

8<sup>th</sup> February 2018

# SCOR Global P&C January 2018 renewal results

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# Disclaimer

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## **General:**

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:**

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

## **Financial information:**

All figures in this presentation are unaudited unless otherwise specified.

Unless otherwise specified, all figures are presented in Euros.

Any figures for a period subsequent to 30 September 2017 should not be taken as a forecast of the expected financials for these periods.

All definitions can be found in the appendix.

All figures are at constant exchange rates as at December 31, 2017 unless otherwise specified. All figures are based on available information as at January 23, 2018 unless otherwise specified.

## Summary: Improved expected profitability in a broadly firming market; renewed portfolio is in line with “Vision in Action”

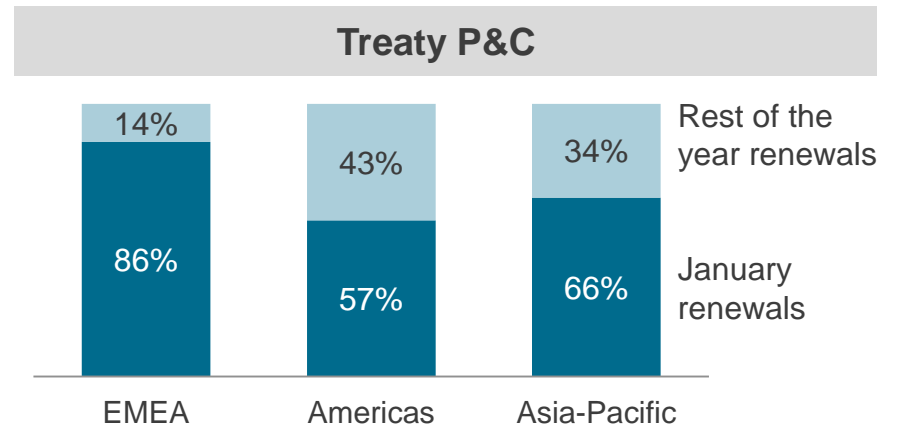
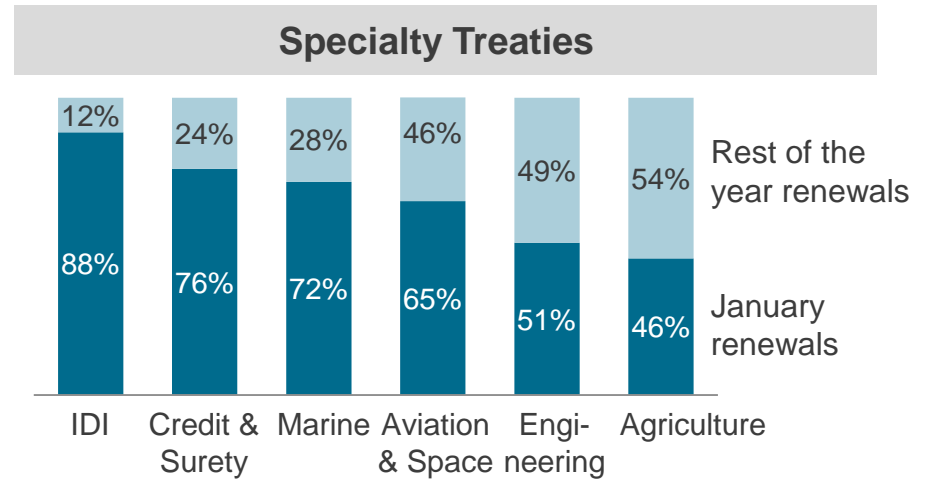
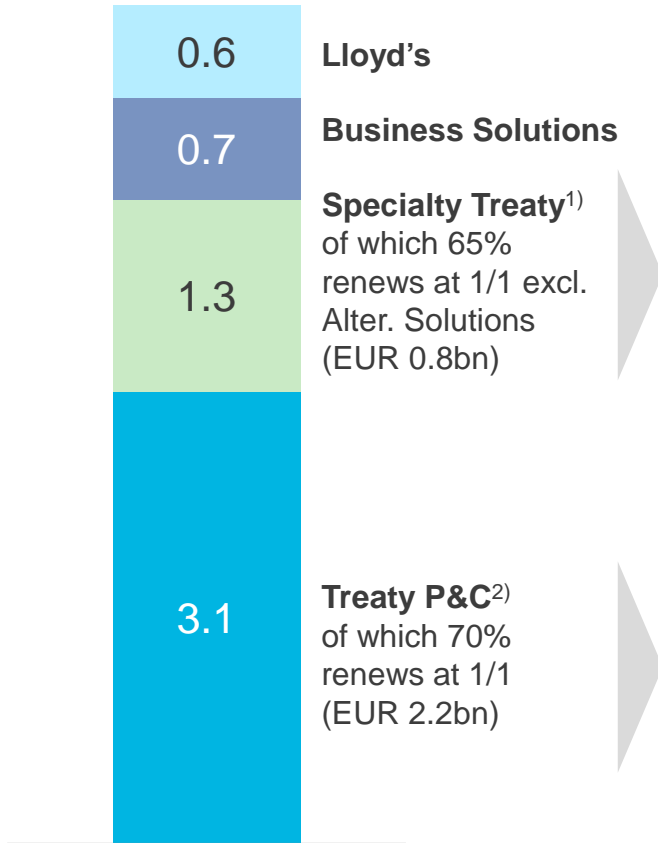
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- SCOR grew P&C gross premiums by 3.7%<sup>1)</sup> at the January renewal
- SCOR’s P&C **reinsurance** portfolio is materially improved due to a shift towards better-priced non-proportional treaties
  - Risk-adjusted price is up 3% overall. Broad price improvements across markets. Largest overall increase since 2009 (following Hurricane Ike)
  - Risk-adjusted price is up 7.8% in non-proportional and 1.7% in proportional treaties. SCOR’s decision to reduce or decline certain low-margin proportional business affected overall premium growth but sacrificed little expected profit
  - Expected profitability is up by 2 percentage points – both return on risk-adjusted capital and technical profitability (loss ratio + commission ratio)
- SCOR’s P&C **insurance** businesses are benefitting from improved insurance conditions
  - MGA: expected profitability improvement exceeds that of reinsurance. New MGA IT platform began operating and is likely to help drive growth in 2018
  - SCOR Business Solutions: price and volume momentum across lines and geographies
  - Channel: growth with positive rate movements. Forming a service company will support direct and retail reach
- **Capital protection (retrocession)** remains robust, with retro spend increase limited to single digits

# ~69% of SCOR's P&C reinsurance premium renews at 1/1

## Estimated total 2017 UW Year premiums: EUR 5.8 billion

In EUR billions



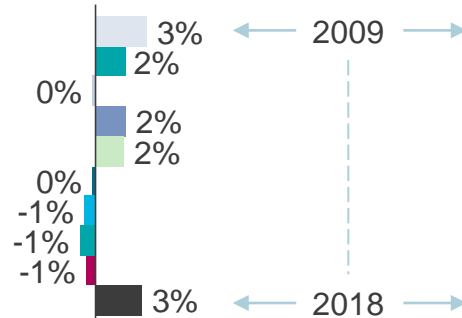
# Pricing growth strongest since 2009 (following the last major US hurricane)

## Reinsurance price change<sup>1)</sup>

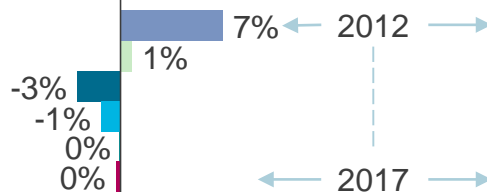
## Reinsurance renewal growth<sup>2)</sup>

**Stability:**  
less pricing volatility than the market

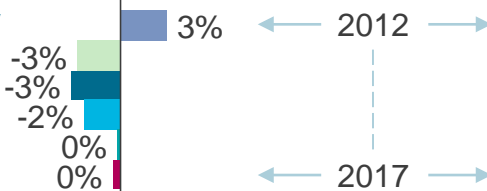
**January renewals**



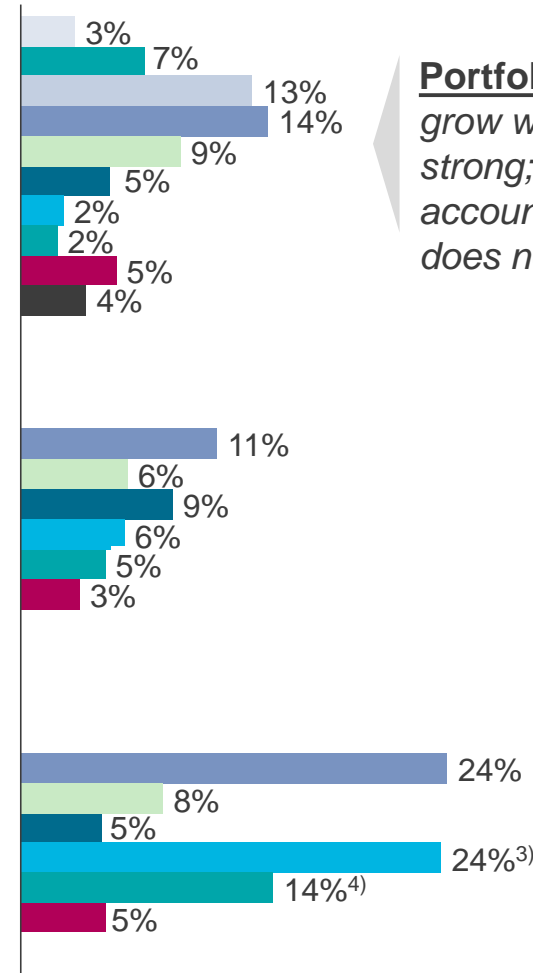
**April renewals**



**June-July renewals**



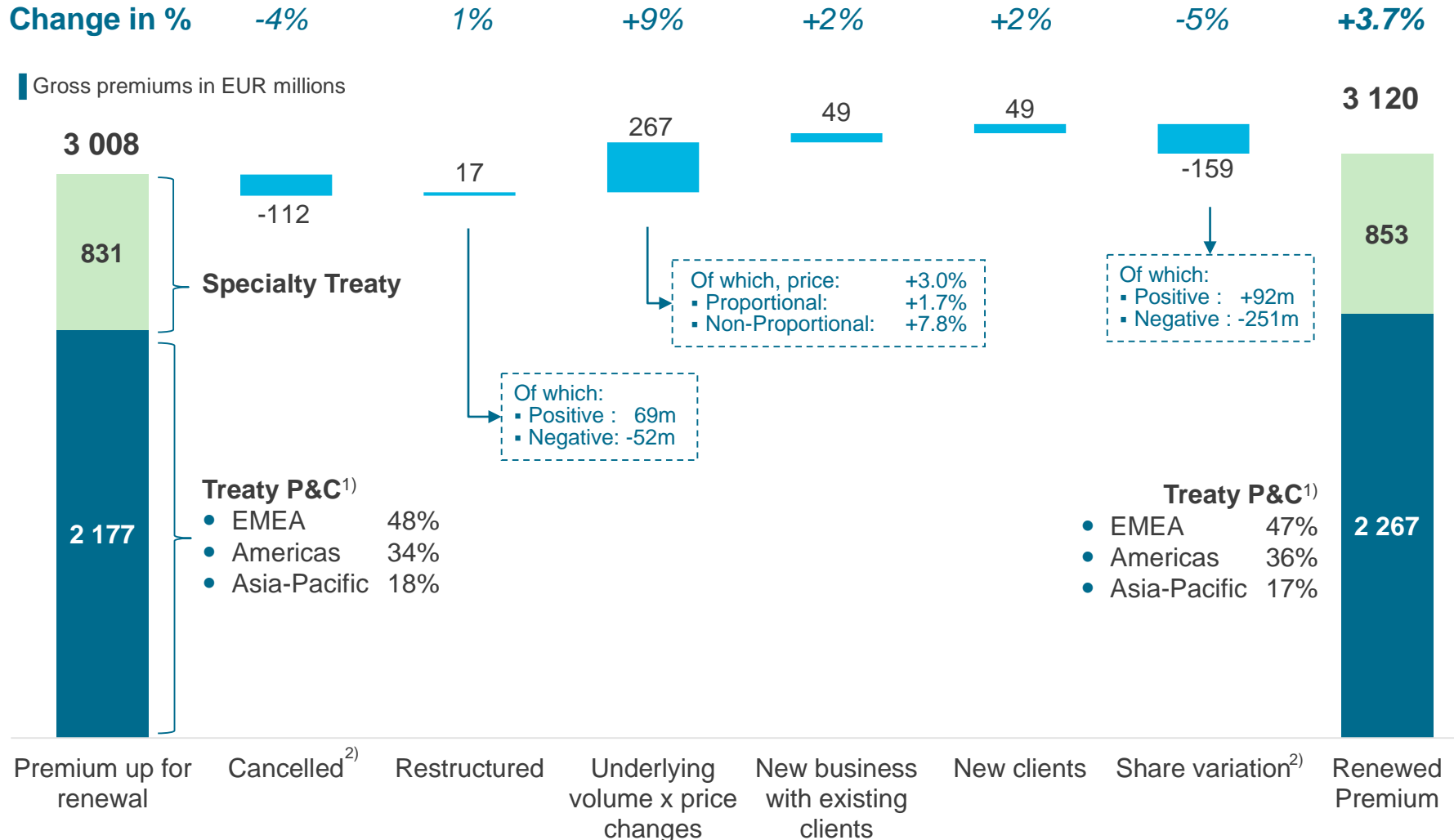
**Portfolio management:**  
grow when prices are strong; reduce on accounts where pricing does not meet hurdles



1) As published. Year-on-year price changes on a comparable basis  
2) As published. Year-on-year renewal growth at constant exchange rates, e.g., 2012 growth computed with December 31, 2011, exchange rates and comparable basis. Hence different from annual premium growth. Includes MGA business.

3) Excluding three specific large deals, growth would have been ~14%  
4) Excluding specific large deals, growth would have been ~4%

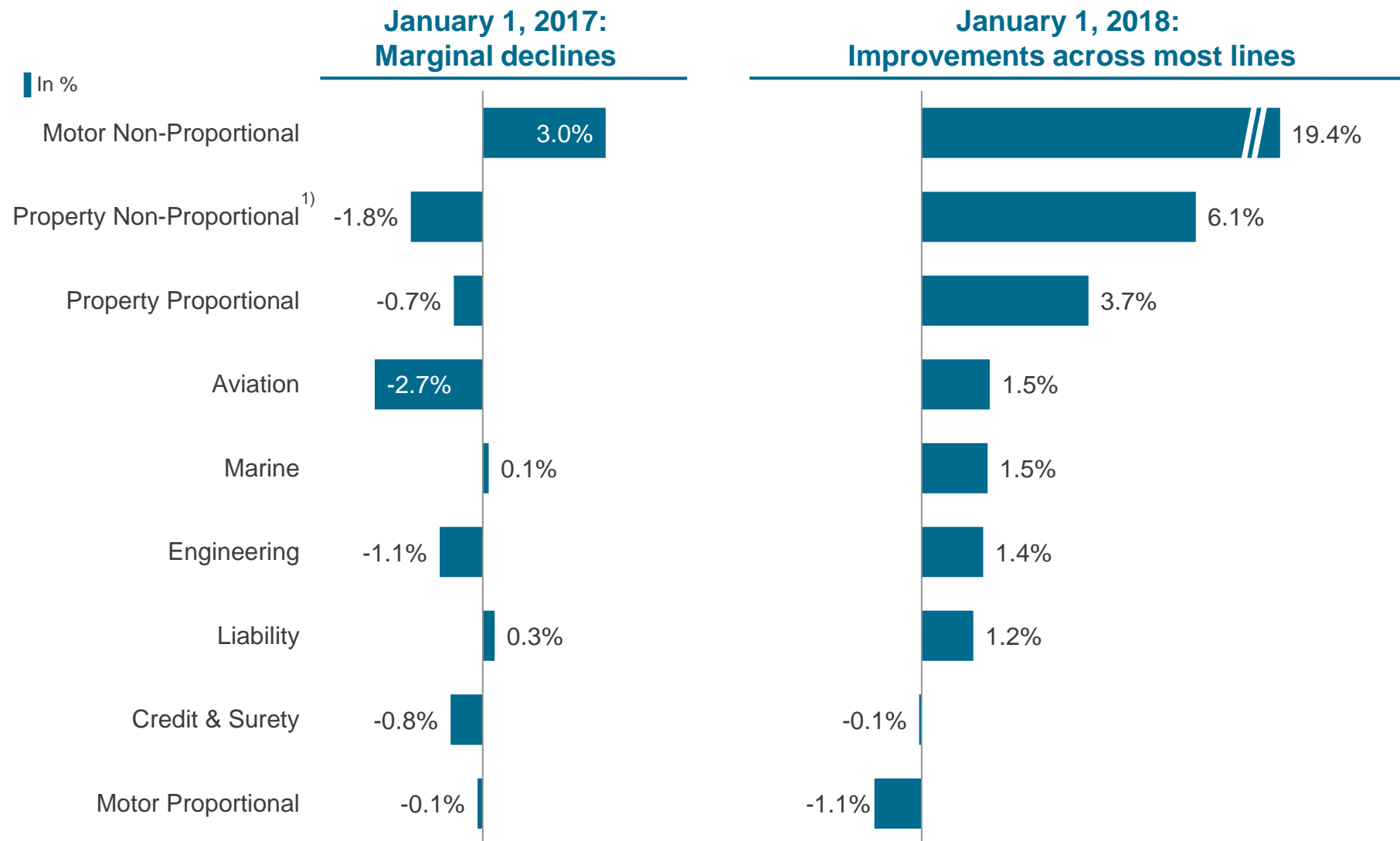
# SCOR's P&C reinsurance renewal premium rose 3.7% with active portfolio management



1) Treaty P&C premium includes MGA business

2) Include portfolio management actions. Portfolio management actions are SCOR initiated share reductions and/or cancellations of business not in line with our profitability expectations

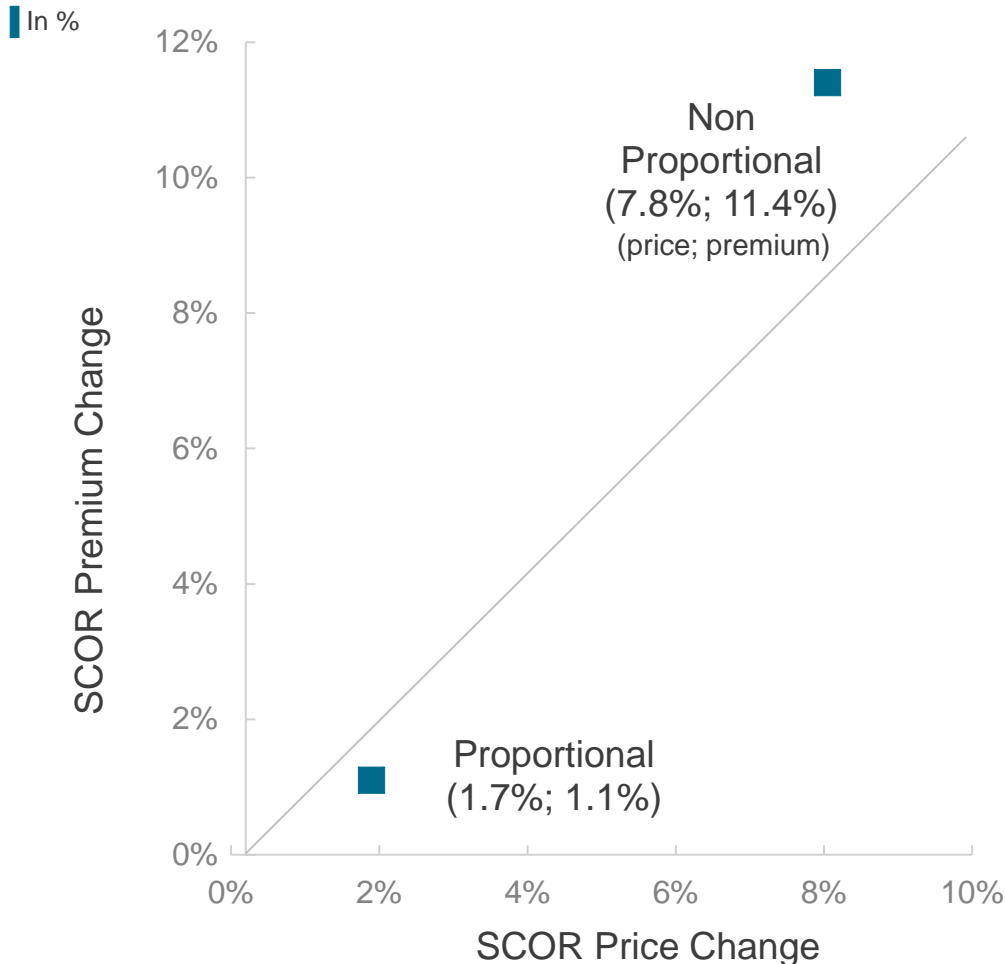
# Reinsurance price growth was broad-based and reversed a four year softening



1) Property Non-Proportional also includes Property Cat and other Property Per Risk Excess of Loss business

# SCOR grew in non-proportional lines where pricing was strongest, while shedding some low-margin proportional business

## Reinsurance premium and price changes year on year

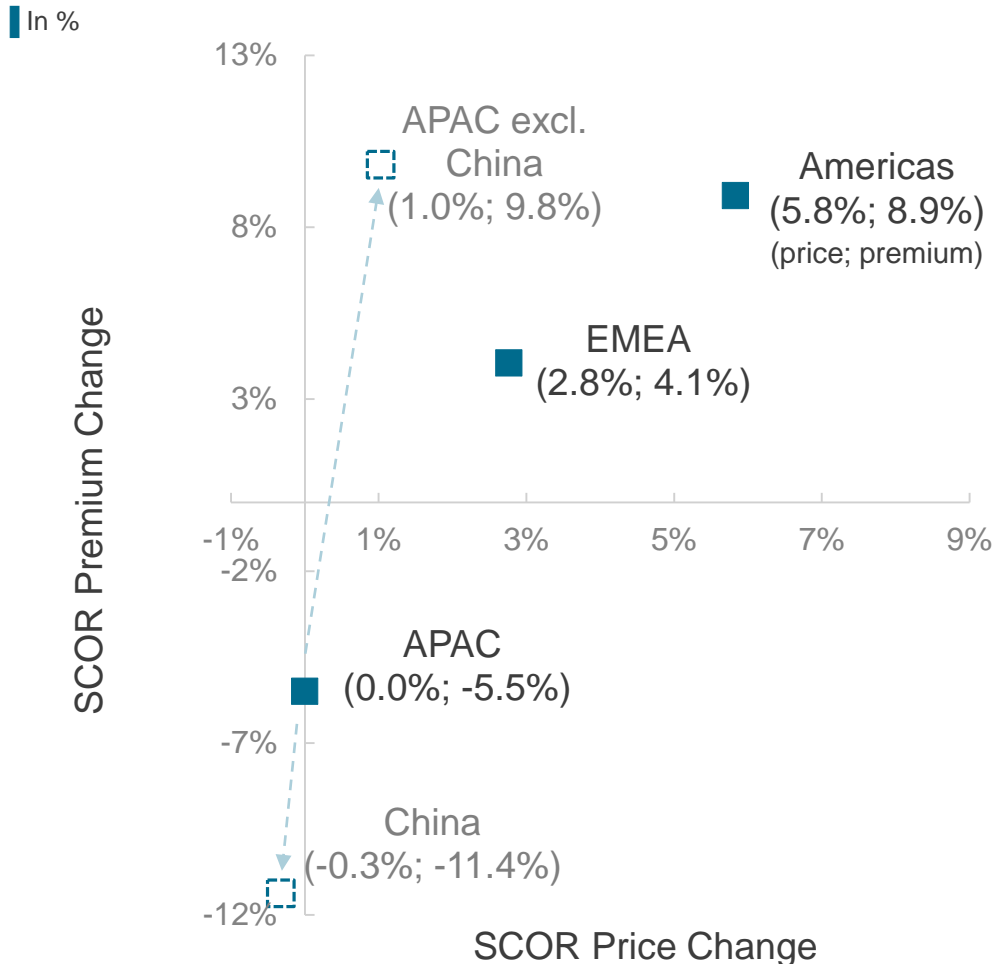


- Non-proportional rates improved
  - Non-proportional was more affected by losses: property, engineering, other lines
  - Ogden effect in Motor
- Cat pricing improvement was broad-based
  - Americas: +11.6% with US Cat +11.9%
  - EMEA: +3.7%
  - APAC: +5.1%
- Proportional renewals less robust when not Cat driven



# Stronger Americas and EMEA premiums and pricing, while Asia showed similar trends outside of China

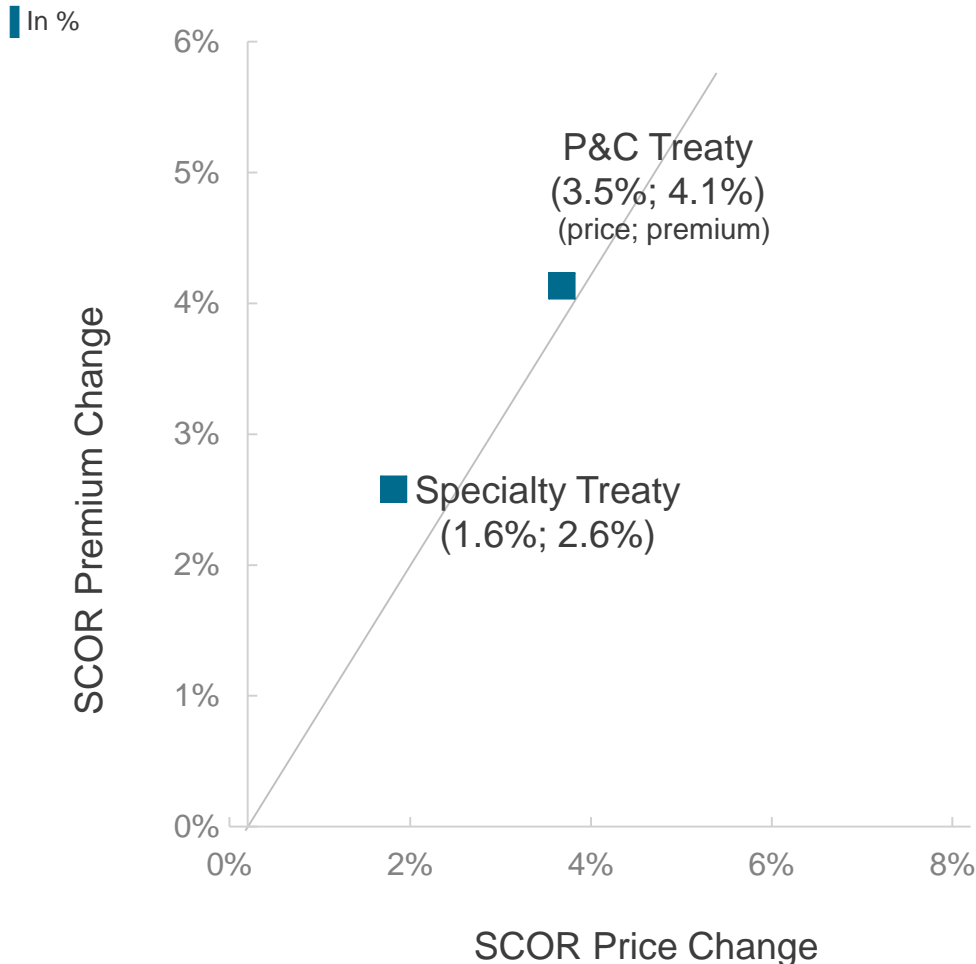
## Reinsurance premium and price changes year on year



- **Americas:** driven by Cat and improving primary prices.
  - US Property premium is up +8%, prices +7%
  - US Casualty premium is up +7%, prices +0.3%
- **EMEA:** Improvement in non-proportional longer tail lines. Motor improved due to Ogden. Most markets up.
- **APAC:** Rise of non-proportional prices except Liability
  - **Asia-Pacific (excl. China):** Growth driven by Global accounts and primary property prices in Australia
  - **China:** Portfolio management actions on a mostly proportional book

# P&C Treaties price and premium growth exceeded Specialties, but most Specialty lines improved

## Reinsurance premium and price changes year on year



- **P&C Treaty:** Driven by Non-Proportional and preponderance of non-US renewals
- **Specialty Treaty:** Most lines show price increases; very few price decreases

# SCOR's insurance businesses performed well thanks to positive primary rates

- Winning new business and growing in all lines
- Premium growth over Q4<sup>1)</sup>: +19%

## SBS

Main lines <sup>1)</sup>	Renewed Premium (EUR millions)	YOY Δ
Property Non Energy	113.5	+12%
Property Energy	59.6	+12%
Casualty	54.1	+16%
Offshore	17.1	+16%

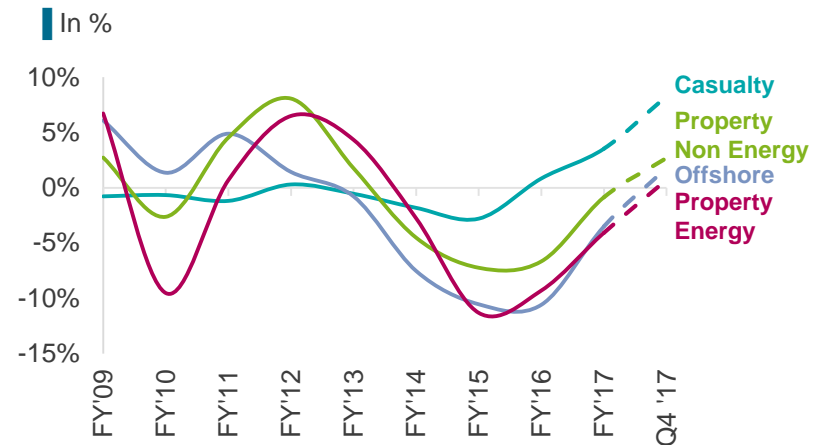
- Portfolio management: Growing with select partners
- Primary rates increased more than reinsurance rates
- Expected technical profitability improved by 10 percentage points
- New MGA platform operational as planned – will enhance growth in the future

## MGAs

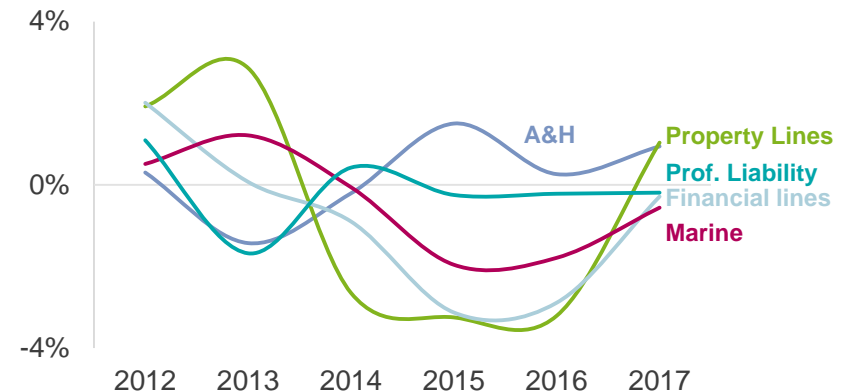
## Channel

- Estimated premium growth over Q4: +6%
- Biggest growth in property lines
- Growth in MGAs / delegated authorities
- Service company regulatory approval expected in Q2 2018

## SBS price trends<sup>2)</sup> improving



## Channel Risk Adjusted Rate Changes improving



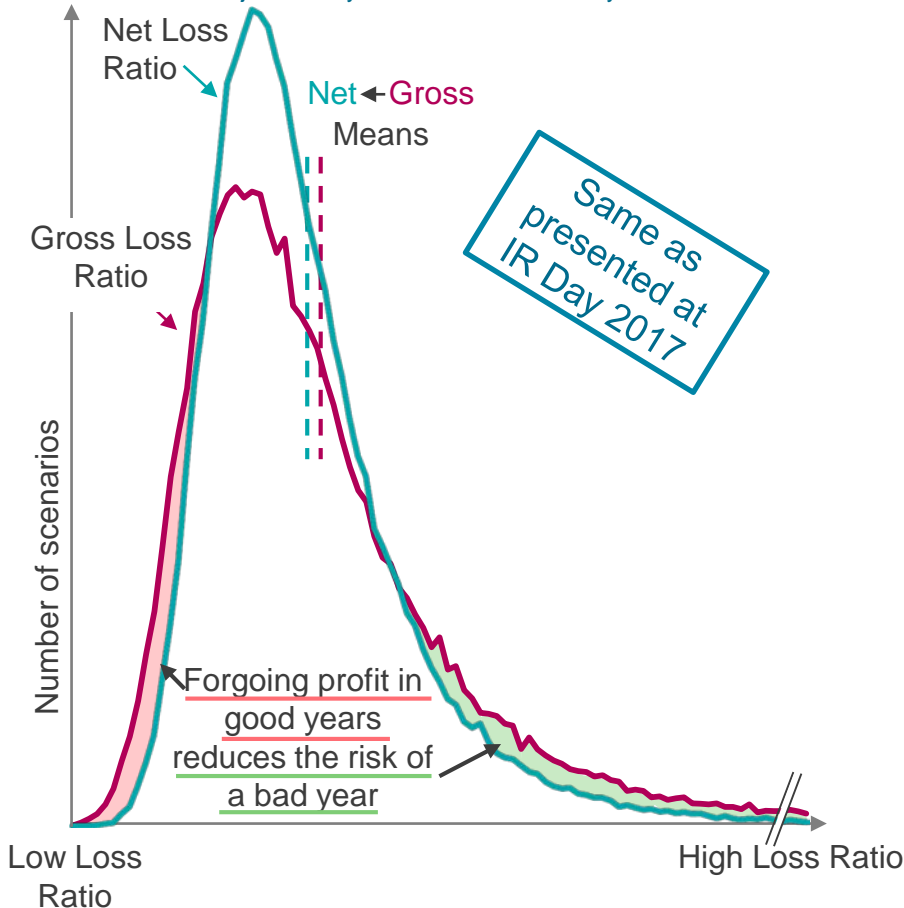
1) Sample of analyzed contracts with an inception date from October 1, 2017 to January 1, 2018, underwriting year basis

2) Weighted average annual pricing change of the SBS renewed portfolio, FY17 includes January 1, 2018, renewals Channel Syndicate data in GBP 2017 Lloyd's SBF rates. All figures on this page are based on available information as at January 26, 2017. SBS stands for SCOR Business Solutions; Channel stands for The Channel Syndicate.

# P&C capital protection performed as expected and has been adjusted; net risk appetite and profile is not materially changed

## Buying retro lowers the net expected loss ratio

Gross & net loss ratio distributions according to the internal model  
Projected for year-end 2017 as of early 2017



## Coverage adjusted to reflect 2018 book

- Widening scope of covers
- Increased peak zone covers to maintain stable risk profile
- Restructured and optimized MGA specific cover
- Stable retrocessionaire panel with some additions to accommodate growth and enhance diversification

## 2018 retro spend slightly higher (single digits) and in line with plan

- Long term relationships and aligned interests with retrocessionaires allowed early commitment on acceptable terms
- Continuous market appetite for SCOR ceded exposures; no issues securing capacity at reasonable prices

# Outlook: P&C division is on track to deliver “Vision in Action” assumptions normalized for Cat losses



## VISION <sup>IN</sup> ACTION

**95-96%**  
Net combined ratio

**3 to 8%**  
Annual growth rate



Plus contribution to Group targets: ROE & Solvency ratio

# SCOR Global P&C's assessment of current segment attractiveness (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	Red	Yellow	Green	Yellow	Yellow	Yellow	Green	Dark Blue	Green	Yellow	Green	Green	Red	Green	Yellow	Green	Yellow	Green
	NP	Yellow	Green	Yellow	Yellow	Yellow	Green	Yellow	Yellow	Yellow	Green	Green	Yellow	Green	Yellow	Grey	Green	Yellow	Yellow	Yellow	Grey
	CAT	Green	Green	Yellow	Yellow	Yellow	Green	Yellow	Yellow	Grey	Green	Green	Green	Green	Green	Red	Green	Yellow	Green	Green	Green
Casualty	P	Green	Green	Grey	Yellow	Green	Yellow	Dark Blue	Grey	Grey	Green	Green	Green	Grey	Grey	Yellow	Yellow	Grey	Yellow	Grey	Yellow
	NP	Yellow	Green	Green	Yellow	Yellow	Grey	Yellow	Grey	Grey	Yellow	Yellow	Yellow	Grey	Yellow	Green	Yellow	Grey	Grey	Grey	Grey
Motor	P	Yellow	Yellow	Grey	Yellow	Yellow	Green	Yellow	Grey	Yellow	Yellow	Grey	Yellow	Yellow	Grey	Green	Green	Grey	Grey	Grey	Grey
	NP	Yellow	Yellow	Green	Yellow	Yellow	Yellow	Yellow	Yellow	Red	Green	Green	Yellow	Green	Grey	Grey	Yellow	Yellow	Green	Grey	Yellow

January 2018      Monte Carlo 2017      January 2017

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

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

Very attractive	1%	2%	1%
Attractive	30%	24%	21%
Adequate	45%	51%	49%
Inadequate	3%	6%	8%
Insufficient data	21%	16%	20%

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, Philippines, 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 (2/2)

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

Agriculture	Engineering	Credit & Surety	Marine & Offshore Energy	Aviation <sup>2)</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>4)</sup> Worldwide</b>
<b>MPCI</b>	EAR	<b>Surety</b>	Cargo <sup>3)</sup>	Gen. Aviation			<b>C&amp;S<sup>5)</sup> Worldwide</b>
Live-stock	B&M		P&I <sup>3)</sup>	Prod. Liability			<b>CPC<sup>6)</sup> EMEA</b>
			Energy				<b>CPC<sup>6)</sup> APAC</b>
							<b>CPC<sup>6)</sup> Americas</b>

### Business attractiveness<sup>7)</sup>

	January 2018	Monte Carlo 2017	January 2017
<span style="color: blue;">■</span> Very attractive	0%	0%	0%
<span style="color: green;">■</span> Attractive	14%	7%	0%
<span style="color: yellow;">■</span> Adequate	77%	86%	91%
<span style="color: red;">■</span> Inadequate	9%	7%	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)

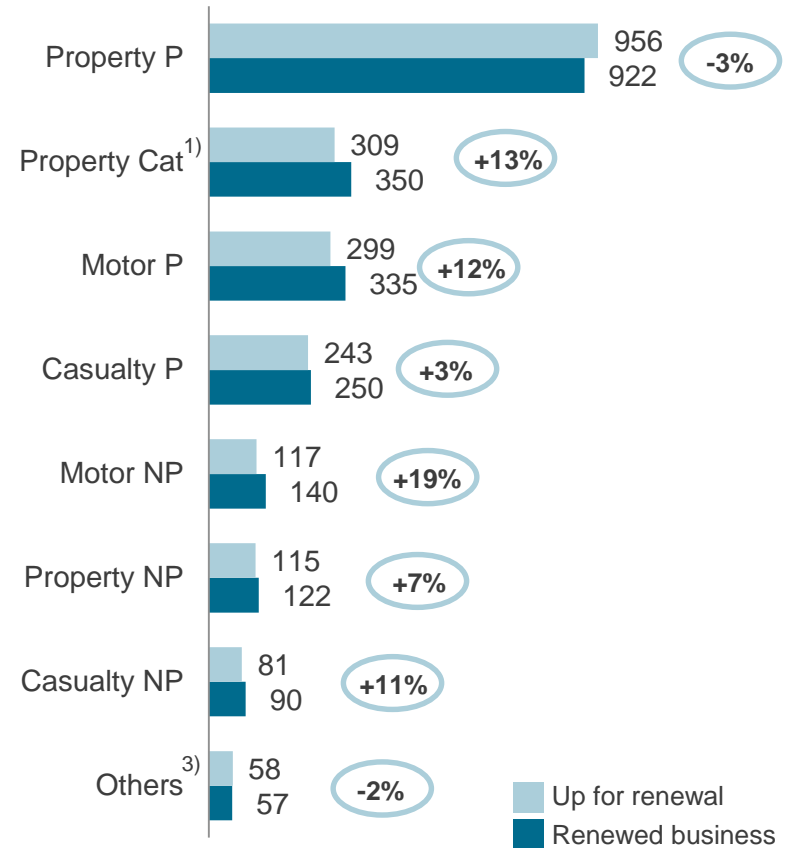
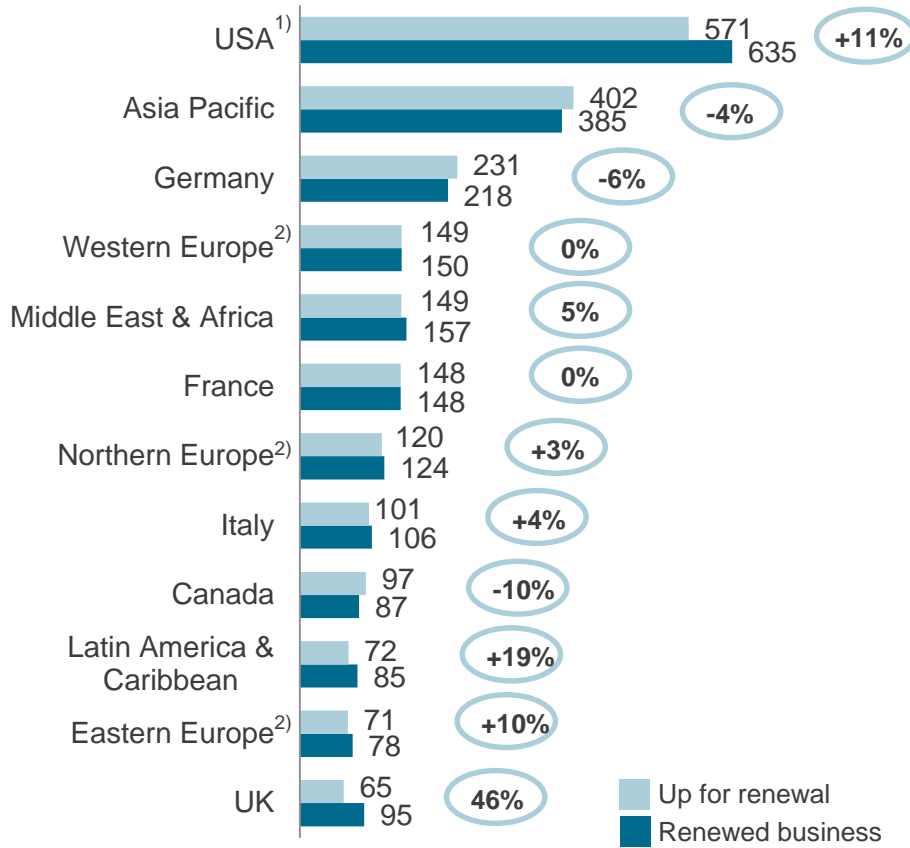
5) Construction and Specialties (Professional Indemnity & Captives protection)  
 6) Corporate Property & Casualty (large industrial & commercial risks)  
 7) Percentages are based on the number of segments in each category, not taking into account the respective segments' premium volume

# SCOR Global P&C's gross premium (1/2) – Treaty P&C

## By geography

## By line of business

Gross premiums in EUR millions



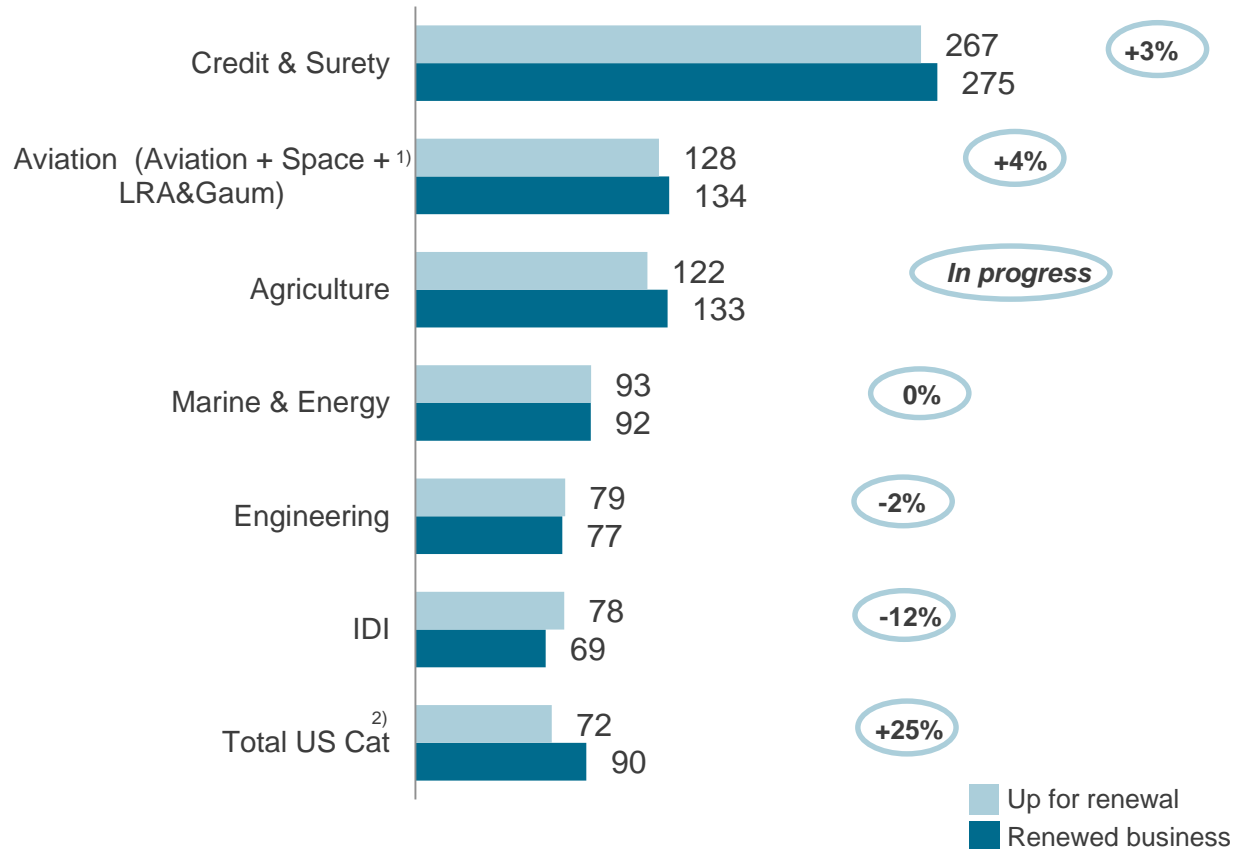
1) Includes EUR ~18 million regional US Cat premiums renewed in 2018, underwritten by Specialty Treaty on behalf of Treaty P&C  
 2) Western Europe: Austria, Cyprus, Greece, Malta, Portugal, Spain, Switzerland; Northern Europe: Belgium, Luxembourg, The Netherlands, Sweden, Denmark, Norway, Finland, Iceland; Eastern Europe: Albania, Bosnia, Bulgaria, C.I.S., Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Macedonia, Montenegro, Poland, Romania, Serbia, Slovakia, Slovenia  
 3) Includes Personal Accident, Special Risks, Workers' Compensation, Nuclear Pools, Terrorism Standalone and Motor Extended Warranty



# SCOR Global P&C's gross premium (2/2) – Specialty treaty

## By line of business

Gross premiums in EUR millions



1) Position of the Agriculture renewals as at January 23, 2018

2) Includes all US Cat business underwritten in Zurich (Specialties) and Chicago (Treaty P&C)  
EUR ~15m of Other business is excluded

# Definitions

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- **Cancelled/restructured:** client or SCOR decided to cancel the business/programs and/or to change their programs (e.g. from proportional to Non-Proportional)
- **EMEA:** Europe, Middle East & Africa
- **IDI:** Inherent Defects Insurance (Decennial)
- **LoB:** Line of Business
- **MGA business:** business done with Managing General Agents / Managing General Underwriters (MGA/MGU)
- **New business with existing clients:** existing client decided to place new business/programs with SCOR (i.e. new to SCOR or new as such) and/or to change their programmes (e.g. from Proportional to Non-Proportional)
- **Price change:** “price change” defined as movement in price per unit of exposure. Therefore for most products, where the exposure unit is a monetary amount, the price movement is net of general inflation. By definition, changes in commissions are not considered as price changes. All percentages based on weighted averages per segment and overall on premium volume.
- **Share variation:** client or SCOR decided to reduce or increase the share participation (e.g. SCOR increases share with client X from 10% to 20%)
- **Underlying volume x price changes:** combined effect of variations in underlying primary volume, in exposures and/or in rates (= ceded EGPI change for existing clients)
- **Underwriting Ratio:** on an underwriting year basis, the sum of the gross loss ratio and the acquisition cost ratio (cedant's commission and brokerage ratios). Administration costs must be added to get the Combined Ratio
- **2017 Underwriting year premiums:** SCOR Global P&C premiums for contracts incepting between January 2017 and December 2017, expressed at December 31, 2017 closing exchange rates