

Press Release

February 7, 2023 - N° 02

January 2023 P&C Renewal Results

SCOR improves the expected technical profitability and risk-return profile of its portfolio in a favorable market environment

- As announced during its Investor Day on November 9, 2022, SCOR pursues a clear objective at the January 1, 2023 renewals: **to improve the expected technical profitability and improve the risk-return profile of its P&C portfolio**, taking full advantage of the current favorable market conditions.
- To achieve this objective, SCOR has particularly focused on optimizing the capital allocation by line and by client, and on optimizing the portfolio mix, in terms of both risk diversification and the resilience of the technical results.
- The implementation of these principles has led SCOR, during the January 1, 2023 renewals, to:
 - **continue to grow Global Lines** (+11% of EGPI¹ excluding Agriculture);
 - **strengthen profitable relationships with its long-term clients**;
 - **reduce exposure to natural catastrophe risks** (-14% reduction of 1-in-250-year net Cat PML);
 - **finally, to reshape its portfolio by reducing the lines most sensitive to economic and social inflation** (particularly -24% of EGPI for Casualty and Motor lines).

The combination of these four actions has resulted in an overall reduction of EGPI of -12% for renewed reinsurance business.

- SCOR achieves its objective and significantly improves the expected technical profitability and risk-return profile of its P&C portfolio at the January 1, 2023 renewals. These actions should result in an improvement in the *expected* net underwriting ratio of around 2.5 to 3 points, stemming from an overall rate increase of 9% across the portfolio.
- SCOR is confident that the current P&C cycle will continue. The Group is actively preparing the upcoming April, June and July 2023 renewals in a positive market environment.

January 2023 P&C Reinsurance Treaty Renewals

These renewals have been marked by a decrease in reinsurance supply and strong demand for protection from cedants.

¹ Estimated Gross Premium Income (EGPI)

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Reinsurance treaties renewal book at January 1, 2023¹:

	Gross Premiums renewed (in EUR millions) ²	Evolution vs. January 2022	Main lines concerned
Treaty P&C Lines ³	2,176	-20.4%	<ul style="list-style-type: none"> US Casualty, Property proportional, Motor proportional
Treaty Global Lines ⁴	1,479	+3.6%	<ul style="list-style-type: none"> IDI and Engineering Cyber (pricing impact only)
TOTAL	3,655	-12.1%	

1. Approximately 67% of SCOR's P&C reinsurance premiums – representing 47% of SCOR's total P&C premiums – is renewed in January.
2. Excluding one large transaction in Europe, and SCOR's 3rd party capital provision business at Lloyd's ("SUL").
3. *Treaty P&C Lines* include Property, Property Cat, Casualty, Motor, and other related lines (Personal Insurance, Nuclear, Terrorism, Special Risks, Motor Extended Warranty, and Inwards Retrocession).
4. *Treaty Global Lines* include Agriculture, Aviation, Credit & Surety, Inherent Defects Insurance, Engineering, Marine and Offshore, Space, Cyber and Alternative Solutions.

Underwriting has been thoroughly reviewed, with a particular focus on diversification and portfolio balance to take advantage of current market conditions.

Growth in Global Lines continues, with an increase in EGPI² of +11% excluding Agriculture. The weight of Global Lines (accounting for 43% of the January EGPI compared to 36% a year ago) and of Europe & Canada (accounting for 61% of the January EGPI compared to 55% a year ago) has also increased.

SCOR has carefully taken into account the changes in claims experience in its pricing, particularly for natural catastrophes, by revising the calibration of these risks. Consequently, the Cat PML³ has decreased by -14% (following a -21% reduction in 2022). This has essentially been achieved through reduced limits on Cat-exposed Property proportional covers (-30%) and aggregate XL (-25%), and through a significant increase in cedant retention.

Because of the acceleration of inflation, SCOR incorporates forward-looking inflation assumptions (for economic and social inflation) for 2023, which vary between 4% and 14% depending on the geographical area. SCOR is reducing its exposure to the most inflation-sensitive lines such as US Casualty and Motor proportional.

The *expected* net underwriting ratio⁴ of the portfolio renewed on January 1, 2023, has improved by 2.5 to 3 points. This improvement stems from a rate increase of 9% before taking inflation assumptions into account. The main rate increases are observed on Property Cat treaties, most notably in North America and Europe (+71% and +44% respectively).

SCOR obtains better terms during these renewals, such as the exclusion of additional perils, higher attachment points and tightened reinstatement provisions.

² Estimated Gross Premium Income (EGPI)

³ PML (probable maximum loss) as measured by the net Aggregate Exceedance Probability 1-in-250 years

⁴ Sum of the expected cost of claims, commissions and the brokerage costs net of retrocession divided by the premium net of retrocession for the underwriting year

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Jean-Paul Conoscente, CEO for P&C at SCOR, comments: *“In one of the best reinsurance environments witnessed in a few decades, SCOR is taking all possible steps to improve the risk-reward profile and technical profitability of its portfolio. To achieve this, SCOR has been particularly focused on controlling exposures, on optimizing the capital allocated to the various lines, and on diversifying its risk portfolio. I am confident: the technical profitability of the renewed portfolio should increase significantly. Market hardening looks set to continue, which will allow SCOR to continue to deploy its capital under favorable market conditions during the next renewals”.*

SCOR will publish its full year results on March 2nd, 2023.

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General

Numbers presented throughout this document 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 document 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 document includes forward-looking statements and information about SCOR's financial condition, results, business, strategy, plans and objectives, in particular, relating to SCOR's current or future projects.

These statements are sometimes identified by the use of the future tense or conditional mode, or terms such as “estimate”, “believe”, “anticipate”, “expect”, “have the objective”, “intend to”, “plan”, “result in”, “should”, and other similar expressions.

It should be noted that the achievement of these objectives and forward-looking statements and information is dependent on circumstances and facts that arise in the future.

No guarantee can be given regarding the achievement of these forward-looking statements and information. These forward-looking statements and information are not guarantees of future performance. Forward-looking statements and information and information about objectives may be impacted by known or unknown risks, identified or unidentified uncertainties and other factors that may significantly alter the future results, performance and accomplishments planned or expected by SCOR.

In particular, it should be noted that the full impact of the Covid-19 crisis on SCOR's business and results cannot

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be accurately assessed, in particular given the uncertainty related to the evolution of the pandemic, to its effects on health and on the economy, and to the possible effects of future governmental actions or legal developments in this context.

In addition, the full impact of the Russian invasion and war in Ukraine on SCOR's business and results cannot be accurately assessed at this stage, given the uncertainty related both to the magnitude and duration of the conflict, and the consequential impacts.

Therefore, any assessments and any figures presented in this document will necessarily be estimates based on evolving analyses, and encompass a wide range of theoretical hypotheses, which are highly evolutive.

Information regarding risks and uncertainties that may affect SCOR's business is set forth in the 2021 Universal Registration Document filed on March 3, 2022, under number D.22-0067 with the French Autorité des marchés financiers (AMF) posted 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.

SCOR has no intention and does not undertake to complete, update, revise or change these forward-looking statements and information, whether as a result of new information, future events or otherwise.

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 2022 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 of December 31, 2022 unless otherwise specified.

All figures are based on available information as of January 19, 2023 unless otherwise specified.