized by Moody's with an upgrade to Aa3 – Stable Outlook

## What Moody's recognized?

### Targets

*“Targeted level of profitability (...) and of capital (...) will contribute to maintain an overall credit profile commensurate with a Aa3 insurance financial strength rating”*

### Franchise

*“SCOR is one of the reinsurers which has and will benefit the most from the structural changes in ceding companies' behaviour”*

*“Diversification, together with a relatively lower exposure to the most volatile reinsurance segments (...), translates into a high level of stability in earnings”*

### Pricing

*“The impact of pricing pressures (...) to remain moderate, thanks to relatively low exposure to the segments under most pricing pressure”*

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# Priced for uncertainties Looking for answers Q&A

Denis Kessler  
Chairman and CEO

# Disclaimer

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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 the presentation 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.

## **Forward looking statements:**

This presentation includes forward-looking statements and information about the objectives of SCOR, in particular, relating to its current or future projects. These statements are sometimes identified by the use of the future tense or conditional mode, as well as terms such as “estimate”, “believe”, “have the objective of”, “intend to”, “expect”, “result in”, “should” and other similar expressions. It should be noted that the achievement of these objectives and forward-looking statements is dependent on the circumstances and facts that arise in the future. Forward-looking statements and information about objectives may be affected by known and unknown risks, uncertainties and other factors that may significantly alter the future results, performance and accomplishments planned or expected by SCOR. 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](http://www.scor.com).

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

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The Group’s financial information contained in this presentation is prepared on the basis of IFRS and interpretations issued and approved by the European Union.

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

The first half 2016 financial information included in this presentation has been subject to the completion of a limited review by SCOR’s independent auditors.

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, using closing rates as per the end of 31/12/2015. “Optimal Dynamics” figures previously disclosed have been maintained at unchanged foreign exchange rates unless otherwise specified.