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# SCOR Global P&C January 2020 renewal results

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# Disclaimer

**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:**

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 2018 reference document filed on March 4, 2019 under number D.19-0092 with the French Autorité des marchés financiers (AMF) and in the 2019 Interim Financial report which are available on SCOR’s website www.scor.com.

In addition, such forward-looking statements are not “profit forecasts” within the meaning of Article 1 of Commission Delegated Regulation (EU) 2019/980.

**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 2019 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, 2019 unless otherwise specified.

All figures are based on available information as at January 21, 2020 unless otherwise specified.

# **Summary**: SCOR Global P&C improves profitability thanks to disciplined underwriting, active portfolio management, and primary rate increases

- **In reinsurance, SCOR secures price increases, improving its expected profitability by ~1pp, while voluntarily reducing P&C gross premiums by 4.7%[1] at the January renewals:**
  - Voluntary reductions on a few large quota-shares in the US and China, partially offset by growth with key clients across geographies
  - Pricing is up 2.8% overall. Price improvements achieved mostly in the US and EMEA, reaching overall levels of 4.0% in non-proportional and 2.5% in proportional treaties
  - Expected profitability is up by ~1pp, both in terms of return on risk-adjusted capital (on an “As-if” basis[2]) and technical profitability (loss ratio + commission ratio)
- Ahead of the April renewals, SCOR expects to improve its Japanese sustainable profitability, relying on its long-standing client relationships
- Given its modest US casualty portfolio, SCOR is well positioned to benefit from market changes in the upcoming US renewals
- **SCOR’s P&C specialty insurance benefits from double-digit rate improvements enabling selective growth and portfolio management actions**
  - Large commercial single risks insurance and facultative reinsurance hardening – both rates and terms and conditions – accelerated throughout 2019 and is expanding globally
  - On large commercial risks, SCOR Specialty Insurance secures rate increases close to 15% overall
- **These January renewals:**
  - Illustrate the continued asymmetrical pricing dynamics between insurance and reinsurance
  - Demonstrate the **relevance of SGPC’s business model, with the optionality value of underwriting on both platforms**
- The January renewals’ outcome validates SCOR’s Quantum Leap strategic plan and initiatives

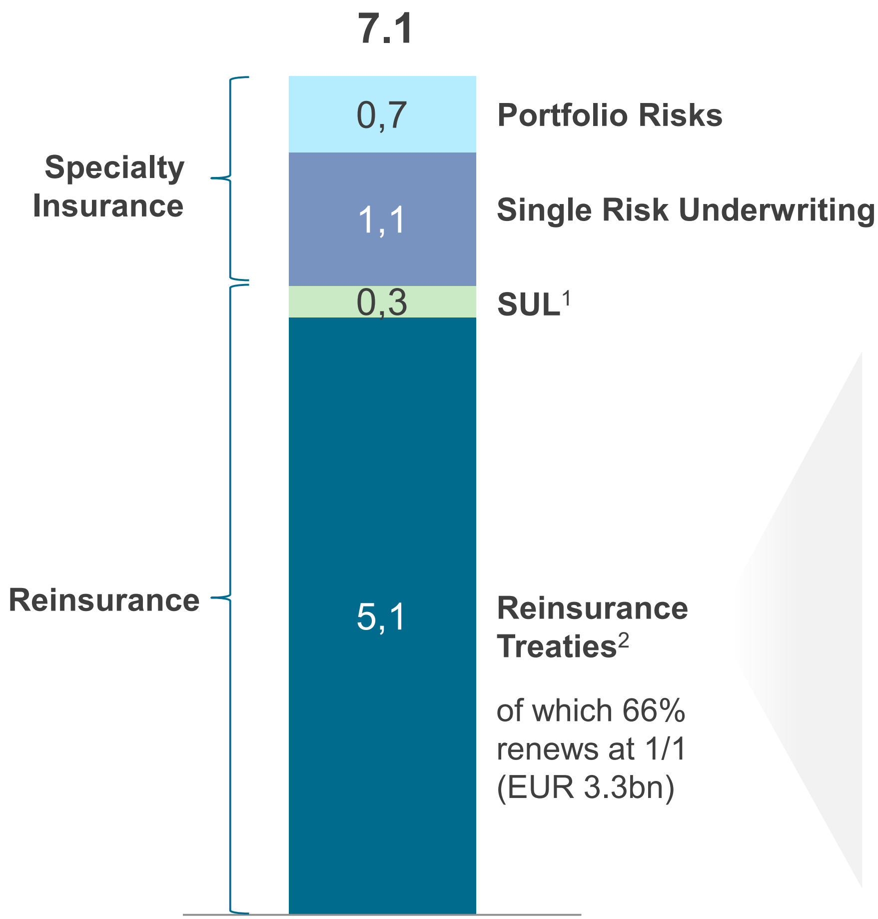


1) Excludes SCOR’s capital provision business at Lloyd’s (“SUL”), Alternative Solutions
2) Re-computing 2019 returns with 2020 parameters with respect to yield curves, corporate tax rate, allocated capital and internal expenses

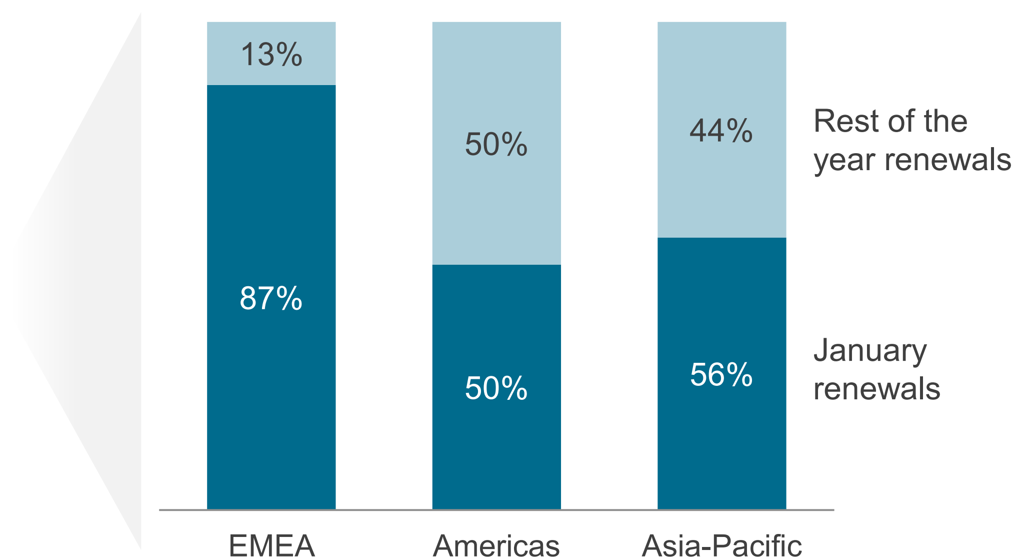
# Around 66% of SCOR's P&C reinsurance premium renews at 1/1

## Estimated total 2019 UW Year premiums

In EUR billions



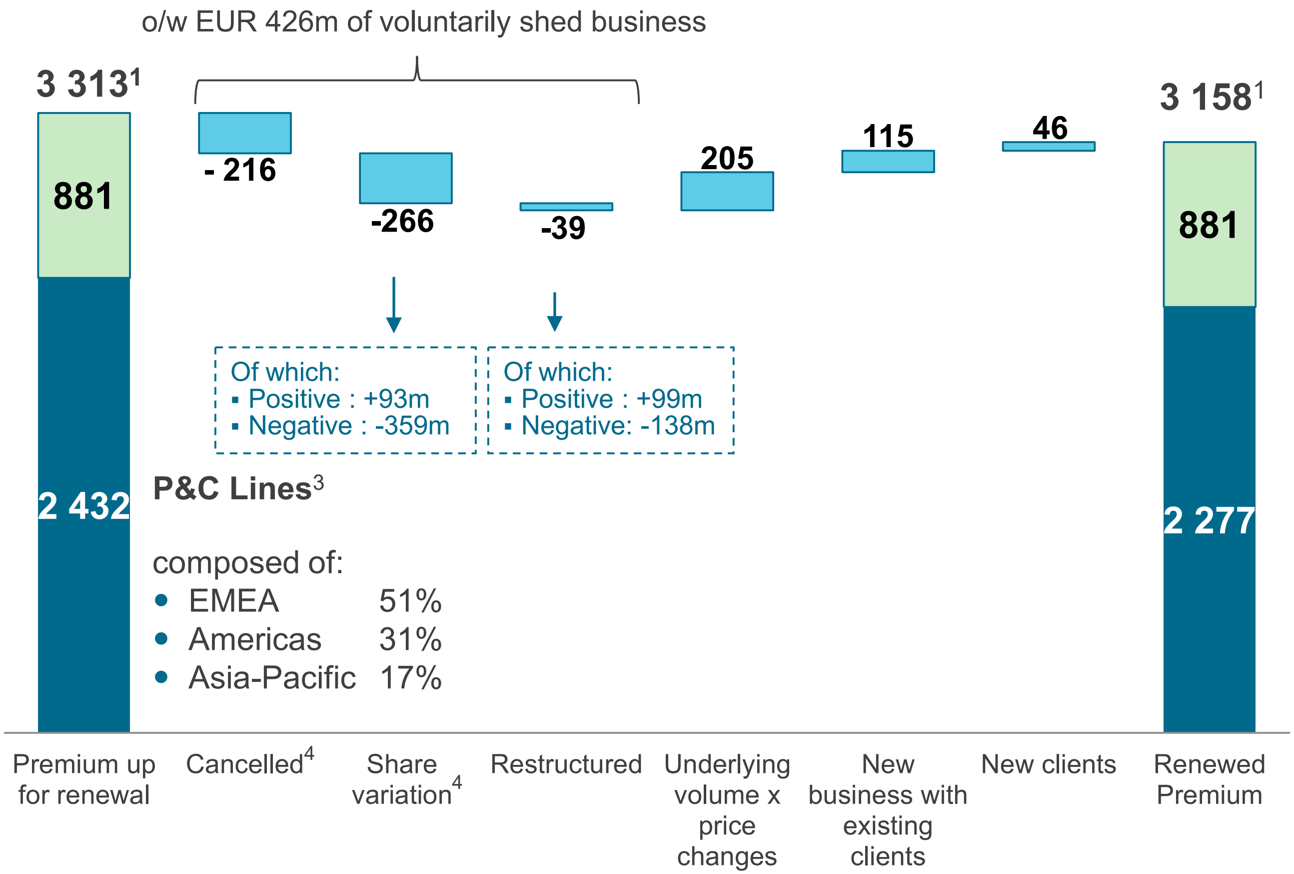

## Reinsurance treaty renewal seasonality




1) SUL = SCOR Underwriting Limited, SCOR's 3rd party capital provision business at Lloyd's
2) Reinsurance treaties include the annual premium of Alternative Solutions business line. All subsequent slides exclude Alternative Solutions business for 2020

# SCOR P&C voluntarily reduces reinsurance premium by 4.7%[1] at 1/1/2020

Gross premiums in EUR millions




**Total change** - 4.7%

**Global Lines**[2] 0.0%

**P&C Lines**[3] - 6.4%

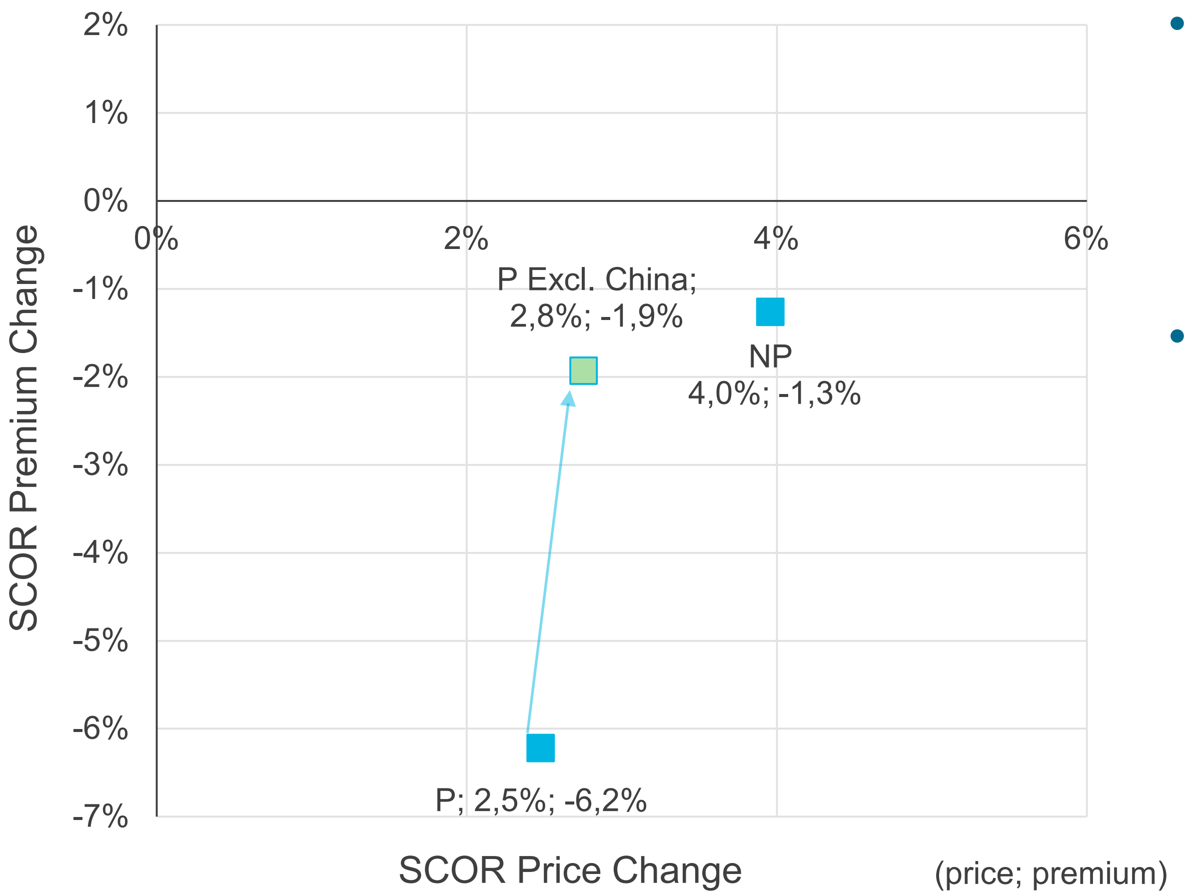
composed of
- EMEA 54%
- Americas 31%
- Asia-Pacific 15%

1) Excludes SCOR's 3rd party capital provision business at Lloyd's ("SUL"), Alternative Solutions
2) Global lines include: Agriculture, Aviation, Credit & Surety, Inherent Defects Insurance, Engineering, Marine and Offshore, Space, and Cyber
3) P&C lines include: Property, Property Cat, Casualty, Motor, and other related lines (Personal Insurance, Nuclear, Terrorism, Special Risks, Motor Extended Warranty, and Inwards retro)
4) Cancelled business and Share variations include portfolio management actions. Portfolio management actions are deliberate share variations, deliberate cancellations and/or new business written

# SCOR Global P&C achieves price improvements both in proportional and non proportional reinsurance

## Reinsurance price and premium changes year on year

In %



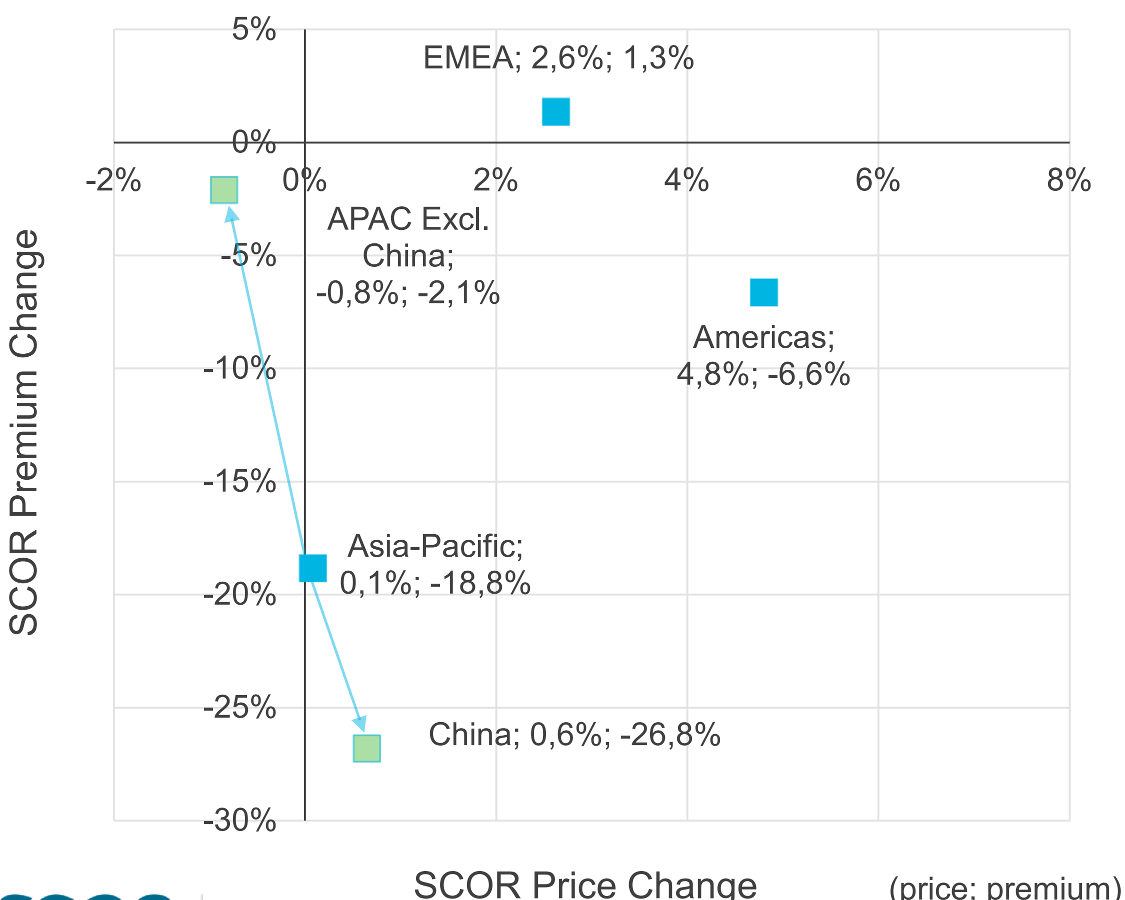

- Proportional:
  - Some reduction in demand as cedents retain more to capture primary rates evolution
  - Management actions to preserve profitability (e.g. China)
- Non-Proportional:
  - Benefits from both primary and reinsurance rates evolution
  - Positive pricing trend mostly relates to long tail business (e.g. Motor, Casualty)

Note: SCOR Price monitoring only considers contracts renewing without any change in structure.

# SCOR Global P&C secures notable price improvements in the Americas and EMEA markets, while APAC pricing remains flat

## Reinsurance price and premium changes year on year

In %




- EMEA:
  - Flat renewals in a context of abundant capacity (with some pockets of hardening)
  - Profitable growth with selected clients
- Americas:
  - Portfolio management in short tail lines, reflecting updated view of risk
  - Selective assessment and selection of casualty exposure
- APAC:
  - Overall flat market environment
  - Portfolio management in China
  - Successful development with selected clients, especially in developed markets

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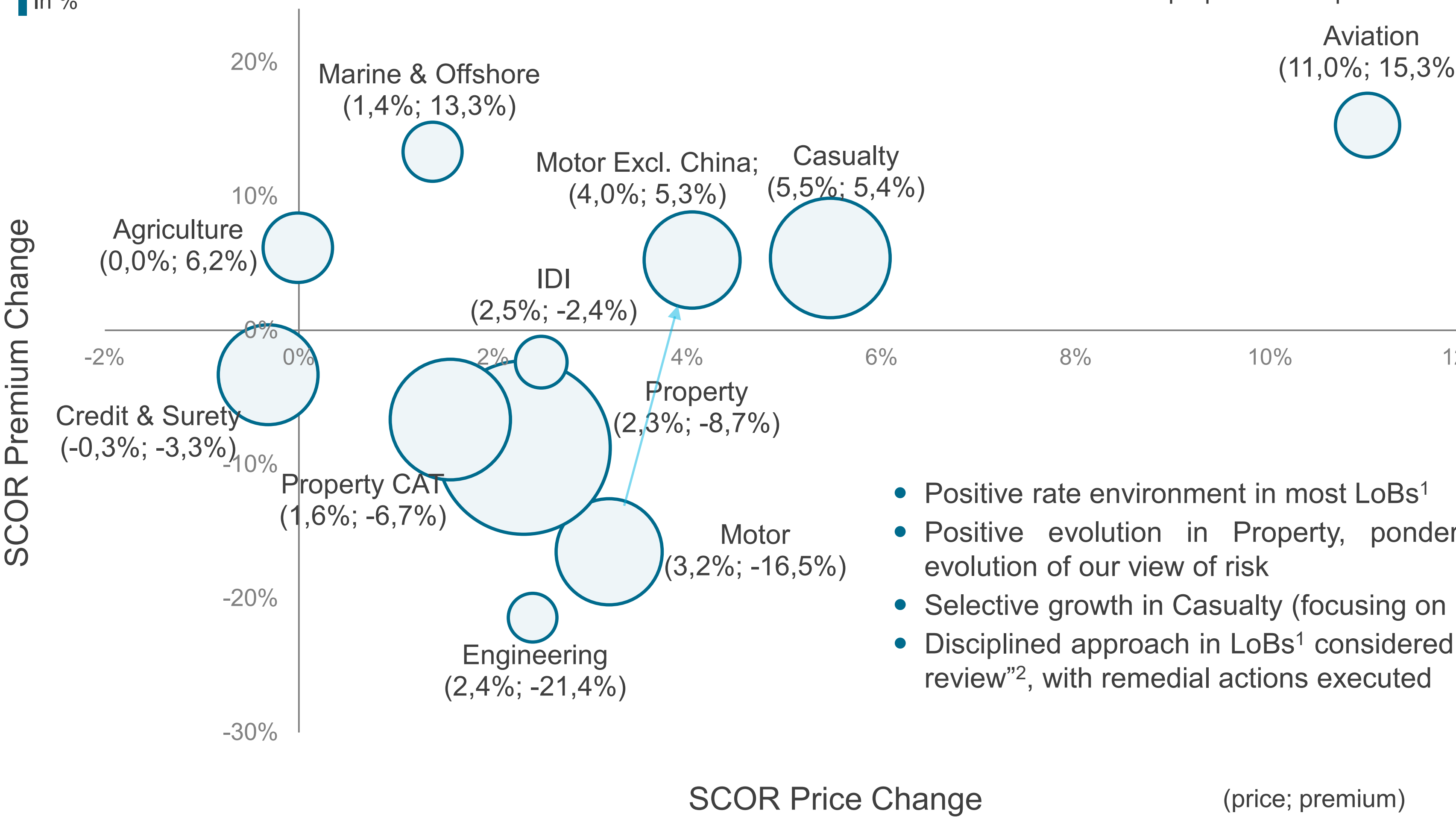
Note: SCOR Price monitoring only considers contracts renewing without any change in structure.

# SCOR Global P&C disciplined underwriting approach translates into positive price momentum across lines

## Reinsurance price and premium changes year on year

In %

Bubble size proportional to premium renewed




- Positive rate environment in most LoBs[1]
- Positive evolution in Property, pondered by evolution of our view of risk
- Selective growth in Casualty (focusing on EMEA)
- Disciplined approach in LoBs[1] considered “under review”[2], with remedial actions executed

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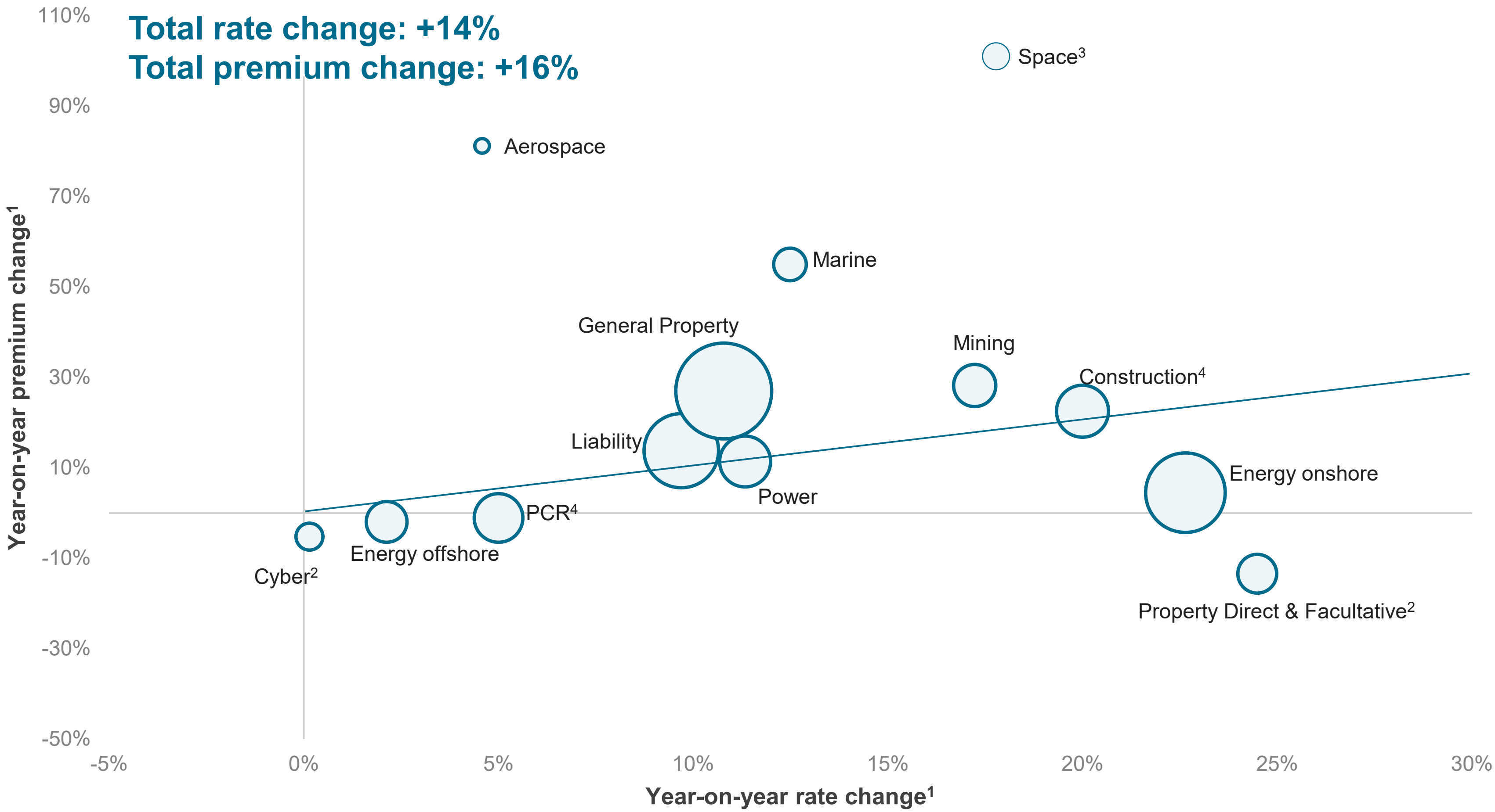
Note: SCOR Price monitoring only considers contracts renewing without any change in structure.
1) Line of Business
2) As per Quantum Leap: Aviation, Engineering, Marine

# Specialty Insurance large commercial single risks
## Strong rate increases leading to selective growth and portfolio management actions

### Single Risk insurance and Facultative reinsurance year-on-year rate vs. premium changes[1]




1) Full underwriting year 2019 (excluding 1st of January 2020 renewed business) vs. full underwriting year 2018.
Bubble sizes represents the 2019 booked and bound premiums
Risk-adjusted pricing rate change – Expert judgement supported by underwriting tools. Only applies to renewable business, except for Construction and PCR (see footnote 4)
2) Cyber contains SCOR Channel business. Property Direct & Facultative is SCOR Channel business only.
3) Rate increase on renewable business, which only represents a small portion of the book
4) Risk-adjusted pricing rate change based on expert judgement only, due to the non-renewable nature of the book

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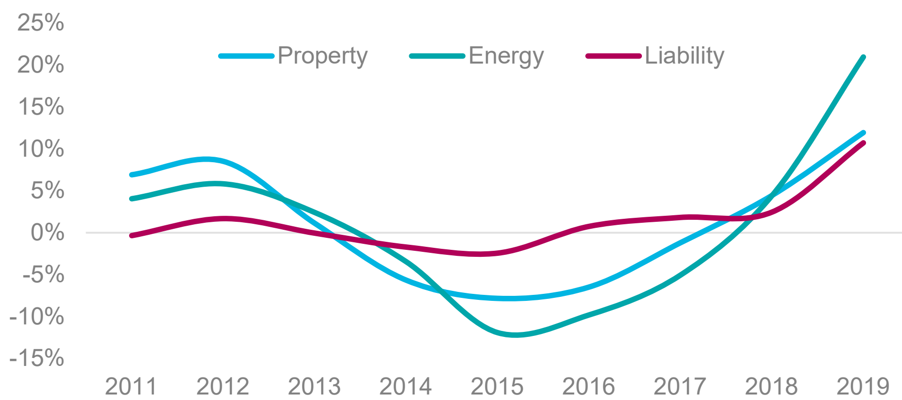
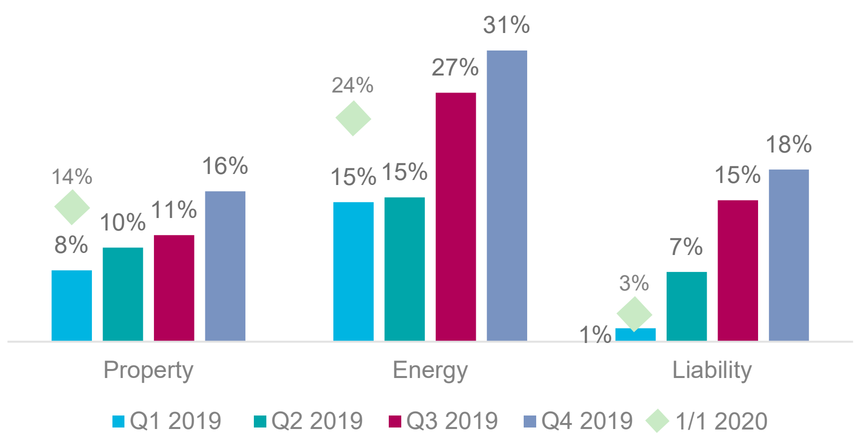
# Specialty Insurance large commercial single risks
# Rate increases' acceleration throughout 2019, confirmed at 1/1/2020

## Annual rate evolution since 2011[1]




## Year on Year quarterly rate evolutions throughout 2019




- **Price increases continued to accelerate throughout 2019, with the impetus given mostly by the US market** This trend continues at 1/1/2020, which is more weighted towards European markets. Key APAC markets (Korea, China) remain relatively competitive, while Australian market continues to harden

- **Property lines**:
  - Rates are overall trending towards c. 2014 levels
  - US market is hardening faster

- **Onshore Energy:**
  - Rates trending towards c. 2014 levels
  - More porosity and faster connectivity between markets in a global line, in which the London market plays a key role
  - Trend fueled by US adverse loss experience spreading to EMEA through London
  - Asia remains more subdued and less impacted by the large claims of the last three years

- **Casualty and financial lines:**
  - Rate corrections are still modest in continental European markets, with strong US momentum still to spread beyond US risks
  - Financial Lines react faster than General Liability



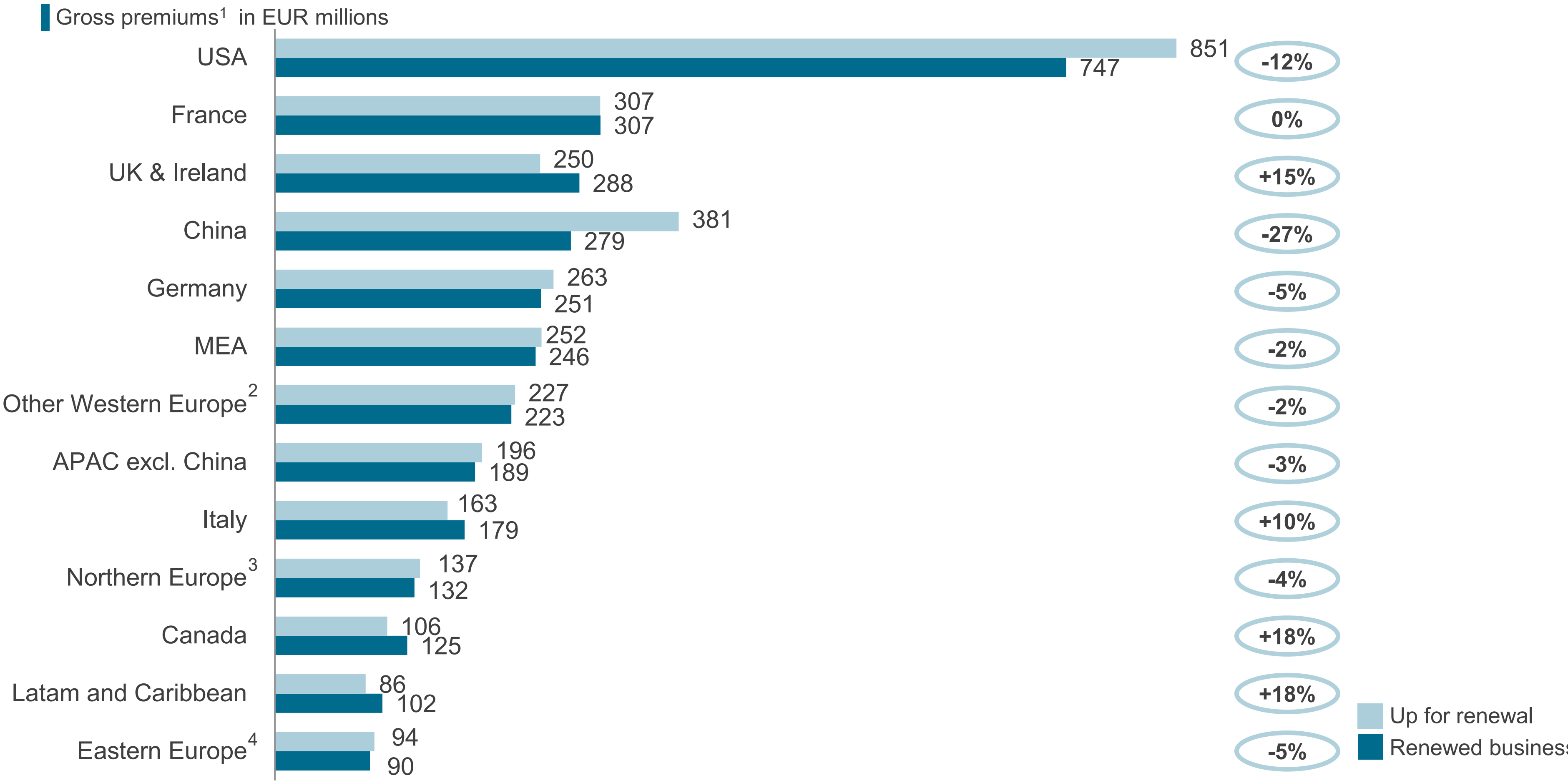
Risk-adjusted pricing rate change – Expert judgement supported by underwriting tools

1) Energy includes onshore and offshore. Property includes Property, Power and Mining. Liability includes Liability Energy, Non-Energy, Financial Lines & Homebuilders

# APPENDICES

# SCOR Global P&C's reinsurance gross premium – By geography

## By Geography

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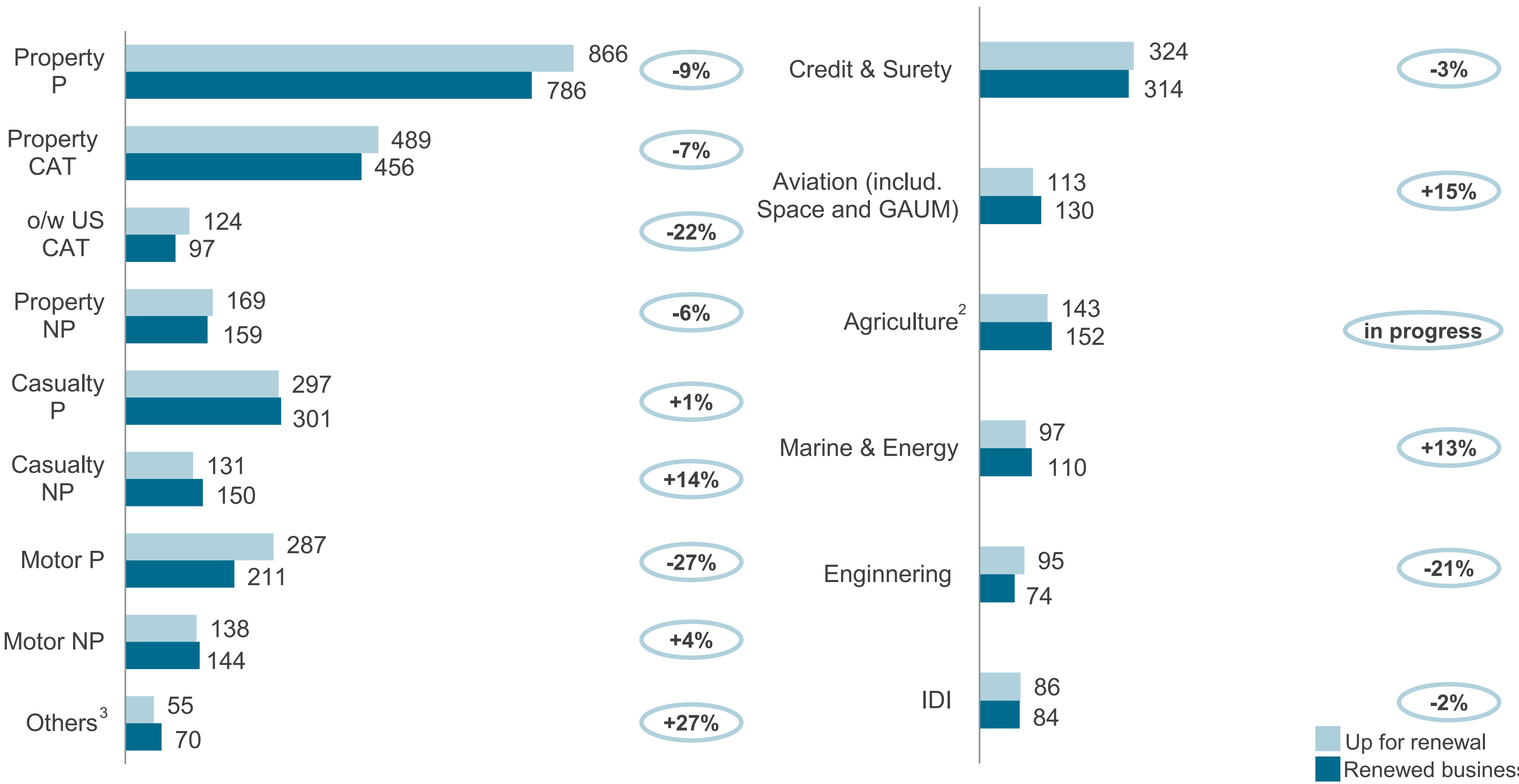
1) Excludes SCOR's capital provision business at Lloyd's ("SUL"), Alternative Solutions
2) Other Western Europe: Austria, Cyprus, Greece, Malta, Portugal, Spain, Switzerland
3) Northern Europe: Belgium, Luxembourg, The Netherlands, Sweden, Denmark, Norway, Finland, Iceland
4) Eastern Europe: Albania, Bosnia, Bulgaria, C.I.S., Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Macedonia, Montenegro, Poland, Romania, Serbia, Slovakia, Slovenia

# SCOR Global P&C's reinsurance gross premium – By line of business

Gross premiums[1] in EUR millions

## By line of business




1) Excludes SCOR's capital provision business at Lloyd's ("SUL"), Alternative Solutions
2) Position of the Agriculture renewals as at January 21, 2020
3) Includes Personal Insurance, Nuclear, Terrorism, Special Risks, Motor Extended Warranty, and Inwards Retrocession

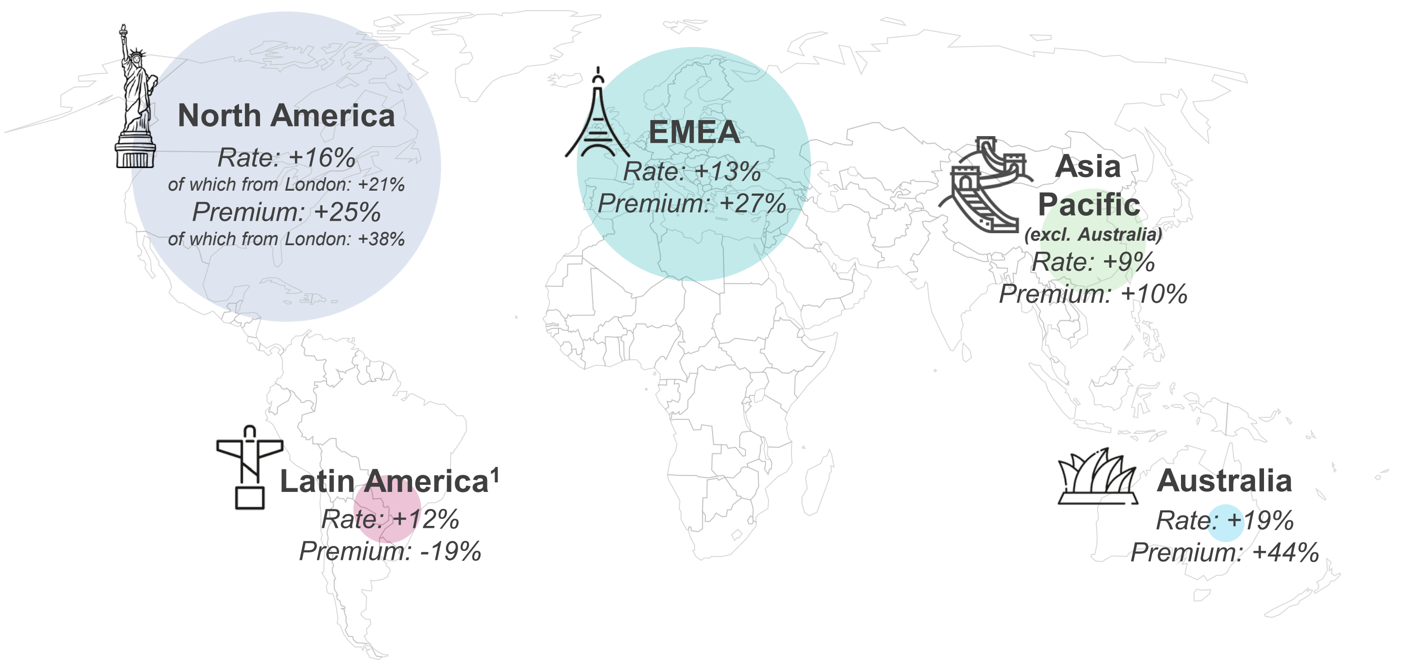
# Specialty Insurance large commercial single risks

## Rate increases, largely driven by the US, are expanding globally with the strongest rate corrections experienced on the London market

### Total Large Commercial single risks insurance and facultative reinsurance

Rate: +14%

Premium: +16%




**London market[1]**
***(excl. Lloyd's)***
*Rate: +19%*
*Premium: +16%*

**Lloyd's Property Direct & Facultative**
*Rate: +25%*
*Premium: -13%*

Bubble sizes represents the 2019 booked and bound premiums per client origin
Excluding Lloyd's business, and Construction and Political & credit risk business written through company papers
**Rate change:** for renewable business only. Expert judgement supported by underwriting tools
**Premium change:** for all bound business including new business
2019 vs. 2018 (excluding 1st January 2020 renewed business).

1) For Latin America, excludes one large contract (PDVSA) which was not renewed in 2019. Adjusted for this large contract, Latin American premium change would be -13%. Latin America also impacted by Long-term agreement contracts.

# Definitions

- **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
- **2019 Underwriting year premiums:** SCOR Global P&C premiums for contracts incepting between January 2019 and December 2019, expressed at December 31, 2019 closing exchange rates