

ONE
VISION

2019
SOLVENCY
AND FINANCIAL
CONDITION
REPORT

ONE
GROUP

SCOR GROUP
AND SCOR SE

SCOR

The Art & Science of Risk

CONTENTS —

EXECUTIVE SUMMARY 2

A BUSINESS AND PERFORMANCE 7

A.1. Business	8
A.2. Underwriting performance	19
A.3. Investment performance	26
A.4. Performance of other activities	32
A.5. Any other information	32

B SYSTEM OF GOVERNANCE 34

B.1. General information on the system of governance	36
B.2. Fit and proper requirements	49
B.3. Risk management system including the Own Risk and Solvency Assessment (ORSA)	53
B.4. Internal control system	59
B.5. Internal Audit	61
B.6. Actuarial function	62
B.7. Outsourcing	63
B.8. Other material information regarding the system of governance	65

C RISK PROFILE 67

C.1. Introduction	68
C.2. Underwriting risks	69
C.3. Market risks	78
C.4. Credit risks	80
C.5. Liquidity risks	82
C.6. Operational risks	84
C.7. Other material risks	86
C.8. Any other information	93

D VALUATION FOR SOLVENCY PURPOSES 95

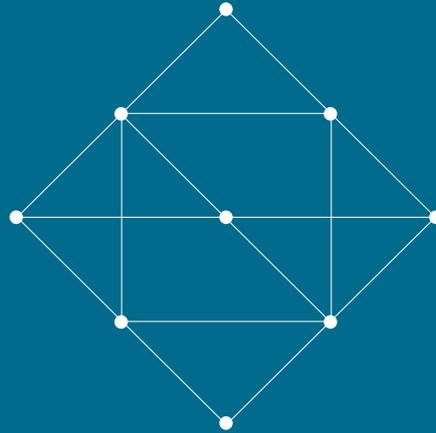
D.1. Assets	97
D.2. Technical provisions	110
D.3. Other liabilities	122
D.4. Alternative methods for valuation	130
D.5. Any other information	131

E CAPITAL MANAGEMENT 133

E.1. SCOR Group	134
E.2. SCOR SE	143

APPENDIX 148

Appendix A SCOR Group public disclosure QRTs	148
Appendix B SCOR SE public disclosure QRTs	168



SOLVENCY AND FINANCIAL CONDITION REPORT 2019

SCOR
The Art & Science of Risk

A European Company with share capital
of EUR 1,473,383,816.88

Registered Office:
5 avenue Kléber — 75116 Paris
Trade and Company register (RCS)
Paris No. 562 033 357

EXECUTIVE SUMMARY

INTRODUCTION

This document, the Solvency and Financial Condition Report (SFCR) for SCOR Group and SCOR SE, presents information on SCOR and its solvency position as at December 31, 2019 and has been prepared in accordance with Solvency II regulations. SFCR appendices include key financial information in the standard format of Solvency II public Quantitative Reporting Templates.

This report covers the consolidated SCOR Group as a whole (SCOR SE and all its branches and subsidiaries), as well as additional information specific to SCOR SE, which is a European Economic Area (EEA) regulated reinsurance undertaking based in France (further referred to as regulated entity or solo entity).

The following four subsidiaries of SCOR SE, which are also (EEA) regulated reinsurance undertakings, have published separate Solvency and Financial Condition Reports:

- SCOR Global Life Reinsurance Ireland dac (further referred to as SGLRI);
- SCOR Life Ireland dac (further referred to as SLI);
- SCOR UK Company Limited (further referred to as SCOR UK);
- SCOR Europe SE.

The SFCRs of SCOR Group and its EEA regulated entities are available at www.scor.com and have also been submitted to the relevant supervisory authorities.

The Solvency and Financial Condition Report includes the following chapters, which are summarized below:

- A. Business and performance
- B. System of governance
- C. Risk profile
- D. Valuation for solvency purposes
- E. Capital management

Within the narratives and the tables of the executive summary and the narratives of the rest of this report, the figures have been presented in millions of currency units to improve readability. Tables containing figures in the rest of this report are presented in thousands of currency units. Certain reclassifications and revisions have been made to the financial information in respect of the prior year to bring it in line with the current year presentation. This report is available in English and French.

References to additional details included in the following publicly available documents have been made throughout the report:

- 2019 *Document d'Enregistrement Universel* – the Universal Registration Document of SCOR SE, including the consolidated financial statements of SCOR Group and unconsolidated corporate financial statements of SCOR SE (*États financiers non consolidés de SCOR SE*), filed with the French financial markets authority (Autorité des marchés financiers – AMF) and available on SCOR's website www.scor.com/en/financial-information (further referred to as the 2019 Universal Registration Document or the URD);
- SCOR's new strategic plan, "Quantum Leap" covering the period mid-2019 to end of 2021 available at www.scor.com/en/media/news-press-releases/scor-launches-its-new-strategic-plan-quantum-leap

SCOR Group

Business and Performance

SCOR SE and its consolidated subsidiaries ("SCOR" or the "Group") form the world's fourth largest reinsurer⁽¹⁾ serving more than 4,000 clients from its three regional management platforms, or organizational Hubs (the "Hubs"): the EMEA Hub, the Americas Hub and the Asia-Pacific Hub.

The Group is a three-engine group driven by SCOR Global Life, SCOR Global P&C and SCOR Global Investments. The Group's organizational choices were guided by the principles of mobilization of skills and expertise, operating efficiency, structural simplicity, clear reporting lines and balance amongst teams from the Group's different entities.

SCOR Global P&C, the Group's Non-Life business unit, operates worldwide through the insurance and reinsurance subsidiaries and branches of SCOR SE in the EMEA, Americas and Asia-Pacific regions.

SCOR Global Life, the Group's Life business unit, operates worldwide through the insurance and reinsurance subsidiaries and branches of SCOR SE in the EMEA, Americas and Asia-Pacific regions. It operates its reinsurance distribution solutions activities through a specialized subsidiary.

SCOR Global Investments, the third business unit of the Group, manages the investment portfolios of the Group's legal entities.

SCOR Group is regulated by the "Solvency II" European Directive which applies since January 1, 2016, having been transposed into national law in all relevant European jurisdictions over the last years.

(1) By net reinsurance premiums written, source: "AM Best Special Report Global Reinsurance 2019".

SCOR Group is subject to supervision by the French insurance supervisor (*Autorité de contrôle prudentiel et de résolution – ACPR*), which has oversight authority as Group supervisor but also as local supervisor for each French insurance or reinsurance company. Since January 1, 2016, the regulatory solvency position of the Group has been assessed using SCOR's internal model, which was approved in November 2015 by the relevant supervisory authorities.

Consolidated SCOR Group

<i>In EUR millions</i>	Year ended 12/31/2019	Year ended 12/31/2018
Eligible Own Funds (EOF)	10,337	9,062
Solvency Capital Requirement (SCR)	4,580	4,213
Solvency ratio	226%	215%
Gross written premiums	16,341	15,258

In 2019, SCOR has delivered profitable growth, whilst absorbing the impact of a higher frequency and severity of natural catastrophe events that occurred for the third consecutive year. The Group has navigated 2019 successfully by continuing its franchise expansion, and by leveraging its balanced portfolio between Life and P&C while generating solid operating capital. As at December 31, 2019 SCOR's solvency ratio is slightly above the optimal range of 185%-220% as defined in the "Quantum Leap" plan, and its Eligible Own Funds consist of 86% of Tier 1 and 14% of Tier 2 capital.

As per regulatory requirements, this report focuses on the developments in the financial year ending on December 31, 2019. Since early 2020, the new Covid-19 virus has been spreading worldwide. On March 11, 2020, the World Health Organization declared the outbreak of Covid-19 a global pandemic. For an update as at the time of the publication of this report and based on the March 31, 2020 figures, please see section A.5 – Any other information.

System of governance

SCOR SE is a European Company (*Societas Europaea*) registered with the Paris Trade and Companies Register. It is SCOR Group's parent company.

SCOR SE's shares are listed on the Eurolist of Euronext Paris SA and on the SIX Swiss Exchange in Zurich. SCOR SE is subject to applicable French laws and regulations (including, but not limited to, the French Commercial Code, the AMF Regulation, the French Monetary and Financial Code and the French Insurance Code) and is supervised notably by the AMF and the *Autorité de contrôle prudentiel et de résolution* ("ACPR"). In application of the July 3, 2008 Act implementing the European Union Directive 2006/46/CE of June 14, 2006, SCOR SE refers to the AFEP-MEDEF corporate governance code for listed companies.

SCOR believes that its application of corporate governance principles is appropriate and complies with best corporate governance practices in effect in France in light of AMF and AFEP-MEDEF recommendations.

Risk profile

The Group regularly conducts reviews of the risks that could have a material adverse effect on its activity, its financial position or results (or capacity to meet objectives), and considers that no significant risk other than those disclosed in the Risk profile chapter of this report exists.

The Group has identified the following categories of risks, also applicable to legal entities:

- underwriting risks related to the P&C and Life reinsurance businesses, which can arise when the actual amounts of claims and indemnity payments, or the timing thereof, differ from estimates;
- market risks; the risk that the fair value of future cash flows of a financial instrument fluctuates because of changes in market prices or macroeconomic variables;
- credit risks; the risk of incurring a loss as a result of an unexpected change in the financial situation of a counterparty;
- liquidity risks, which can arise when available liquidity is not sufficient to meet liquidity needs;
- operational risks, which are inherent to all businesses;
- strategic risks, which can arise either from the strategy itself, from external risks or from internal risks.

These risks described in the Risk profile chapter are managed through a variety of mechanisms in SCOR's ERM (Enterprise Risk Management) framework.

Valuation for solvency purposes

Solvency II requires SCOR to produce an economic balance sheet (subsequently referred to as EBS) representing a market view of its assets and liabilities as at the reporting date. Solvency II regulations require the EBS to include assets valued at the amount for which they could be exchanged between knowledgeable and willing parties in an arm's length transaction and liabilities valued at the amount for which they could be transferred, or settled, between knowledgeable and willing parties in an arm's length transaction. In addition, liabilities are not adjusted to take account of the credit standing of the reporting entity.

EXECUTIVE SUMMARY

The details of the valuation principles applied in the EBS, including the differences between the valuation principles and those applied in the financial statements, are outlined in Chapter D – Valuation for solvency purposes of this report.

In the EBS, both assets and liabilities relating to in-force business are recognized at market-consistent values, which constitute the valuation for solvency purposes. SCOR's EBS as at December 31, 2019 was prepared based on the assumption that the Group and all solo entities will continue as going concern in line with the preparation of the consolidated and legal entities' financial statements. SCOR Group prepares consolidated financial statements in accordance with International Financial Reporting Standards (IFRS).

The preparation of the EBS requires management to make certain judgments, assumptions and estimates. These affect the reported amounts of assets and liabilities and the additional disclosures. Management reviews these estimates and assumptions periodically, based on past experience and other factors. The actual outcome and results could differ substantially from estimates and assumptions made. The most material financial statement items for which the Group and EEA regulated entities use estimates and assumptions are technical provisions (best estimate liabilities and risk margin), insurance and reinsurance receivables/payables, intangible assets and deferred taxes.

The consolidated economic balance sheet of SCOR Group is prepared using the same principles applied to its consolidated financial statements (as described in Section D.1.3 – Participations). All material intragroup balances and transactions including the result of inter-company transactions are eliminated.

The principles for the valuation for solvency purposes of assets, technical provisions and other liabilities as presented in this chapter have been applied consistently by SCOR Group and its subsidiaries, including third-country undertakings.

Capital management

Capital management is at the core of SCOR's strategy. SCOR's goal is to manage its capital in order to maximize its profitability while maintaining solvency within its "optimal" target range of between 185% and 220% in line with its risk/return strategy as defined in SCOR's current strategic plan "Quantum Leap" and the previous strategic plan "Vision in Action".

SCOR has had strong capital management governance and processes in place with integrated supervision of regulatory constraints at Group level for many years, ensuring an optimized use of capital and fungibility of capital within the Group. On a quarterly basis, SCOR monitors and updates all Group and legal entity capital and regulatory solvency positions (actuals and one-year projections) to detect any material changes over each quarter and to anticipate the necessary actions to maintain adequate solvency. This detailed capital planning exercise is based on the Group's bi-annual financial operating plan and is broken down at legal entity level. SCOR also performs three-year capital projections, including IFRS, regulatory capital, and rating capital projections, in the context of its three-year strategic planning exercise.

SCOR Group considers that there is no significant restriction affecting fungibility and transferability of its basic own funds for covering the Group Solvency Capital requirement (SCR).

SCOR developed its internal model to ensure that its solvency is properly measured: The model is part of a comprehensive solvency framework which seeks to ensure that SCOR is solvent now and will continue to be solvent in the future. Based on a deep understanding of the risks SCOR faces, the internal model uses state-of-the-art techniques to measure the SCR.

SCOR's internal model is central to SCOR's decision making and is widely used to support the Group's business initiatives and to provide input to management decisions.

SCOR SE Business and performance

SCOR SE

<i>In EUR millions</i>	Year ended 12/31/2019	Year ended 12/31/2018
Eligible Own Funds (EOF)	10,410	8,856
Solvency Capital Requirement (SCR)	4,580	4,213
Solvency ratio	227%	210%
Gross written premiums	7,511	2,400

SCOR SE's Eligible Own Funds at December 31, 2019 consist of 82% of Tier 1, 14% of Tier 2 and 4% of Tier 3 capital.

System of governance

SCOR SE is a European Company (*Societas Europaea*) registered with the Paris Trade and Companies Register under the number 562 033 357 RCS Paris. It is SCOR Group's parent company. SCOR SE's governance structure is the same as that of SCOR Group.

Two former subsidiaries, SCOR Global Life SE and SCOR Global P&C SE, merged into SCOR SE on March 31, 2019 with retroactive effect from January 1, 2019. This reorganization, which was announced by SCOR in September 2016 as part of its previous strategic plan "Vision in Action", enables SCOR to optimize its operational and legal structure and level of regulatory capital, thereby creating additional value for its shareholders, customers and other stakeholders.

The *Autorité de contrôle prudentiel et de résolution* (ACPR) confirmed its non-opposition to this merger on March 20, 2019, and the Group obtained all related required regulatory authorizations for the Group's branches and foreign subsidiaries.

Risk profile

SCOR SE regularly conducts reviews of the risks that could have a material adverse effect on its activity, its financial position or results (or capacity to meet objectives), and considers that no other significant risk, other than those disclosed in the Risk profile chapter of this report exists.

SCOR SE has identified the following risks categories:

- underwriting risks related to the P&C and Life reinsurance businesses, which can arise when the actual amounts of claims and indemnity payments, or the timing thereof, differ from estimates;
- market risks; the risk that the fair value of future cash flows of a financial instrument fluctuates because of changes in market prices or macroeconomic variables;
- credit risks; the risk of incurring a loss as a result of an unexpected change in the financial situation of a counterparty;
- liquidity risks, which can arise when available liquidity is not sufficient to meet liquidity needs;
- operational risks, which are inherent to all businesses;
- strategic risks, which can arise either from the strategy itself, from external risks or from internal risks.

All risks described in the Risk profile chapter are managed through a variety of mechanisms in SCOR's ERM (Enterprise Risk Management) framework.

Valuation for solvency purposes

Solvency II requires SCOR SE to produce an economic balance sheet (subsequently referred to as EBS) representing a market view of its assets and liabilities as at the reporting date. Solvency II regulations require the EBS to include assets valued at the amount for which they could be exchanged between knowledgeable willing parties in an arm's length transaction and liabilities valued at the amount for which they could be transferred, or settled, between knowledgeable willing parties in an arm's length transaction. In addition, liabilities are not adjusted to take account of the credit standing of the reporting entity.

The details of the valuation principles applied in the EBS, including the differences between the valuation principles and those applied in the financial statements, are outlined in this chapter.

In the EBS, both assets and liabilities relating to in-force business are recognized at market-consistent values, which constitute the valuation for solvency purposes. SCOR SE's EBS as at December 31, 2019 was prepared based on the assumption that SCOR Group, SCOR SE and all solo entities will continue as going concern in line with the preparation of the consolidated and legal entities' financial statements. SCOR SE prepares its financial statements under French GAAP.

The preparation of the EBS requires management to make certain judgments, assumptions and estimates. These affect the reported amounts of assets and liabilities and the additional disclosures. Management reviews these estimates and assumptions periodically, based on past experience and other factors. The actual outcome and results could differ substantially from estimates and assumptions made. The most material financial statement items for which the Group and EEA regulated entities use estimates and assumptions are technical provisions (best estimate liabilities and risk margin), insurance and reinsurance receivables/payables and deferred taxes.

Capital management

As the parent company of SCOR Group, SCOR SE's capital management governance and processes, and capital planning are the same as those of SCOR Group.

SCOR SE's own funds structure is similar to that of the Group. SCOR SE considers all its basic own funds, identified in line with Solvency II rules and resulting from economic adjustments made to SCOR SE's shareholders' equity under French GAAP, as available and eligible to cover the SCR.

SCOR applies the same internal model across the Group including SCOR SE. Since January 1, 2016, the regulatory solvency position of SCOR SE has been assessed using SCOR's internal model, which was approved in November 2015 by the relevant supervisory authorities.

SCOR's internal model is central to decision making and is widely used to support the Group's business initiatives and to provide input to management decisions.

A

BUSINESS AND PERFORMANCE

A.1. BUSINESS	8	A.3. INVESTMENT PERFORMANCE	26
A.1.1. Overview of the SCOR Group and SCOR SE	8	A.3.1. SCOR Group	26
A.1.2. Business description	13	A.3.2. SCOR SE	31
A.2. UNDERWRITING PERFORMANCE	19	A.4. PERFORMANCE OF OTHER ACTIVITIES	32
A.2.1. SCOR Group	19	Operating lease contracts	32
A.2.2. SCOR SE	24	Finance lease contracts	32
		Other activities	32
		A.5. ANY OTHER INFORMATION	32
		Covid-19 Pandemic Update	32

A.1. BUSINESS

A.1.1. OVERVIEW OF THE SCOR GROUP AND SCOR SE

A.1.1.1. Name and legal form of SCOR Group and SCOR SE

SCOR SE is the parent company of SCOR Group. SCOR SE is a European Company (*Societas Europaea*).

Registered office of SCOR SE and contact information

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75116 PARIS
France
Tel.: +33 (0) 1 58 44 70 00
Fax: +33 (0) 1 58 44 85 00

www.scor.com
E-mail: scor@scor.com

A.1.1.2. Supervisory authorities for the SCOR Group and its French entities

The Group's business units' business activities of insurance, reinsurance and asset management are subject to comprehensive regulation and supervision in each of the various jurisdictions where the Group operates. Given that the Group is headquartered in Paris (France), this supervision is based, to a significant extent, on European Union directives and on the French regulatory system. The Group's principal regulators in France are the financial markets authority (Autorité des marchés financiers – AMF), and the French insurance supervisor (*Autorité de contrôle prudentiel et de résolution* – ACPR).

Under Solvency II, supervisors from all Member States in which SCOR's subsidiaries are established are involved in the Group's supervision through the College of supervisors comprising: the ACPR, Central Bank of Ireland (CBI) and Prudential Regulation Authority (PRA).

Name of the supervisory authority	Contact details	Entities in scope
Autorité de contrôle prudentiel et de résolution (ACPR)	Autorité de contrôle prudentiel et de résolution 4, place de Budapest CS 92459 75436 Paris Cedex 09	SCOR SE

A.1.1.3. Statutory Auditors

The principal auditors for SCOR Group and SCOR SE are as follows:

Name
MAZARS Represented by Jean-Claude Pauly and Guillaume Wadoux Tour Exaltis – 61, rue Henri Regnault 92075 Paris-La Défense Cedex, France CRCC of Versailles
ERNST & YOUNG Audit Represented by Isabelle Santenac and Patrick Menard Tour First – 1, place des Saisons 92037 Paris-La Défense Cedex, France CRCC of Versailles

The alternative auditors for SCOR Group and SCOR SE are as follows:

Name
Lionel Gotlib Tour Exaltis – 61, rue Henri Regnault 92075 La Défense Cedex, France CRCC of Versailles
Olivier Drion Tour First – 1, place des Saisons 92037 Paris-La Défense Cedex, France CRCC of Versailles

A.1.1.4. Significant shareholders known to SCOR

Every quarter, SCOR conducts «TPI» («Titres aux Porteurs Identifiables») searches to find out the number and identity of its bearer shareholders.

As of December 31, 2019, SCOR's shareholders are mainly institutional as they represent 85% of SCOR's share capital. Institutional shareholders come mainly from Europe (73%), the United States (24%) and Asia (3%). The rest of the share capital is split between treasury shares (0%), employees (5%), retail (2%), brokerage (2%) and others (6%).

Distribution of capital (number of shares, % of capital and voting rights) – (i) shareholders with more than 5.0% of the registered capital and/or voting rights and (ii) shareholders who are members of the Board of Directors as at December 31, 2019 based on public notifications:

As at December 31, 2019	Number of shares	% of capital	% voting rights ⁽¹⁾
Groupe Covéa (France) ⁽²⁾	15,767,803	8.43%	8.46%
Treasury shares	668,058	0.36%	0.00%
Employees ⁽³⁾⁽⁴⁾	8,405,004	4.49%	4.51%
Others ⁽⁵⁾	162,208,646	86.72%	87.03%
Total	187,049,511	100.00%	100.00%

(1) The percentage of voting rights is determined on the basis of the number of shares at year-end, excluding the Company's own treasury shares.

(2) As per Covéa's press release published on January 30, 2019, stating "Covéa reminds that it currently holds 8.17% of the share capital in SCOR", representing 15,767,803 shares of SCOR's capital as of December 31, 2018.

(3) Overall number of shares held by employees (including performance shares granted prior to the publication of Law No. 2015-990 of August 6, 2015).

(4) As at December 31, 2019, employee shareholdings, as defined in Article L. 225-102 of the French Commercial Code, amount to 1.29% of the capital.

(5) On January 6, 2020, Allianz Global Investors GmbH declared to have exceeded the registered threshold of 5.0% of the capital and voting rights in SCOR SE and that it held 9,371,027 shares or 5.01% of the capital and 9,371,027 voting rights or 5.01% of the voting rights in SCOR SE. On January 23, 2020, Allianz Global Investors GmbH declared that its shareholding fell below the registered threshold of 5.0% of the capital and voting rights in SCOR SE and that it held 9,275,061 shares or 4.96% of the capital and 9,275,061 voting rights or 4.96% of the voting rights in SCOR SE.

A.1.1.5. Governance, organizational and legal structure of the Group

Organizational structure of the Group and description of Group operating companies

The Group parent company whose stock is listed on the Euronext Paris regulated market is SCOR SE.

The Group is a three-engine group driven by SCOR Global Life, SCOR Global P&C and SCOR Global Investments. The Group's organizational choices were guided by the principles of mobilization of skills and expertise, operating efficiency, structural simplicity, clear reporting lines and balance between teams from the Group's different entities.

SCOR Global P&C, the Group's Non-Life business unit, operates worldwide through the insurance and reinsurance subsidiaries and branches of SCOR SE in the EMEA region, including Spain, Italy, Switzerland, the UK, Germany, Kenya, South Africa, Russia, the America region and the Asia-Pacific region, including Australia, China, India, South Korea, Hong Kong and Singapore.

SCOR Global Life, the Group's Life business unit, operates worldwide through the insurance and reinsurance subsidiaries and branches of SCOR SE in the EMEA region including Germany, the UK, Ireland, Italy, Spain, Switzerland, the Netherlands, Sweden,

Belgium, South Africa, in the Americas region including Canada, the US, Latin America, and the Asia-Pacific region including Australia, New Zealand, China, Hong Kong, Japan, Singapore, Malaysia, South Korea and India.

SCOR Global Investments, the third business unit of the Group, operates the asset management activities of the Group. It is responsible for defining, implementing and controlling the asset allocation of the Group's legal entities investment portfolios in a centralized manner. It is organized around two areas: the Group's functions and a portfolio management company regulated by the AMF, SCOR Investment Partners SE, which manages directly the assets of many SCOR Group subsidiaries and manages also investment vehicles on behalf of the Group and third-party clients.

The Group's subsidiaries, branches and offices are connected through a central network of applications and data exchange platforms, which allow local access to centralized risk analysis, underwriting or pricing databases and also gives access to information on local market conditions, to be shared among the Group's subsidiaries, branches and offices. In addition, by regularly rotating personnel between the various locations of the Group, the Group encourages its underwriters, actuaries, modelers, claims experts and risk controllers to share and exchange experience across its various geographic markets and business lines.

SCOR SE wholly owns its operating subsidiaries.

SCOR SE also makes loans to its subsidiaries and issues them guarantees so that they can underwrite under favorable conditions, particularly by benefiting from its credit ratings. SCOR SE provides actuarial, accounting, legal, administrative, IT, internal audit, investment, and human resources support to Group subsidiaries. Finally, SCOR SE acts, as needed, as retrocessionaire for its operational subsidiaries through annually renewed proportional and non-proportional treaties which constitute the Group's internal steering instrument through the annual allocation of capital to the operating subsidiaries based on the profitability expected from their underwriting activity.

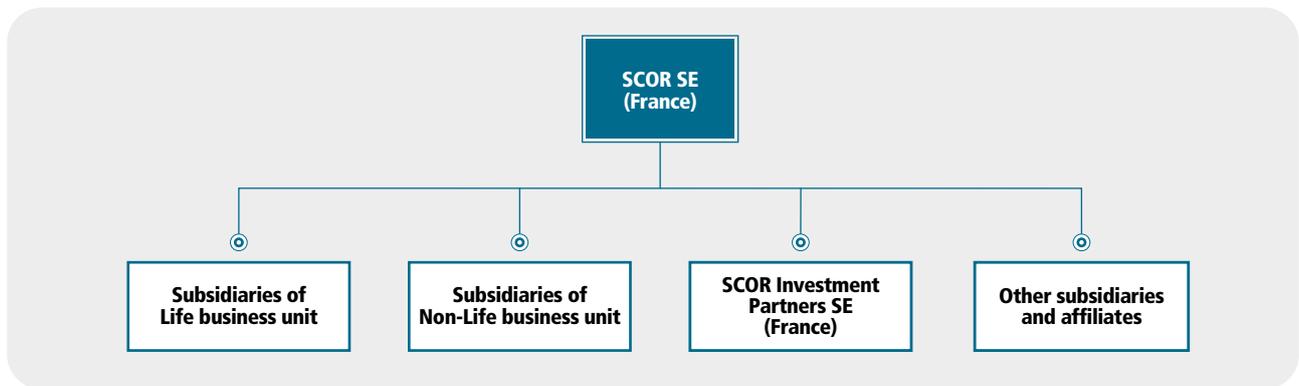
The Group's restructuring

SCOR launched and completed several major restructuring projects, notably between 2005 and 2010, in order to simplify the legal structure of the Group and clearly differentiate between the operations of Life reinsurance subsidiaries and Non-Life reinsurance subsidiaries, with a view to optimize the annual allocation of capital between operations under the Solvency I regime.

In the context of Solvency II, the SE reinsurance legal entities (SCOR Global Life SE and SCOR Global P&C SE) merged into SCOR SE on March 31, 2019. This reorganization enables SCOR to optimize its operational and legal structure and level of regulatory capital, thereby creating additional value for its shareholders, customers and partners.

Legal and organizational structure of SCOR

The main operational entities of the two Group are presented in the chart below⁽¹⁾.



For more information on the legal and governance structure, see Section B.1.2.1 – Legal structure of the Group and Section B.1.3.1 – Governance of the Group.

(1) The full organizational chart is available on SCOR's website (www.scor.com).

Significant subsidiaries, investments in associates and joint ventures

	Country	2019 Percentage		2018 Percentage		Consolidation method
		Control	Interest	Control	Interest	
SCOR SE	France	Parent	Parent	Parent	Parent	Parent
SCOR Global P&C SE ⁽¹⁾	France	-	-	100	100	
SCOR Global Life SE ⁽¹⁾	France	-	-	100	100	
SCOR Global Life Reinsurance Ireland dac	Ireland	100	100	100	100	Full
SCOR Life Ireland dac	Ireland	100	100	100	100	Full
SCOR Holding (Switzerland) AG ⁽²⁾	Switzerland	-	-	100	100	
SCOR Switzerland Asset Services AG	Switzerland	100	100	100	100	Full
SCOR Services Switzerland AG	Switzerland	100	100	100	100	Full
SCOR Switzerland AG	Switzerland	100	100	100	100	Full
SCOR Underwriting Ltd.	UK	100	100	100	100	Full
SCOR UK Company Ltd.	UK	100	100	100	100	Full
SCOR Holding (UK) Ltd.	UK	100	100	100	100	Full
SCOR Asia House Limited Partnership	UK	100	100	100	100	Full
General Security Indemnity Company of Arizona	US	100	100	100	100	Full
General Security National Insurance Company	US	100	100	100	100	Full
SCOR Global Life USA Holdings Inc.	US	100	100	100	100	Full
SCOR Global Life Americas Holding Inc. (Delaware)	US	100	100	100	100	Full
SCOR Reinsurance Company	US	100	100	100	100	Full
SCOR U.S. Corporation	US	100	100	100	100	Full
SCOR Global Life USA Reinsurance Company	US	100	100	100	100	Full
SCOR Global Life Reinsurance Company of Delaware	US	100	100	100	100	Full
SCOR Life Assurance Company (SLAC)	US	100	100	100	100	Full
SCOR Life Reassurance Company (SLRC)	US	100	100	100	100	Full
Quantitative Data Solutions	US	100	100	100	100	Full
SCOR Fin Life Insurance Company	US	100	100	100	100	Full
Revios Canada Holding Corp. Ltd.	Canada	100	100	100	100	Full
Revios Canada Ltd.	Canada	100	100	100	100	Full
SCOR Canada Reinsurance Company	Canada	100	100	100	100	Full
SCOR Reinsurance Company (Asia) Ltd.	Hong Kong	100	100	100	100	Full
SCOR Reinsurance Asia-Pacific Pte Ltd.	Singapore	100	100	100	100	Full
SCOR Africa Ltd.	South Africa	100	100	100	100	Full
SCOR Brazil Reaseguros SA	Brazil	100	100	100	100	Full
SCOR Brazil Participações Ltda	Brazil	100	100	100	100	Full
SCOR Perestrakhovaniye	Russia	100	100	100	100	Full
SCOR Global Life Australia Pty Ltd.	Australia	100	100	100	100	Full
SCOR Global Life Reinsurance International (Barbados) Ltd.	Barbados	100	100	100	100	Full

	Country	2019 Percentage		2018 Percentage		Consolidation method
		Control	Interest	Control	Interest	
NON INSURANCE ENTITIES						
MRM SA	France	59.90	59.90	48.80	59.90	Full
SCOR Investment Partners SE	France	100	100	100	100	Full
SCOR Capital Partner SAS	France	100	100	100	100	Full
SCOR Auber	France	100	100	100	100	Full
Château Mondot SAS	France	100	100	100	100	Full

(1) Completion of the merger of the three SE legal entities of the group.

(2) Merged into SCOR SE since 2019.

There are no material differences between the scope of the Group in the consolidated financial statements and the scope of consolidated data determined for Solvency II purposes.

Branches of SCOR SE

- SCOR SE has branches in Cologne, London, Zurich, Beijing, Montreal, Madrid, Milan, Labuan, Amstelveen, India, Sweden, Japan, Singapore, New Zealand and Buenos Aires.

Significant intragroup transactions

The main transactions within the Group involve the following:

- equities;
- derivatives;
- internal reinsurance;
- cost sharing, contingent liabilities and off-balance sheet items.

A.1.2. BUSINESS DESCRIPTION

A.1.2.1. Lines of business and geographical areas

SCOR SE (“the Company”) and its consolidated subsidiaries (referred collectively as “SCOR” or the “Group”), form the world’s fourth largest reinsurer⁽¹⁾, serving more than 4,000 clients. The Group is organized in three business units, SCOR Global P&C, SCOR Global Life and SCOR Global Investments, and three regional management platforms (the “Hubs”): the EMEA Hub, the Americas Hub and the Asia-Pacific Hub.

In 2019, SCOR has delivered profitable growth, whilst absorbing the impact of a higher frequency and severity of natural catastrophe events that occurred for the third consecutive year. The Group has navigated 2019 successfully by continuing its franchise expansion, and by leveraging its balanced portfolio between Life and P&C while generating solid operating capital.

Business units of the Group

The Group is organized into three business units (SCOR Global P&C, SCOR Global Life and SCOR Global Investments), of which there are two reportable operating segments, and one corporate cost center referred to as “Group Functions”. The reportable operating segments are: SCOR Global P&C, with responsibility for property and casualty insurance and reinsurance; and SCOR Global Life, with responsibility for Life reinsurance. Each operating segment underwrites different types of risks and offers different products and services, which are marketed *via* separate channels; responsibilities and reporting within the Group are established on the basis of this structure. SCOR Global Investments is the asset management business unit of the Group. Its role is complementary to the two operating segments as it manages SCOR Global P&C’s and SCOR Global Life’s investment assets associated with the contract liabilities. SCOR Global Investments also manages assets on behalf of third parties although these activities are currently not considered material.

Global operations

The Group organizes its operations around three regional management platforms, or “Hubs” named EMEA Hub, Asia-Pacific Hub and Americas Hub. Each main location of the Hubs has local, regional and Group responsibilities, with the managing directors of each Hub reporting to the Group Chief Operating Officer. Each Hub includes the following functions: Legal and Compliance, Information Technology support, Finance, Human Resources and General Services. Hub shared service costs are allocated to the operational segments based on allocation keys.

The SCOR Global P&C segment carries out its global operations through the subsidiaries and branches of its main global reinsurance entity SCOR SE that merged with SCOR Global P&C SE and SCOR Life SE on March 31, 2019. In November 2018, SCOR Global P&C announced the creation of SCOR Europe SE, a Paris-based P&C specialty insurance company to ensure the continuity of services provided to clients after the effective date of the Brexit. Its business purpose is mainly direct insurance of major industrial risks across Europe. This subsidiary started its activities on January 1, 2019.

SCOR Global P&C is represented in three business regions, EMEA, the Americas and Asia-Pacific and operates in three business areas: Specialty Insurance (large corporate accounts underwritten through facultative insurance contracts, direct insurance and through the participation in Lloyd’s syndicates, including SCOR Channel (for which SCOR is the sole capital provider), Reinsurance (including Property, Casualty, Motor, Credit and Surety, Decennial Insurance, Aviation, Marine, Engineering, and Agricultural risks); and P&C Partners. (including Cyber and Alternative Solutions).

The SCOR Global Life segment operates worldwide through the subsidiaries and branches of SCOR SE. Via this network SCOR Global Life is represented in three business regions, EMEA, the Americas and Asia-Pacific, reinsuring Life and Health insurance risks along the three product lines Protection, Longevity and Financial Solutions with a strong focus on biometric risks. In order to achieve this, SCOR Global Life manages and optimizes the in-force book, deepens the franchise and aims at having the best team, organization and tools. The franchise strategy is composed of three elements, which are the expansion of the footprint in protection to defend and strengthen market presence around the world, the diversification of the risk profile by growing health and longevity, and growth of consumer demand by supporting clients with unique distribution solutions. SCOR Global Life aims to achieve a portfolio diversification, both from a geographical and a product lines perspective.

SCOR’s cost center is referred to as “Group Functions”. Group Functions is not an operating segment and does not generate revenues. The costs in Group Functions are Group-related and are not directly attributable to either the P&C or Life segment, but those costs that are indirectly attributable are allocated to the operating segments based on suitable allocation keys. Group Functions is the corporate cost center which includes the costs of departments fulfilling duties for the benefit of the whole Group, such as the costs for Group Internal Audit, Group Finance Departments (Group Tax, Group Accounting, Group Consolidation and Reporting, Financial Communication, Treasury and Capital Management, Financial Planning and Analysis), Group Chief Operating Departments (Group Legal, Group Communication, Group Human Resources, Information Technology) and Group Chief Risk Officer functions (Group Actuarial, Group Risk Management, Prudential Affairs, Internal Modeling).

(1) By net reinsurance premiums written, source: “AM Best Special Report Global Reinsurance 2019”.

Both business units P&C and Life, through the legal entity SCOR SE and its subsidiaries and branches, are leading global reinsurers, executing an underwriting policy focused on profitability, developing value-added services and adhering to a cautious financial policy. During the year ended December 31, 2019, the Group served more than 4,000 clients throughout the world. SCOR's strategy of offering both P&C and Life products provides it with the benefits of balanced diversification (in terms of risks, geography and markets), which is a cornerstone of its strategy.

Non-Life reinsurance

SCOR's Non-Life segment is divided into three business areas:

- Reinsurance;
- Specialties Insurance;
- P&C Partners.

Reinsurance

SCOR's P&C Reinsurance business area provides proportional and non-proportional reinsurance in many forms across:

- Property: covering damage to underlying assets and direct or contingent business interruption losses caused by fire or other perils, including natural catastrophes.
- Motor: covering original risks of motor property damage and bodily injury.
- Casualty treaties: covering general liability, product liability and professional indemnity.

The teams underwrite on the basis of sophisticated risk evaluation, seeking flexibility and innovative approaches for their clients, working closely with the following global business line experts:

Credit and Surety

SCOR has been a global leader reinsuring Credit, Surety and Political risks for more than 40 years, providing underwriting capacity for:

- Domestic and Export Credit Insurance;
- Various surety lines, like market surety and professional surety;
- Political Risks: Confiscation Expropriation Nationalization Deprivation (CEND), embargo and no currency transfer.

SCOR draws its expertise from a local presence in North Americas (Miami, New York), Europe (Paris, Zurich) and Asia (Singapore, Hong Kong).

Decennial Insurance

Committed to a consistent underwriting approach over the past 40 years, SCOR's leading global position enables the team to be involved in most IDI (Inherent Defect Insurance) initiatives launched by insurers, governments, professional organizations and financial bodies across the world, and to keep up to date with and reinsure almost all new IDI schemes.

SCOR provides customized products and solutions tailored to local situations:

- basic cover of construction damage caused by inherent defects in structural works;
- tailored cover, including material damage caused by inherent defects in waterproofing works and/or in other specific parts of construction;
- additional extensions to IDI policies such as waiver of subrogation against builders and consequential third party liability.

SCOR offers to its clients a global market vision on both established and emerging markets, from small residential to large industrial, as well as commercial buildings and public constructions such as hospitals, bridges, viaducts and tunnels.

Aviation

SCOR provides reinsurance and insurance solutions in all sectors of the Aviation market: airlines, aerospace and general aviation.

Marine and Energy

SCOR's dedicated Transport & Energy team combines local knowledge with global insights, in a line of business that requires constant monitoring of a rapidly changing global environment. SCOR offers flexible adequate solutions to its clients for all the segments of this sector, like hull and cargo as well as marine liability and energy.

SCOR's broad range of lines provides significant and stable capacity to cover standalone, specialized Marine risks and risks forming part of broader composite covers.

Engineering

With a consistent underwriting approach and substantial capacity, SCOR's engineering team offers a broad range of reinsurance and insurance cover: Construction All Risks (CAR) and Erection All Risks (EAR) insurance, as well as advance loss of profits or delay in start-up following a CAR or EAR loss, contractors' plant and machinery, electronic equipment, machinery, machinery loss of profits and combined machinery/electronic equipment and property.

Agricultural Risks

With a consistent, long-term approach to underwriting and pricing, SCOR's dedicated Agriculture team offers a broad and flexible range of reinsurance cover, underpinned by a strong natural catastrophe modelling and analytics infrastructure. SCOR P&C provides customized risk transfer solutions and innovative approaches in the field of crop/crop hail, aquaculture, forestry, greenhouse and livestock/bloodstock insurance.

Property Catastrophes

For more than 15 years, SCOR's Property Cat team has provided reinsurance solution to cover nat cat events and property risks.

Specialties Insurance

The Group has announced in September 2018 the grouping of its existing insurance units under a newly formed Specialties Insurance division. It is composed of SCOR Business Solutions, SCOR Channel (SCOR's Lloyd's syndicate) and MGAs.

SCOR Business Solutions (SBS)

It is SCOR's large corporate risk insurance and facultative reinsurance unit. Taking a consistent and long-term approach, SBS combines risk management expertise and advanced technology with creativity and flexibility to support the strategies and needs of its clients, particularly in Energy, Construction, Property, Liability and Financial lines.

SCOR Channel

The SCOR Channel is SCOR's Lloyd's syndicate, offering a full suite of insurance products, from core lines of business to specialist lines such as Political and Credit risks, Cyber and Environmental Impairment Liability.

SCOR is the sole capital provider of the SCOR Channel.

Managing General Agencies (MGA)

MGAs are a specialized type of insurance agent/broker vested with underwriting authority from an insurer. Accordingly, MGAs perform certain functions ordinarily handled only by insurers, such as underwriting, pricing and settling claims. MGAs are mainly involved with specialty lines of business in which specialized expertise is required.

SCOR has a very targeted approach, focused on North America, the London Market and Brazil (through Essor).

P&C Partners

To address the evolving needs of its clients and to reinforce its Tier 1 position in a rapidly changing risk ecosystem, P&C Partners, a global technical and expertise center, facilitates business development as well as synergies between underwriting teams.

Its dedicated decision-making committees provide rapid responses and promote consistency of P&C underwriting approach:

- Alternative Solutions focuses on the development of customized, non-traditional, and new products/solutions;
- Cyber Solutions helps corporate and insurance clients to develop Cyber insurance cover;
- Alternative Capital explores innovative retrocession facilities;
- P&C Ventures and Strategic Partnership focuses on InsurTech investments, technical partnerships and expertise sharing.

Life Reinsurance

SCOR's Global Life segment underwrites Life reinsurance business in the following product lines:

- Protection;
- Financial Solutions;
- Longevity.

Protection

Protection encompasses traditional Life reinsurance business on living and death benefits. The main risks undertaken are mortality, morbidity and behavioral risks for individuals and groups of individuals. Protection is predominantly underwritten in the form of proportional treaties (quota share, surplus basis or a combination of both). Quota share treaties include structures whereby SCOR Global Life's exposure is identical to those of its clients, and risk-based premium structures whereby treaty conditions differ from those of the underlying policies. A minority of the portfolio is underwritten in the form of non-proportional contracts: excess of loss per person, catastrophe excess of loss or stop loss.

The Protection reinsurance market, as well as SCOR Global Life's Protection portfolio, is characterized by the dominance of long-term contractual relationships. SCOR Global Life also writes short-term Protection business, in markets and product lines in which this is common practice.

Protection covers the following products and risks in reinsurance arrangements:

Mortality

Mortality protection represents 58% of the SCOR Global Life portfolio based on gross written premiums for the year ended December 31, 2019. SCOR Global Life actively underwrites mortality risk in all the geographical markets in which it operates.

Disability

Disability insurance mitigates the loss of income when the insured is totally or partially unable to continue his or her professional occupation or any occupation for which he or she is suited due to sickness or accident.

Long-Term Care

Long-Term Care (LTC) insurance covers the inability of the insured to perform predefined activities of daily living, resulting in the insured needing constant assistance from another person.

Critical Illness

Critical Illness (CI) insurance typically pays a lump sum benefit, to be used at the policyholder's discretion, if the insured suffers from a serious condition and survives a defined period.

Medical

Medical insurance covers medical and surgical expenses incurred by the insured person.

Personal Accident

Personal Accident insurance pays a lump sum benefit, if the insured person dies or is seriously injured as a result of an accident.

Financial Solutions

Financial Solutions combine traditional Life reinsurance with financial components providing liquidity, balance sheet, solvency and/or income improvements to the client. This type of reinsurance treaty is typically used by cedents to fund growth, stabilize earnings or optimize their solvency position (capital relief).

Longevity

Longevity products cover the risk of negative deviation from expected results due to the insured or annuitant living longer than assumed in the pricing of the cover provided by insurers or pension funds.

Solvency II lines of business

Under Solvency II, insurance and reinsurance obligations are analyzed by defined lines of business.

The material lines of SCOR's Non-Life business are as follows:

- Motor vehicle liability insurance;
- Marine, aviation and transport insurance;
- Fire and other damage to property insurance;
- General liability insurance;
- Credit and suretyship insurance;
- Non-proportional casualty reinsurance;
- Non-proportional property reinsurance;
- Others (regrouping smaller Lines of Business).

The material lines of SCOR's Life business are as follows:

- Life reinsurance;
- Health reinsurance.

For further information on SCOR's underwriting and performance by Solvency II line of business, see Section A.2 – Underwriting performance.

A.1.2.2. SCOR SE – Additional information on business

SCOR SE wholly owns its operating subsidiaries.

SCOR SE also makes loans to its subsidiaries and issues them guarantees so that they can underwrite under favorable conditions, particularly by benefiting from its credit ratings. SCOR SE provides actuarial, accounting, legal, administrative, IT, internal audit, investment, and human resources support to Group subsidiaries. Finally, SCOR SE acts, as needed, as retrocessionaire for its operational subsidiaries through annually renewed proportional and non-proportional treaties which constitute the Group's internal steering instrument through the annual allocation of capital to the operating subsidiaries based on the profitability expected from their underwriting activity.

A.1.2.3. Significant business and other events in the period

Covéa

On January 29, 2019, SCOR announced that it had decided to initiate legal actions against Thierry Derez and Covéa in relation to the misconduct committed to the detriment of SCOR, in the context of the preparation and submission by Covéa, on August 24, 2018, of its unsolicited takeover proposal for SCOR. On the same day, Covéa announced that a transaction with SCOR was no longer part of its strategic options.

Completion of the merger of the three SE legal entities of the Group

SCOR Global Life SE and SCOR Global P&C SE merged into SCOR SE on March 31, 2019. This reorganization, which was announced by SCOR in September 2016 as part of its previous strategic plan «Vision in Action», enables SCOR to optimize its operational and legal structure and level of regulatory capital, thereby creating additional value for its shareholders, customers and other stakeholders.

The *Autorité de contrôle prudentiel et de résolution* (ACPR) confirmed its non-opposition to this merger on March 20, 2019, and the Group obtained all related required regulatory authorizations for the Group's branches and foreign subsidiaries.

As of April 1, 2019, all assets, rights, obligations and liabilities of SCOR Global Life SE and SCOR Global P&C SE have been transferred to SCOR SE. This transfer has no impact on current contractual obligations and SCOR SE is automatically substituted for SCOR Global Life SE and SCOR Global P&C SE, without modifying any of the terms and conditions of the transferred contracts.

The solvency capital benefit of this merger on the Eligible Own Funds is approximately EUR 200 million. The merger was treated as a transaction under common control under IFRS and did not result in a merger profit at consolidated Group level.

Acquisition of Coriolis Capital Limited

On September 10, 2019, SCOR Investment Partners completed the acquisition of 100% of the capital of Coriolis Capital Limited (Coriolis Capital) and obtained all necessary approvals from relevant regulators, notably the Financial Conduct Authority (FCA) in the United Kingdom. Coriolis Capital is a pioneering fund manager in the Insurance-Linked Securities (ILS) field, investing in catastrophe bonds, collateralized reinsurance and climate derivatives.

With this first acquisition, SCOR Investment Partners is entering an important new phase in its development and expanding its capacity on the ILS market, reaching an aggregate sum of USD 2.1 billion of assets under management and operating in both, Paris and London.

The combined ILS platform will enable SCOR Investment Partners to provide its investors with strong value-added expertise and services, including improved market access, additional expertise in financial engineering and complementary fund infrastructure.

New catastrophe bond Atlas Capital UK 2019 PLC

SCOR sponsored a new catastrophe bond (“cat bond”), Atlas Capital UK 2019 PLC, which provides the Group with multi-year risk transfer capacity of USD 250 million to protect itself against named storms in the U.S., earthquakes in the U.S. and Canada, and windstorms in Europe. The risk period for Atlas Capital UK 2019 runs from June 1, 2019, to May 31, 2023.

The transaction has received the approval of the Prudential Regulatory Authority (PRA) and the UK regulatory authorities.

Issuance of a new contingent capital facility

On December 3, 2019, SCOR issued a new 3-year contingent capital facility. This takes the form of a contingent equity line, providing the Group with EUR 300 million coverage in case of extreme natural catastrophe or life events impacting mortality. The facility enables the Group to protect its solvency in case of catastrophe events and is consistent with the “Quantum Leap” strategic plan. This is the fourth contingent capital facility launched by SCOR – its first, pioneering solution was launched on January 1, 2011. This new solution is consistent with the previous facilities.

The equity line facility will replace, as of January 1, 2020, the current contingent capital facility which comes to an end on December 31, 2019.

The solution also allows SCOR to extend its solvency and offers a very cost-effective alternative to traditional retrocession contracts and ILS.

Placement of USD 125 million deeply subordinated Tier 1 issuance

On December 11, 2019, SCOR successfully placed a perpetual deeply subordinated restricted Tier 1 notes issue on the Regulation S USD market in the amount of USD 125 million (hereinafter referred to as the “New Notes”). These New Notes will be assimilated (assimilées) and form a single series with the existing USD 625 million perpetual deeply subordinated Restricted Tier 1 Notes issued on March 13, 2018 (hereinafter referred to as the “Original Notes”). The New Notes issue will bear the same terms and conditions as the Original Notes.

SCOR intends to use the proceeds of the issuance for general corporate purposes. SCOR also confirms its current intention, subject to market conditions and regulatory approval, to redeem the CHF 125 million undated subordinated note lines, issued on October 20, 2014, and callable in October 2020 using the proceeds of the New Notes.

A.1.2.4. SCOR SE – additional information on significant events

In addition to the above-mentioned significant events affecting SCOR Group, in 2019 SCOR SE carried out the following significant transactions:

Mergers between SCOR SE (“the Company”) and its wholly owned subsidiaries SCOR Global Life SE and SCOR Global P&C SE

On March 31, 2019, SCOR SE merged with its wholly owned subsidiaries SCOR Global P&C SE (“SGP&C SE”) and SCOR Global Life SE (“SGL SE”) with retroactive effect from January 1, 2019.

The financial statements used as a basis for the merger agreement and the calculation of the merger profit are the annual financial statements for the year ended December 31, 2018 of SCOR SE, SGL SE and SGP&C SE.

The difference between net assets of SGL SE contributed (EUR 471 million) and the net book value of equity interests (EUR 851 million) resulted in a merger profit of EUR 380 million. The portion of the merger profit corresponding to the results accumulated by SGL SE since its inception and not distributed to the Company has been recorded as a financial result for EUR 312 million. The residual portion has been recorded in equity for EUR 68 million.

The difference between net assets of SGP&C SE contributed (EUR 1,615 million) and the net book value of equity interests (EUR 2,333 million) resulted in a merger profit of EUR 718 million. The portion of the merger profit corresponding to the results accumulated by SGP&C SE since its inception and not distributed to the Company has been recorded as a financial result for EUR 703 million. The residual portion has been recorded in equity for EUR 15 million.

Merger between SCOR SE (“the Company”) and its wholly owned subsidiary SCOR Holding (Switzerland) AG

As part of an internal restructuring to simplify and streamline the Group structure, SCOR Holding (Switzerland) AG (“SHS”) has contributed all of its assets and liabilities to SCOR SE on September 30, 2019. SCOR SE now holds directly the interests in SCOR Services Switzerland AG, SCOR Switzerland AG and SCOR Switzerland Asset Services AG.

The financial statements used as a basis for the merger agreement and the calculation of the merger profit are the quarterly financial statements as at September 30, 2019 of SCOR SE and SHS.

The difference between the net equity interest of EUR 1,969 million held by SCOR SE in SHS and the net assets contributed by SHS of EUR 2,011 million results in a merger profit of EUR 42 million, recorded in financial result.

Capital increase in SCOR Global Life Americas Holding

SCOR SE has increased its capital into SCOR Global Life Americas Holding by USD 423 million (EUR 371 million) through the conversion into equity of the loan and the treasury advance granted to its subsidiary.

Capital injections in SCOR Europe SE

SCOR SE carried out two capital injections in SCOR Europe SE: a first one for EUR 2.7 million in November 2019 and a second one in December 2019 for EUR 7 million.

New participation in SCOR Realty Singapore

SCOR SE proceeded with a capital injection in SCOR Realty Singapore for SGD 10 million (EUR 6.5 million).

Capital increase in SCOR Investment Partners

SCOR SE has increased its capital into SCOR Investment Partners by EUR 13 million.

Dividends received

During 2019, SCOR SE received EUR 166 million in dividends from its affiliates.

Dividend payment

On May 2, 2019, SCOR SE paid EUR 325 million in dividends to its shareholders.

New cat bond ATLAS Capital UK 2019 PLC

SCOR has sponsored a new catastrophe bond ("cat bond"), Atlas Capital UK 2019 PLC, which will provide the Group with multi-year risk transfer capacity of USD 250 million to protect itself against named storms in the U.S., earthquakes in the U.S. and Canada, and windstorms in Europe. The risk period for Atlas Capital UK 2019 will run from June 1, 2019, to May 31, 2023.

The transaction has been approved by the Prudential Regulatory Authority (PRA) and the UK regulatory authorities.

This new obligation was recorded as a derivative asset in "Other receivables"; capital and interests are recorded in "Other liabilities" and the change in fair value is recorded in "Other expenses/other operating income".

Issuance of USD 125 million in undated subordinated notes

On December 17, 2019, SCOR SE issued a perpetual deeply subordinated note by USD 125 million, redeemable every five years from March 13, 2029. The coupon was set at 5.25% (until March 13, 2029) and will reset every 5 years thereafter at the prevailing 5-year U.S. Treasury yield plus 2.37% per annum.

These new notes are assimilated and form a single series with the existing USD 625 million perpetual subordinated notes, bearing the same terms and conditions as the original notes.

Capital decrease in the Fiducie

SCOR SE made a withdrawal of USD 19.5 million (EUR 13.7 million) from the Fiducie trust as the result of a reduction in its commitments towards Aegon.

Call options

In order to fulfill commitments to beneficiaries of free share allocations, on May 28, 2019, SCOR SE signed a call option agreement with BNPP allowing SCOR SE to buy its own shares after payment of a predefined exercise price. Exercise dates for this option run from January 6, 2020 to January 6, 2025. The total number of options is 3,392,108. A premium of EUR 28 million was paid in 2019 and is recorded in other assets.

New contingent capital

On December 3, 2019, SCOR SE launched a new 3-year contingent capital facility with J. P. Morgan AG for EUR 300 million and issued 9,350,025 warrants in favor of JP Morgan AG. This equity line facility replaces, as of January 1, 2020, the previous contingent capital facility which came to an end on December 31, 2019.

Under the new arrangement, like in previous facilities, protection would be triggered in case of natural catastrophes and in case of extreme life events.

Mangrove Insurance PCC Limited – Quota Share Longevity Retrocession Agreement

On December 18, 2019, as part of its policy of diversifying its capital protection tools, SCOR entered into a structured retrocession transaction with Mangrove Insurance PCC Limited, which provides the Group with a multi-year source of retrocessional capacity.

A.2. UNDERWRITING PERFORMANCE

A.2.1. SCOR GROUP

A.2.1.1. Overall underwriting performance

SCOR Group operates in two business units: the SCOR Global P&C business, with responsibility for property and casualty insurance and reinsurance (“Non-Life”); and the SCOR Global Life business, with responsibility for life reinsurance (“Life”). Each business unit underwrites several types of risks and offers various products and services, which are marketed via separate channels and the

performance of which is managed on a different basis, in line with the nature of the business.

The definitions of underwriting performance differ between the Life and Non-Life business units. For this reason, underwriting performance is not presented at a Group consolidated level. To aid in understanding the figures and as a comparison with other reporting bases, the following table presents the figures used to calculate underwriting performance on an IFRS basis.

SCOR Group

As at December 31, 2019

IFRS	Net technical result ⁽¹⁾	Net interest on deposits	Sub-total	Internal management expenses ⁽²⁾	Total	Net underwriting result
<i>In EUR thousands</i>	(A)	(B)	(A) + (B)	(C)	(A) + (B) + (C)	
Total SCOR Global P&C	493,451		493,451	(577,366)	(83,915)	(83,915) (A) + (C)
Total SCOR Global Life	472,330	151,771	624,101	(431,846)	192,255	624,101 (A) + (B)
TOTAL SCOR GROUP	965,781	151,771	1,117,552	(1,009,212)	108,340	

(1) SGP&C: net technical result includes claims expenses (unallocated loss adjustment expenses or “ULAE”).

(2) SGP&C: includes all management expenses, 50% of corporate expenses, Lloyds expenses and Cat bond expenses.

(1) SGL: net technical result includes claims expenses (unallocated loss adjustment expenses or “ULAE”).

(2) SGL: includes all management expenses, 50% of corporate expenses.

SCOR Group

As at December 31, 2018

IFRS	Net technical result ⁽¹⁾	Net interest on deposits	Sub-total	Internal management expenses ⁽²⁾	Total	Net underwriting result
<i>In EUR thousands</i>	(A)	(B)	(A) + (B)	(C)	(A) + (B) + (C)	
Total SCOR Global P&C	441,831		441,831	(524,988)	(83,157)	(83,157) (A) + (C)
Total SCOR Global Life	444,237	144,570	588,807	(430,736)	158,071	588,807 (A) + (B)
TOTAL SCOR GROUP	886,068	144,570	1,030,638	(955,724)	74,914	

(1) SGP&C: net technical result includes claims expenses (unallocated loss adjustment expenses or “ULAE”).

(2) SGP&C: includes all management expenses, 50% of corporate expenses, Lloyds expenses and Cat bond expenses.

(1) SGL: net technical result includes claims expenses (unallocated loss adjustment expenses or “ULAE”).

(2) SGL: includes all management expenses, 50% of corporate expenses.

Premium written

Gross written premium for the Group has developed as follows:

SCOR Group

<i>In EUR thousands</i>	2019		2018	
By segment				
SCOR Global P&C	7,147,111	44%	6,174,367	40%
SCOR Global Life	9,193,652	56%	9,083,245	60%
TOTAL	16,340,763	100%	15,257,612	100%

Gross written premiums for the financial year ended December 31, 2019 amounted to EUR 16,341 million, an increase of 7.1% compared to EUR 15,258 million in 2018. At constant exchange rates the growth is 4.1%. The overall increase in gross written premiums of EUR 1,083 million in 2019 is composed of an increase of EUR 972 million for SCOR Global P&C and of EUR 111 million for SCOR Global Life.

- For SCOR Global P&C, in 2019, gross written premiums increased by 15.8% compared to 2018 from EUR 6,175 million to EUR 7,147 million. At constant exchange rates the growth is 12.7%, supported by both Reinsurance (US property and Casualty treaties) and Specialties Insurance (MGAs and SBS property) activities.
- SCOR Global Life Gross written premiums has grown by 1.2% from EUR 9,083 million in 2018 to EUR 9,194 million in 2019 (-1.8% decrease at constant exchange rates). The premium growth is affected by the renewal of certain Financial Solution deals as fee business. Normalized growth at constant exchange rates amounts to 4.5%. SCOR Global Life has increased its new business premiums from new clients and with existing clients in all three regions and across all three product lines (after adjusting the Financial Solution premium volume for the renewal of certain transactions in 2019 as fee business). Growth was recognized in the Protection product line mainly

in Americas and Asia-Pacific, in the Financial Solutions product line in Americas and specific markets in EMEA and Asia-Pacific, and in the Longevity product line in EMEA.

A.2.1.2. Underwriting results by line of business

Non-Life business

SCOR's Non-Life segment is divided into three business areas:

- Reinsurance;
- Specialties Insurance;
- P&C Partners.

In 2019, gross written premiums increased by 15.8% compared to 2018, from EUR 6,175 million to EUR 7,147 million. At constant exchange rates the growth is 12.7%, supported by both Reinsurance (US Property and Casualty treaties) and Specialties Insurance (MGAs and SBS Property) activities.

In 2019, the net combined ratio reflects large and extended natural catastrophes that occurred during the year, impacting mainly Japan and the Bahamas, partially absorbed by 1.9 percentage points of reserve releases (EUR 110 million). The natural catastrophe ratio stands at 11.6% compared to 12.6% in 2018 and 14.9% in 2017.

SCOR Group – Non-Life

IFRS In EUR thousands	As at December 31, 2019		
	Net technical result ⁽¹⁾	Internal management expenses ⁽²⁾	Net underwriting result
Motor vehicle liability insurance	6,682	(15,173)	(8,491)
Marine, aviation and transport insurance	(19,472)	(28,896)	(48,368)
Fire and other damage to property insurance	(116,933)	(137,179)	(254,112)
General liability insurance	118,790	(52,770)	66,020
Credit and suretyship insurance	50,733	(21,985)	28,748
Non-proportional casualty reinsurance	226,216	(65,797)	160,419
Non-proportional property reinsurance	156,508	(157,326)	(818)
Other*	70,927	(98,240)	(27,313)
TOTAL FOR SCOR GLOBAL P&C	493,451	(577,366)	(83,915)

* Of which EUR 80 million of non-allocated expenses reported as "Others".

(1) Net technical result includes claims expenses (ULAE).

(2) Internal management expenses include all management expenses, 50% of corporate expenses, Lloyds expenses and Cat bond expenses.

SCOR Group – Non-Life

IFRS In EUR thousands	As at December 31, 2018		
	Net technical result ⁽¹⁾	Internal management expenses ⁽²⁾	Net underwriting result
Motor vehicle liability insurance	22,932	(13,255)	9,677
Marine, aviation and transport insurance	33,074	(29,948)	3,126
Fire and other damage to property insurance	(109,128)	(122,800)	(231,928)
General liability insurance	136,709	(47,485)	89,224
Credit and suretyship insurance	30,952	(20,153)	10,799
Non-proportional casualty reinsurance	149,441	(63,448)	85,993
Non-proportional property reinsurance	93,648	(129,625)	(35,977)
Other*	84,203	(98,274)	(14,071)
TOTAL FOR SCOR GLOBAL P&C	441,831	(524,988)	(83,157)

* Of which EUR 64.3 million of non-allocated expenses reported as "Others".

(1) Net technical result includes claims expenses (ULAE).

(2) Internal management expenses include all management expenses, 50% of corporate expenses, Lloyds expenses and Cat bond expenses.

Life business

SCOR Global Life operates through its unified global organization with a macro market approach in three regions: Americas, EMEA (Europe, Middle East and Africa and Latin America) and Asia-Pacific. It underwrites Life reinsurance business in the following product lines:

- Protection;
- Financial Solutions;
- Longevity.

Protection encompasses traditional Life reinsurance business for living and death benefits. The main risks undertaken are mortality, morbidity and behavioral risks for individuals and groups of individuals. Financial Solutions combine traditional Life reinsurance with financing components providing liquidity, balance sheet, solvency and/or income improvements to the client. Longevity products cover the risk of negative deviation from expected results due to the insured or annuitant living longer than assumed in the pricing of insurance cover provided by insurers or pension funds.

In 2019, SCOR Global Life continued to grow profitably in a competitive life reinsurance market. The solid operating profitability of SCOR Global Life was increased thanks to a robust flow of new business and expansion of franchise in various key markets and product lines. The in-force book globally contributed positively to the results, despite underlying US mortality claim experience being higher than expected, thanks to a strong overall reserve position, as well as successful premium rate increases on certain individual reinsurance treaties. Changes in estimates due to reserve harmonization across certain US portfolios in 2019 resulted in a one-off net reduction in reserves on these portfolios of EUR 159 million, largely offset by changes in estimates across various other portfolios. Both claim expenses and in-force management actions may vary over time.

Life gross written premiums by product line

SCOR Global Life ranks among the top four life reinsurers worldwide⁽¹⁾ and has grown by 1.2% in gross written premiums from EUR 9,083 million in 2018 to EUR 9,194 million in 2019 (a -1.8% decrease at constant exchange rates⁽²⁾). The premium growth is affected by the renewal of certain Financial Solution deals as fee business in 2019. Excluding this change, normalized growth at constant exchange rates amounts to 4.5%. SCOR Global Life has increased its new business premiums from new clients and with existing clients in all three regions and across all three product lines (after adjusting the Financial Solution premium volume for the transactions in 2019). Growth was recognized in the Protection product line mainly in Americas and Asia-Pacific, in the Financial Solutions product line in Americas and in specific markets in EMEA and Asia-Pacific, and in the Longevity product line in EMEA.

Protection

The Protection business accounts for 81% of total gross written premiums in 2019 and remains the main driver for premium growth (4.4% growth in gross written premiums in 2019 at constant exchange rates⁽²⁾). SCOR Global Life has maintained its leadership in the US Life reinsurance market⁽³⁾, the largest life reinsurance market in the world. In the EMEA region, SCOR Global Life reinforced its franchises in key European markets such as France, the UK, and Nordic countries.

Asia-Pacific remains a region with significant growth opportunities both in terms of premiums and profitability. Protection premium development in this region was driven by higher business volumes in China and North Asia.

(1) Based on 2018 gross written premiums.

(2) At December 31, 2018 exchange rates.

(3) Source: 2018 SOA/Munich Re survey of U.S life reinsurance, published 2019.

Within the Protection product line, mortality was the main risk underwritten.

- **Mortality protection:** 58% of SCOR Global Life's portfolio is traditional mortality reinsurance business, based on 2019 gross written premiums. SCOR Global Life developed a strong position in Mortality in the US, as well as in the major European markets.
- **Long-Term Care (LTC):** SCOR Global Life has been pioneering LTC reinsurance solutions in the French market for twenty years and has acquired a sound practical experience in the underwriting and the management of LTC risks.
- **Disability:** SCOR Global Life has established strong market positions in disability in many continental Europe markets, Australia and New Zealand, and Canada.
- **Critical Illness:** SCOR Global Life is a market leader in the UK. It also leverages its experience and expertise from the UK to expand into selected Asian markets and South Africa.
- **Although Medical** represents a rather small portion of SCOR Global Life's portfolio, it was a key growth driver within the Protection product line in 2019 due to new business volume in Asia.
- **Personal Accident** also represents a small proportion of SCOR Global Life's portfolio. A main source of Personal Accident business for SCOR Global Life is obtained through its distribution services company, ReMark, which provides direct marketing of life insurance products to insurers, financial institutions and affinity partners.

Through its Global Distribution Solutions (GDS), SCOR Global Life has successfully deployed a number of innovative and tailored client services which aim to help insurers expand and develop their own client bases (ReMark, Velogica and SCOR Telemed). SCOR Global Life has leadership positions in many markets in the EMEA and Asia-Pacific regions.

Financial Solutions

In the Financial Solutions product line, accounting for 9% of 2019 gross written premiums, SCOR Global Life has built a recognized position in providing capital and solvency solutions. Since 2013, SCOR Global Life has signed landmark transactions in Southern Europe, the US, Asia and Latin America. In 2019 SCOR Global Life expanded its footprint in the Asia-Pacific region and in the US market. Due to the renewal and new acquisition of certain Financial Solution contracts as fee business, the growth of this product line is not fully reflected in the development of gross written premium figures.

Longevity

SCOR Global Life has established itself as a recognized provider for longevity reinsurance, focusing on longevity risk transfer transactions for large in-payment pension portfolios, creating a new business pipeline with growth opportunities. The Longevity product line accounts for 10% of SCOR Global Life's gross written premiums in 2019 and is one of the main drivers of premium growth (6.6% increase in gross written premiums in 2019 at constant exchange rates). The main active market to date for SCOR Global Life is UK.

Life technical margin

Overall, the Life technical margin in 2019 was 7.5% compared to 7.0% in 2018 and 7.1% in 2017.

SCOR Group – Life

IFRS In EUR thousands	Net underwriting result ⁽¹⁾	
	2019	2018
Health reinsurance	108,973	61,781
Life reinsurance	515,128	527,026
TOTAL SCOR GLOBAL LIFE	624,101	588,807

(1) Net underwriting result includes the net technical result and net interest on deposits.

A.2.1.3. Underwriting results by geographical area

In 2019, SCOR generated approximately 38% of its gross written premiums in Europe, Middle East and Africa (EMEA) (2018: 38%), with significant market positions in France, Germany, Spain and Italy, 46% of its gross written premiums in the Americas (2018: 43%) and 16% in Asia (2018: 19%).

Non-Life business

Non-Life gross written premiums

In 2019, gross written premiums increased by 15.8% compared to 2018, from EUR 6,175 million to EUR 7,147 million. At constant exchange rates the growth is 12.7%, supported by both Reinsurance (US Property and Casualty treaties) and Specialties Insurance (MGAs and SBS Property) activities.

In 2019, SCOR P&C generated approximately 43% of its gross written premiums in Europe, Middle East and Africa (EMEA), 40% of its gross written premiums in the Americas and 17% of its gross written premiums in Asia.

The following table shows the breakdown by gross volume of Non-Life premiums written and underwriting performance by geographic area based on market responsibility, considering the country in which the ceding company operates for treaty business and location of the insured for facultative business:

SCOR Group – Non-Life

IFRS In EUR thousands	As at December 31, 2019			Total
	EMEA	Americas	Asia-Pacific	
Gross written premiums	3,037,542	2,862,586	1,246,983	7,147,111
NET UNDERWRITING RESULT	137,203	71,644	(292,762)	(83,915)

SCOR Group – Non-Life

IFRS In EUR thousands	As at December 31, 2018			Total
	EMEA	Americas	Asia-Pacific	
Gross written premiums	2,823,413	2,232,223	1,118,731	6,174,367
NET UNDERWRITING RESULT	177,287	(145,833)	(114,611)	(83,157)

Life business

Life gross written premiums

Gross written premiums for the financial year ended December 31, 2019 have grown by 1.2% from EUR 9,083 million in 2018 to EUR 9,194 million in 2019 (a -1.8% decrease at constant exchange rates⁽¹⁾). The premium growth is affected by the renewal of certain Financial Solution deals as fee business in 2019. Excluding this change, normalized growth at constant exchange rates amounts to 4.5%.

In 2019, SCOR Global Life generated approximately 34% of its gross written premiums in Europe, Middle East and Africa and Latin America (EMEA), 50% of its gross written premiums in the Americas and 16% of its gross written premiums in Asia-Pacific.

The following table shows the breakdown by gross volume of Life premiums written and underwriting performance by geographic area based on market responsibility.

SCOR Group – Life

IFRS In EUR thousands	As at December 31, 2019				Total SGL
	EMEA	Americas	Asia-Pacific	Other ⁽²⁾	
Gross written premiums	3,141,244	4,632,454	1,419,954	-	9,193,652
NET UNDERWRITING RESULT⁽¹⁾	103,626	442,343	108,609	(30,477)	624,101

(1) Net underwriting result includes the net technical result and net interest on deposits.

(2) Other represents the sum of ULAE and Global Retro (divisional coverage). Business related retro coverage allocated to regions.

SCOR Group – Life

IFRS In EUR thousands	As at December 31, 2018				Total SGL
	EMEA	Americas	Asia-Pacific	Other ⁽²⁾	
Gross written premiums	3,181,734	4,173,814	1,727,697	-	9,083,245
NET UNDERWRITING RESULT⁽¹⁾	203,534	319,116	100,042	(33,884)	588,807

(1) Net underwriting result includes the net technical result and net interest on deposits.

(2) Other represents the sum of ULAE and Global Retro (divisional coverage). Business related retro coverage allocated to regions.

In 2019, the market responsibility for one portfolio was reallocated from the Americas to EMEA. The gross written premiums for SCOR Global Life previously reported in the 2018 SFCR for Americas were EUR 4,375,053 thousand the year ended December 31, 2018. Gross written premiums previously reported for EMEA were EUR 2,980,495 thousand for the year ended December 31, 2018. The net underwriting result for SCOR Global Life previously reported in the 2018 SFCR for Americas was EUR 308,782 thousand for the year ended December 31, 2018. The net underwriting result

previously reported for EMEA was EUR 213,867 thousand for the year ended December 31, 2018.

(1) At December 31, 2018 exchange rates.

A.2.2. SCOR SE

A.2.2.1. Overall underwriting performance

On March 31, 2019, SCOR SE merged with its wholly owned subsidiaries SCOR Global P&C SE ("SGP&C SE") and SCOR Global Life SE ("SGL SE") with retroactive effect from January 1, 2019.

SCOR SE

As at December 31, 2019							
French GAAP In EUR thousands	Net technical result ⁽¹⁾	Net interest on deposits	Sub-total	Internal management expenses ⁽²⁾	Total	Net underwriting result ⁽³⁾	
	(A)	(B)	(A) + (B)	(C)	(A) + (B) + (C)		
Total SCOR SE Non-Life	150,484		150,484	(255,702)	(105,218)	(105,218)	(A) + (C)
Total SCOR SE Life	(61,203)	130,405	69,202			69,202	(A) + (B)
TOTAL	89,281	130,405	219,686	(255,702)	(105,218)		

(1) SCOR SE Non-Life: net technical result includes claims expenses (unallocated loss adjustment expenses or "ULAE").

(2) SCOR SE Non-Life: includes all management expenses, 50% of corporate expenses, Lloyds expenses and Cat bond expenses.

(3) SCOR SE Non-Life: Net underwriting result does not include equalization reserve of EUR 21.8 million.

SCOR SE

As at December 31, 2018							
French GAAP In EUR thousands	Net technical result ⁽¹⁾	Net interest on deposits	Sub-total	Internal management expenses ⁽²⁾	Total	Net underwriting result	
	(A)	(B)	(A) + (B)	(C)	(A) + (B) + (C)		
Total SCOR SE Non-Life	(6,208)		(6,208)	(66,058)	(72,266)	(72,266)	(A) + (C)
Total SCOR SE Life	21,992	41,270	63,262			63,262	(A) + (B)
TOTAL	15,784	41,270	57,054	(66,058)	(72,266)		

(1) SCOR SE Non-Life: net technical result includes claims expenses (unallocated loss adjustment expenses or "ULAE").

(2) SCOR SE Non-Life: includes all management expenses, 50% of corporate expenses, Lloyds expenses and Cat bond expenses.

A.2.2.2. Underwriting result by line of business

Non-Life business

SCOR SE – Non-Life

As at December 31, 2019			
French GAAP In EUR thousands	Net technical result ⁽¹⁾	Internal management expenses ⁽²⁾	Net underwriting result
Motor vehicle liability insurance	21,725	(7,986)	13,739
Marine, aviation and transport insurance	(12,100)	(7,562)	(19,662)
Fire and other damage to property insurance	(353,841)	(39,207)	(393,048)
General liability insurance	74,393	(4,372)	70,021
Credit and suretyship insurance	24,579	(9,528)	15,051
Non-proportional casualty reinsurance	234,009	(30,493)	203,516
Non-proportional property reinsurance	105,073	(86,601)	18,472
Other	56,646	(69,953)	(13,307)
TOTAL	150,484	(255,702)	(105,218)

(1) Net technical result includes claims expenses (unallocated loss adjustment expenses or "ULAE").

(2) Includes all management expenses, 50% of corporate expenses, Lloyds expenses and Cat bond expenses.

SCOR SE – Non-Life

French GAAP In EUR thousands	As at December 31, 2018		
	Net technical result ⁽¹⁾	Internal management expenses ⁽²⁾	Net underwriting result
Motor vehicle liability insurance	2,069	(1,179)	890
Marine, aviation and transport insurance	(11,619)	(371)	(11,990)
Fire and other damage to property insurance	(55,243)	(4,081)	(59,324)
General liability insurance	8,440	(335)	8,105
Credit and suretyship insurance	(10,109)	(1,514)	(11,623)
Non-proportional casualty reinsurance	33,509	(199)	33,310
Non-proportional property reinsurance	13,075	(1,901)	11,174
Other	13,670	(56,478)	(42,808)
TOTAL	(6,208)	(66,058)	(72,266)

(1) Net technical result includes claims expenses (unallocated loss adjustment expenses or "ULAE").

(2) Includes all management expenses, 50% of corporate expenses, Lloyds expenses and Cat bond expenses.

Life business

SCOR SE – Life

French GAAP In EUR thousands	Net underwriting result ⁽¹⁾	
	2019	2018
Health reinsurance	45,159	26,619
Life reinsurance	24,043	36,643
TOTAL	69,202	63,262

(1) Net underwriting result includes the net technical result and net interest on deposits.

A.2.2.3. Underwriting result by geographical area

In 2019, SCOR SE generated approximately 66% of its gross written premiums in Europe (2018: 36%), with a significant market position in France, 21% of its gross written premiums in Asia (2018: 50%) and 13% of its gross written premiums in the Americas, Africa and the rest of the world (2018: 14%).

Non-Life business

SCOR SE – Non-Life

French GAAP In EUR thousands	As at December 31, 2019			
	EMEA	Americas	Asia-Pacific	Total
Gross written premiums	2,480,186	492,713	782,653	3,755,552
Net technical result ⁽¹⁾	306,723	193,934	(350,173)	150,484
Internal Management expenses ⁽²⁾	(178,219)	(42,002)	(35,481)	(255,702)
NET UNDERWRITING RESULT	128,504	151,932	(385,654)	(105,218)

(1) Net technical result includes claims expenses (unallocated loss adjustment expenses or "ULAE").

(2) Includes all management expenses, 50% of corporate expenses, Lloyds expenses and Cat bond expenses.

SCOR SE – Non-Life

French GAAP In EUR thousands	As at December 31, 2018			
	EMEA	Americas	Asia-Pacific	Total
Gross written premiums	471,371	179,724	647,946	1,299,041
Net technical result ⁽¹⁾	64,477	3,166	(73,851)	(6,208)
Internal Management expenses ⁽²⁾	(60,124)	(1,183)	(4,751)	(66,058)
NET UNDERWRITING RESULT	4,353	1,983	(78,602)	(72,266)

(1) Net technical result includes claims expenses (unallocated loss adjustment expenses or "ULAE").

(2) Includes all management expenses, 50% of corporate expenses, Lloyds expenses and Cat bond expenses.

Life business

SCOR SE – Life

French GAAP In EUR thousands	As at December 31, 2019			
	EMEA	Americas	Asia-Pacific	Total
Gross written premiums	2,477,434	425,105	852,968	3,755,507
NET UNDERWRITING RESULT⁽¹⁾	4,328	31,371	33,503	69,202

(1) Net underwriting result includes the net technical result and net interest on deposits.

SCOR SE – Life

French GAAP In EUR thousands	As at December 31, 2018			
	EMEA	Americas	Asia-Pacific	Total
Gross written premiums	737,283	-	363,715	1,100,998
NET UNDERWRITING RESULT⁽¹⁾	49,016	-	14,246	63,262

(1) Net underwriting result includes the net technical result and net interest on deposits.

A.3. INVESTMENT PERFORMANCE

A.3.1. SCOR GROUP

A.3.1.1. Investment income and expenses

Investment income and expenses by asset class

Investment income by nature

SCOR Group

IFRS In EUR thousands	2019	2018
Investment revenues	522,265	467,030
Interest on deposits	158,268	150,762
Realized gains/losses on investments	86,507	126,923
Change in fair value of investments	24,676	(12,553)
Change in impairment and amortization	(40,283)	(31,915)
Foreign exchange gains/(losses)	2,913	(12,880)
Investment income	754,346	687,367
Investment expenses	(75,431)	(68,167)
Change in unrealized gains/(losses) on available for sale investments (through equity)⁽¹⁾	646,776	(505,373)

(1) Investment revenues on invested assets are presented net of EUR 8 million revenues on later impaired/sold securities, shown in impairments (EUR 5 million) and realized gains (EUR 3 million), respectively.

Total investment income net of management expenses stands at EUR 679 million as at December 31, 2019:

- investment income on invested assets at EUR 588 million (see table and comments below) and investment expenses at EUR (75) million;
- interest on deposits at EUR 158 million in 2019 with return on funds withheld at 2.1% in 2019 in line with prior year and plan. The split of interest on deposits is as follows:
 - interest income on funds withheld and contract deposits EUR 158 million (SGP&C EUR 2 million, SGL EUR 156 million),
 - interest expense on funds withheld and contract deposit EUR (6) million from SGL;
- the 2019 Foreign exchange gain stands at EUR 2.9 million resulting from hedging differences (valuation and volume differences), and given the size of the Group balance sheet, these remain well within the expected level of volatility;
- the change in unrealized gains/losses on investment amounts to EUR (647) million and is recognized through equity. It relates to the asset revaluation reserves on bonds and equities classified as available for sale.

Investment income on invested assets

Compared to total investment income, as shown in the income statement, investment income on invested assets excludes interest on deposits and foreign exchange gains/losses and includes the cost of real estate debt.

The year 2019 has been drawing to close the ambitions for a normalization of monetary policies. Indeed, uncertainties surrounding US-China bilateral tariff negotiations coupled with weaknesses in the manufacturing sector have led to new accommodative policies to avoid an economic downturn.

A benign inflationary environment permitted these new expansionary monetary policies. Indeed, while the US unemployment rate remained at its lowest level of 3.5% for the past 50 years, the CPI has been contained below 2.5%. In Europe, the low inflation environment is even more pronounced with a CPI of only 1.3%.

Hence, the FED has decreased, by steps of 25 basis points, its reference rate from 2.25% to 1.50% and has stopped its balance

sheet reduction started in 2018. Indeed, its assets size is increasing again and represents now USD 4,166 billion. The European Central Bank has symbolically decreased its rate from -0.4% to -0.5% and announced the reinvestigation of its asset purchase program.

Hence, during the year, the 10-year rates have moved in the US from 2.7% to 1.9%. In the Eurozone, they decreased from 0.2% to -0.2% after reaching a record low -0.7% during the summer. The same phenomenon affected the UK, Canada and Australia with 10-year rates at respectively 0.8%, 1.7% and 1.4%. In Asia, rates were more stable with Japanese and Chinese 10-year rates at respectively 0.0% and 3.1%.

The prorogation of a low and even negative yield environment combined with subdued but positive economic forecasts enabled most financial assets to deliver positive performances. Growth consensus for 2020 is at 1.8% for the US, 1.0% for the Eurozone and 5.9% for China.

The bond indices have been positive with an overperformance of bonds carrying the highest credit risk. Hence, high yield bonds (bonds issued by companies with a high level of indebtedness) have delivered a 11.3% return for the European market and 14.4% for the US market *versus* respectively 6.8% and 7.0% for government bonds of the same currencies.

The main equity indices have followed the same trend, beating historical highs in the US. As a result, the S&P 500 total return was at 31.5% *versus* 27.7% for the European Stoxx 600.

Income and expenses

Net investment income for the year ended December 31, 2019 amounted to EUR 671 million, compared to EUR 615 million for the year ended December 31, 2018.

The return on invested assets in 2019 was 3.0% as compared to 2.8% in 2018. The evolution of investment income in 2019 is essentially driven by strong investment revenues and by the active portfolio management strategy implemented by SCOR Global Investments, which translated into substantial realized capital gains of EUR 94 million, mostly achieved on the real estate portfolio and to a lesser extent on the fixed income portfolio.

SCOR Group

IFRS In EUR thousands	2019	2018
Investment revenues on invested assets ⁽¹⁾⁽²⁾	510,707	462,602
Investment revenues on fixed income	484,364	444,515
Investment revenues on dividends	20,511	18,195
Investment revenues on real estate	33,523	37,181
Investment revenues on others	(27,691)	(37,289)
Realized gains/losses on invested assets ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾	94,568	123,656
Realized gains/losses on fixed income	34,420	4,597
Realized gains/losses on loans	363	378
Realized gains/losses on equities	2,221	107,295
Realized gains/losses on real estate ⁽³⁾	48,166	10,168
Realized gains/losses on other investments	9,398	1,218
Change in fair value of investments ⁽⁴⁾⁽⁵⁾⁽⁷⁾	19,728	(23,729)
Change in impairment and amortization ⁽²⁾⁽⁶⁾	(33,010)	(25,730)
Change in impairment on fixed income	(9,016)	(1,551)
Change in impairment on loans	(1,457)	(905)
Change in impairment on equities ⁽³⁾	(43)	(262)
Change in impairment/amortization on real estate ⁽⁶⁾	(20,033)	(23,857)
Change in impairment on other investments	(2,461)	845
Financing costs on real estate investments ⁽⁸⁾	(3,773)	(3,904)
Investment income on invested assets	588,220	532,895
Net interest income on funds withheld and contract deposits	158,268	150,762
Investment management expenses	(75,431)	(68,167)
TOTAL NET INVESTMENT INCOME	671,057	615,490
Foreign exchange gains/losses	2,913	(12,880)
Income/expenses on technical items ⁽¹⁰⁾	164	686
Income from other consolidated entities ⁽⁹⁾	973	11,748
Financing costs on real estate investments	3,773	3,904
IFRS INVESTMENT INCOME NET OF INVESTMENT MANAGEMENT EXPENSES	678,880	618,948
Average investment assets	19,837,634	19,040,709
RETURN ON INVESTED ASSETS (ROIA AS A %)	3.00%	2.80%

(1) Investment revenues on invested assets are presented net of EUR 3 million real estate revenues attributable to third parties and net of EUR 1 million revenues related to investments not held for investment purposes.

(2) Investment revenues on invested assets are presented net of EUR 8 million revenues on later impaired/sold securities, shown in impairments (EUR 5 million) and realized gains (EUR 3 million), respectively.

(3) Realized gains/(losses) on invested assets are presented net of EUR 1 million realized gain attributable to 3rd parties, included in realized capital gains/losses on investments under IFRS.

(4) Realized gains/(losses) on invested assets are presented net of EUR 6 million realized losses on derivatives shown under fair value through income on invested assets.

(5) Realized gains/(losses) on invested assets are presented net of EUR 1 million realized gain on a fair value security, shown under fair value through income on invested assets.

(6) Impairment/depreciation of real estate is presented net of EUR (2) million impairment/depreciation attributable to third parties.

(7) Fair value through income on invested assets includes EUR (1) million investment income from other consolidated entities.

(8) Real estate financing expenses relate to real estate investments (buildings held for investment purposes) only, net of financing expenses attributable to third parties.

(9) Includes (7).

(10) Income/(expenses) on technical items include (1), (3) and (5) amongst other technical items.

During 2019, invested assets increased to EUR 20,571 million from EUR 19,153 at December 31, 2018, mainly as a result of positive mark-to-market development, positive foreign currency exchange impacts and positive income generated by the invested assets portfolio in 2019.

SCOR announced its new investment strategy in September 2019, as part of its “Quantum Leap” strategic plan. During the thirty-month period covered by the strategic plan SCOR Global Investments intends to provide a strong and recurring financial contribution from the invested assets portfolio. SCOR Global Investments’ roadmap is built around the following pillars:

- Acting as a sustainable investor to better manage risks and generate superior long-term returns;
- Enhancing portfolio diversification towards value-creation assets to increase portfolio returns;
- Maximizing value creation while safeguarding portfolio value;
- Fully leveraging SCOR’s positioning as a leading player in Insurance-Linked Securities (ILS) with the acquisition of Coriolis Capital; and
- Keeping SCOR Investment Partners’ strong momentum in third-party asset gathering through a comprehensive product offering and best-in-class returns.

Liquidity, defined as SCOR’s share of cash and cash equivalents and short-term government bonds (with maturities above three months and below twelve months) and bank overdrafts, is at 6% of invested assets as at December 31, 2019, slightly above the level of 5% observed as at December 31, 2018.

The fixed income portfolio continues to represent a significant portion of SCOR’s invested assets with 81% invested within this asset class (82% at year-end 2018). SCOR Global Investments has started to position its fixed income portfolio more cautiously. The exposure to corporate bonds decreased from 49% at the end of 2018 to 43% at the end of 2019. Conversely, the exposure to government bonds and assimilated increased from 24% to 27%, the exposure to covered bonds and Agency MBS increased from 8% to 9% and the exposure to structured and securitized

products increased from 1% to 2%, over the same period. The fixed income portfolio remains of very high quality with an average rating at “A+” at the end of 2019, stable compared to the average rating at the end of 2018. The duration of the fixed income portfolio stands at 3.4 years at the end of 2019 compared to 4.3 years at the end of 2018.

SCOR’s exposure to loans remained stable at 5% of invested assets as at December 31, 2019 (as at December 31, 2018: 5% of invested assets).

SCOR’s exposure to equity securities remained stable at 2% of invested assets as at December 31, 2019 (as at December 31, 2018: 2% of invested assets). This exposure is essentially composed of convertible bonds and listed equities.

The real estate portfolio remained stable at 3% of invested assets as at December 31, 2019 (as at December 31, 2018: 3% of invested assets) after taking into account several real estate sales during 2019.

Other investments, comprising mainly ILS, private equity and infrastructure funds and non-listed equities remained stable at 3% of invested assets as at December 31, 2019 (as at December 31, 2018: 3% of invested assets).

A.3.1.2. Investment gains and losses recognized in equity

Total unrealized gains and losses for the global portfolio of investments have increased by EUR 613 million in 2019 as compared to 2018. The key movements are driven by the change in interest rates and by some capital gains generated during the year.

The unrealized gains and losses on AFS⁽¹⁾ investments recognized through equity have increased by EUR 647 million in 2019 as compared to 2018 driven by:

- Bonds AFS⁽¹⁾ for EUR 669 million;
- Equities AFS⁽¹⁾ for EUR (22) million;
- Foreign exchange gain/losses on equities AFS⁽¹⁾ EUR (4) million.

SCOR Group

IFRS In EUR thousands	2019	2018	Variance YTD
Fixed income	310,000	(357,000)	667,000
Loans	-	(4,000)	4,000
Equities	(14,000)	22,000	(36,000)
Real estate	152,000	183,000	(31,000)
Other investments	24,000	15,000	9,000
TOTAL URGL	472,000	(141,000)	613,000
Of which URGL on available for sale investments booked through equity	336,284	(310,492)	646,776

(1) Available for sale.

A.3.1.3. Securitized investments

The table below presents information on the type of securitized investments held within the Group:

SCOR Group

As at December 31, 2019 In EUR thousands	AAA	AA	A	BBB	<BBB and non-rated	Total	Market to Book Value %
Assets-backed securities	-	-	-	-	462	462	72%
Collateralized loan obligations	244,048	-	-	-	143,886	387,934	99%
Collateralized debt obligations	-	9,722	-	-	72	9,794	86%
Collateralized mortgage obligations	-	-	-	-	-	-	0%
Mortgage-backed securities	-	-	-	-	-	-	0%
Agency CMBS	-	-	-	-	-	-	0%
Agency RMBS	890,926	-	-	-	-	890,926	101%
Non-agency CMBS	-	-	-	-	-	-	0%
Non-agency RMBS	-	325	-	191	4,271	4,787	82%
TOTAL	1,134,974	10,047	-	191	148,691	1,293,903	100%

SCOR Group

As at December 31, 2018 In EUR thousands	AAA	AA	A	BBB	<BBB and non-rated	Total	Market to Book Value %
Assets-backed securities	-	-	-	-	838	838	81%
Collateralized loan obligations	38,025	-	-	-	129,125	167,150	96%
Collateralized debt obligations	-	20,772	-	-	72	20,844	93%
Collateralized mortgage obligations	-	-	-	-	-	-	0%
Mortgage-backed securities	-	-	-	-	-	-	0%
Agency CMBS	-	-	-	-	-	-	0%
Agency RMBS	635,028	-	-	-	-	635,028	96%
Non-agency CMBS	-	-	-	-	-	-	0%
Non-agency RMBS	-	1,099	107	205	5,792	7,203	96%
TOTAL	673,053	21,871	107	205	135,827	831,063	96%

A.3.2. SCOR SE

A.3.2.1. Investment income and expenses

On March 31, 2019, SCOR SE merged with its wholly owned subsidiaries SCOR Global P&C SE ("SGP&C SE") and SCOR Global Life SE ("SGL SE") with retroactive effect from January 1, 2019.

Investment income and expenses by asset class

SCOR SE

French GAAP <i>In EUR thousands</i>	2019		Total
	Related companies	Other	
Revenues from securities	192,251	1,039,777	1,232,028
Revenues from other investments	54,396	256,092	310,488
Other revenues	2,503	6,954	9,457
Realized gains	13	129,391	129,404
TOTAL INVESTMENT INCOME	249,163	1,432,214	1,681,377
Management and financial costs	69,192	114,764	183,956
Other investment expenses	4,064	23,944	28,008
Realized losses	2,468	184,674	187,142
TOTAL INVESTMENT EXPENSES	75,724	323,382	399,106

SCOR SE

French GAAP <i>In EUR thousands</i>	2018		Total
	Related companies	Other	
Revenues from securities	601,769	708	602,477
Revenues from other investments	133,043	34,209	167,252
Other revenues	327	1,237	1,564
Realized gains	11,159	4,684	15,843
TOTAL INVESTMENT INCOME	746,298	40,838	787,136
Management and financial costs	-	8,667	8,667
Other investment expenses	20,634	93,381	114,015
Realized losses	-	95,338	95,338
TOTAL INVESTMENT EXPENSES	20,634	197,386	218,020

Dividends received from subsidiaries amount to EUR 166 million and mainly include SCOR Services Switzerland AG (EUR 80 million), SCOR Global Life Ireland (EUR 45 million), SCOR Auber SAS (EUR 18 million), SCOR Reinsurance Asia-Pacific Pte Ltd (EUR 13 million), MRM (EUR 3 million), SCOR Underwriting Limited (EUR 3 million) and SCOR Perestrahovaniye (EUR 3 million).

A.3.2.2. Investment gains and losses recognized in equity

Not applicable to SCOR SE under French GAAP.

A.3.2.3. Securitized investments

Not applicable to SCOR SE.

A.4. PERFORMANCE OF OTHER ACTIVITIES

OPERATING LEASE CONTRACTS

Payments for operating leases relate primarily to rental payments for offices and business premises of the Group. They include extension options as well as restrictions regarding subleases. The main lease contracts are for the US and Zurich offices. See

Chapter D (Valuation for solvency purposes, Sections D.1.2 – Property, plant and equipment and D.3.5 – Other liabilities) of this report for further information.

FINANCE LEASE CONTRACTS

No material finance lease contracts were utilized by SCOR over the reporting period.

OTHER ACTIVITIES

No material income and expense were incurred by SCOR over the reporting period other than the income and expense presented above in Sections A.2 – Underwriting performance and A.3 – Investment performance.

A.5. ANY OTHER INFORMATION

COVID-19 PANDEMIC UPDATE

Throughout the past 50 years SCOR has built its reputation on being there for its clients, its employees and all its stakeholders in the most difficult times. The unprecedented crisis we are now facing is no different. On March 11, 2020, the World Health Organization declared the Covid-19 outbreak a global pandemic. The first quarter 2020 results of the SCOR group were not materially affected by the Covid-19 pandemic and the related economic and financial crisis, but this event is ongoing. The impact for the remainder of the financial year cannot be accurately assessed at this stage given the high uncertainty related to the magnitude and duration of the pandemic and of its wide-ranging social, economic and financial consequences on the one hand, and to the possible effects of ongoing and future governmental actions on the other hand. SCOR may see an increased level of claims in its Life and P&C businesses and an increased level of asset impairments during 2020.

As we go through this crisis, SCOR will do everything in its power to support its business partners, employees and local communities throughout the world, while ensuring that its operations continue efficiently.

SCOR is doing its utmost to help stop the spread of the COVID-19 virus, starting within the company. Actively protecting the health of our employees and their loved ones is our top priority. This is why we adopted early and strict prevention measures, before fully activating our Business Continuity Plan and switching to working from home in all Group offices, a move that came before lockdown and social distancing measures were even implemented in most countries. But we are also acting outside the company. SCOR has launched call to action with the “Spread knowledge, not the virus” campaign, which explains the importance of strict containment measures to combat the pandemic and calls on everyone to contribute to the fight against its spread. The Group is also sharing knowledge on the evolution of Covid-19 with regular publication of appropriate epidemiological data.

The resilience of SCOR’s operational capability, supported by high-performance IT systems and applications, means that the Group can continue to serve its clients in this period of crisis and immediately respond to their reinsurance needs.

The coronavirus pandemic is addressed by governments via lockdown policies and fiscal stimulus and by central banks via monetary policies to support financial markets and liquidity concerns. The outcome of these efforts, and notably the timetable at which the spread of the virus subsides, will become clearer over time.

SCOR Group's estimated solvency ratio stands at 210% on March 31, 2020, in the upper part of the optimal solvency range of 185% - 220% as defined in the "Quantum Leap" strategic plan. The reduction in solvency compared to December 31, 2019 was mainly driven by market movements.

Combining disciplined growth, strong profitability and robust solvency, SCOR Group delivered a strong set of IFRS results in the first quarter of 2020 (published at <https://www.scor.com/en/financial-information> on April 29, 2020). SCOR benefits from a strong capital position, high solvency ratio and a resilient global franchise. The Group's current status on the exposures to the Covid-19 pandemic is the following:

- On the Life side, the current situation remains well-below the 1-in-200 year pandemic extreme scenario disclosed by SCOR:
 - The key exposure relates to mortality business, primarily in the U.S., where SCOR has a diversified portfolio predominantly exposed to younger age and higher socio-economic groups.
 - There is limited exposure to lines of business impacted by economic downturn, for example disability in France and Australia.
 - There are some potential positive offsetting impacts over time from our longevity and long-term care (France) portfolios.
- On the P&C side, SCOR is continuously monitoring its exposures to the Covid-19 outbreak in light of a rapidly changing environment, considering lines of business (LOBs) according to the degree of materiality of potential impacts:

- Many LOBs are simply not loss impacted or have minimal loss exposure even if they may be affected in terms of volume due to the nature of their coverage;
- SCOR Global P&C is not involved or has incidental and immaterial exposure in many of the LOBs most affected by the pandemic and the ensuing financial and economic crises, such as event cancellation or contingency business;
- The Business Interruption development is being closely monitored, in all relevant jurisdictions;
- Potential exposures could also arise within the Trade Credit, Surety and Political Risks portfolio, limited to ~7% of the SCOR Global P&C premium base.
- On the investment side, whilst SCOR may in the future see reduced investment income through lower yields and experience higher asset impairments, SCOR entered the Covid-19 crisis with a resilient and defensive investment portfolio:
 - SCOR has a prudent investment portfolio with limited appetite for asset risks;
 - Throughout 2019, SCOR voluntarily decreased the risk of the investment portfolio with a material reduction of the credit exposure and a stronger liquidity profile. SCOR's investment portfolio has a very limited exposure to listed equities (0.6% of invested assets);
 - At the end of Q1 2020, its fixed income portfolio, of very high quality with an average rating of A+, and highly liquid, has limited exposure to the oil and gas sectors (1.7% of invested assets), as well as to the airlines, retail, leisure, hotel and entertainment sectors (2.4% of invested assets);
 - The liquidity of the investment portfolio is very strong. The invested assets portfolio (EUR 20.3 billion) benefits from its short duration positioning, with a fixed income duration of 3.2 years (versus 4.3 years at the end of 2018), and with EUR 8.3 billion of financial cash-flows⁽¹⁾ expected over the next 24 months, equivalent to 41% of invested assets.

(1) Investable cash includes current cash balances, and future coupons and redemptions.

B

SYSTEM OF GOVERNANCE

B.1.	GENERAL INFORMATION ON THE SYSTEM OF GOVERNANCE	36	B.3.	RISK MANAGEMENT SYSTEM INCLUDING THE OWN RISK AND SOLVENCY ASSESSMENT (ORSA)	53
B.1.1.	General governance principles	36	B.3.1.	Risk appetite framework	53
B.1.2.	Legal structure and functional organization of SCOR Group	36	B.3.2.	ERM framework	54
B.1.3.	Governance structure at Group and legal entity level	38	B.3.3.	Internal model contribution to the ERM framework	57
B.1.4.	Material changes in governance in 2019	45	B.3.4.	ORSA contribution to the Risk Management System	58
B.1.5.	Material transactions with shareholders, persons who exercise significant influence or members of the AMSB	45	B.3.5.	SCOR SE – Information on the Risk Management System	58
B.1.6.	Compensation policy and practices regarding the members of the administrative, management or supervisory bodies and employees	46	B.4.	INTERNAL CONTROL SYSTEM	59
B.2.	FIT AND PROPER REQUIREMENTS	49	B.4.1.	Description of the internal control system	59
B.2.1.	Objectives and general principles	49	B.4.2.	Compliance function	59
B.2.2.	Scope of SCOR's fit and proper principles	49	B.4.3.	SCOR SE – Information on the ICS and the compliance function	60
B.2.3.	Fitness criteria	49	B.5.	INTERNAL AUDIT	61
B.2.4.	Propriety criteria	51	B.5.1.	Internal Audit organization at Group level	61
B.2.5.	Fit and proper assessment process	52	B.5.2.	SCOR SE – Information on the Internal Audit function	62
B.2.6.	SCOR SE – Information on fit and proper requirements	52			

B.6.	ACTUARIAL FUNCTION	62
B.6.1.	Implementation of the actuarial function	62
B.6.2.	SCOR SE – Information on the actuarial function	62
B.7.	OUTSOURCING	63
B.7.1.	Outsourcing principles and organization	63
B.7.2.	Main activities outsourced to external service providers	64
B.7.3.	Main intragroup outsourcing arrangements	64
B.7.4.	SCOR SE – Information on outsourcing	65
B.8.	OTHER MATERIAL INFORMATION REGARDING THE SYSTEM OF GOVERNANCE	65

B.1. GENERAL INFORMATION ON THE SYSTEM OF GOVERNANCE

B.1.1. GENERAL GOVERNANCE PRINCIPLES

SCOR has an objective of adopting best practices with regards to governance because good governance contributes to meeting its strategic objectives and ensuring an appropriate management of risks. The governance of SCOR SE and of SCOR Group derives from the following objectives:

- compliance with applicable laws in the countries where it operates, and for SCOR SE, with the French Commercial Code, the French Monetary and Financial Code, the AMF's General Regulation and the French Insurance Code;
- pragmatism, simplicity and operating efficiency, allowing for timely and effective decision-making and cost effectiveness;
- clear allocation of roles and responsibilities, including clear reporting lines and accountability;
- checks and balances;
- fostering of cooperation, internal reporting and communication of information at all relevant levels of the Group;
- robust management and internal control leveraging on the consistent application of policies, guidelines, procedures and tools such as IT systems;
- mobilization of skills and expertise;
- balance between strong governance at Group level involving a global vision and global steering of the business and of risk management, and empowerment of local Boards and management teams, allowing for local specificities to be considered;
- multicentricity, with Group functions being carried out in other geographical locations than Paris to benefit fully from the competencies within various locations;
- efficient flow of information bottom-up and top-down.

B.1.2. LEGAL STRUCTURE AND FUNCTIONAL ORGANIZATION OF SCOR GROUP

B.1.2.1. Legal structure of the Group

SCOR operates through a number of legal entities, branches and representative offices all around the world.

In addition to the objectives outlined above, the legal structure of the Group is guided by the following principles:

- support the strategic objectives (solvency and profitability) and operations of the Group;
- reduce the number of entities and simplify the organization;
- deliver cost effectiveness;
- optimize capital management by maximizing capital fungibility;
- achieve high financial flexibility;
- comply with local regulations and requirements;
- access local business and be close to clients' needs.

Among the legal entities of the SCOR Group, a number of key subsidiaries around the world have external Board members with a view to meeting high corporate governance standards.

B.1.2.2. Functional organization of the Group

SCOR operates all around the world through several legal entities, branches or representative offices. In order to ensure an appropriate consolidated vision and management of risks and business issues at Group level, and in line with the other objectives outlined in Section B.1.1 – General governance principles, SCOR has put in place a strong functional organization based on business units and Group functions, as well as on regional Hubs.

B.1.2.3. Business units and Group functions

The Group is organized around two reinsurance business units, SCOR Global P&C (Property and Casualty reinsurance) and SCOR Global Life (Life reinsurance), plus an asset management business unit, SCOR Global Investments:

- Property and Casualty Reinsurance operating activities are managed by SCOR's P&C business unit, SCOR Global P&C (SGP&C).

These activities include the following business areas:

- Reinsurance: Treaty P&C and Global Lines teams provide proportional and non-proportional reinsurance in many forms across Property and Casualty lines of business in EMEA, Americas, and Asia-Pacific,
- Specialty Insurance: teams operate as a federated business composed of SCOR Business Solutions, SCOR Channel, MGA activities in North America, the London Market and Brazil (through Essor), and
- P&C Partners: acts as a global technical and expertise centre, facilitating business development as well as synergies between underwriting teams;
- Life reinsurance operating activities are managed by SCOR's Life business unit, SCOR Global Life (SGL). These activities include the following product lines: Protection, Longevity and Financial Solutions. Asset management activities are managed by SCOR's asset management business unit, SCOR Global Investments (SGI).

SCOR Global P&C, the Group's Non-Life business unit, operates worldwide through the main global reinsurance company of the Group (SCOR SE) and its insurance and reinsurance subsidiaries and branches in the EMEA region, including Spain, Italy, Switzerland, the UK, Germany, Kenya, South Africa, Russia, the America region and the Asia-Pacific region, including Australia, China, India, South Korea, Hong Kong and Singapore.

The role and organization of the P&C business unit are further described in Section B.1.3.3 – Governance of SCOR Global P&C Business unit.

SCOR Global Life, the Group's Life business unit, operates worldwide through the main global reinsurance companies of the Group (SCOR SE) as well as its insurance and reinsurance subsidiaries and branches in the EMEA region including Germany, the UK, Ireland, Italy, Spain, Switzerland, the Netherlands, Sweden, Belgium, South Africa, in the Americas region including Canada, the US, Latin America, and the Asia-Pacific region including Australia, New Zealand, China, Hong Kong, Japan, Singapore, Malaysia, South Korea and India and, in relation to its distribution and distribution solutions, through its specialized subsidiary of SCOR SE.

The role and organization of the Life business unit are further described in Section B.1.3.4 – Governance of SGL Business unit.

SCOR Global Investments, the third business unit of the Group, manages the investment portfolio of the Group's legal entities. It is composed of the Group Investment Office, a Strategic Planning and Investments Department and SCOR Investment Partners SE, a portfolio management company, approved by the AMF. The Group Investment Office manages the interaction between the SCOR Group and SCOR Investment Partners in managing the risk appetite, monitoring investment risks and setting investment guidelines. The Department Strategic Planning and Investments is

in charge of financial planning and investments in Private Equity. SCOR Investment Partners manages directly the assets of many SCOR Group subsidiaries and manages also the funds on the behalf of the Group and third-party clients.

In addition to the three business units, Group functions provide services to the whole Group and are described in Section A 1.2.1 – Lines of business and geographical areas.

Beyond legal entity structures and due to the existence of business units and Group functions, the Group's subsidiaries, branches and offices are connected through a central network of applications and data exchange platforms, which allow local access to centralized expertise and tools and also give the Group a good overview of local operations and risks.

B.1.2.4. Hub structure

SCOR has structured its operations around three regional management platforms, or Hubs: the EMEA Hub, the Americas Hub and the Asia-Pacific Hub.

Each Hub has local, regional and Group responsibilities, with the heads of each Hub reporting to the Group Chief Operating Officer, COO. Each Hub typically includes the following functions: Legal and Compliance, Information technology support, Finance, Human Resources and General Services. This organization enables:

- SCOR's operational structures and support functions to be optimized by creating service platforms in charge of managing pooled resources, including information technology, human resources, legal and others in the Group's main locations;
- several Group functions to be carried out and managed in geographical locations other than Paris in order to benefit fully from the competencies within different Hubs; and
- the Group to develop a global culture while keeping local specificities.

The Hubs are not responsible for generating revenues or for underwriting or claims management. The local underwriting and claims management teams have direct reporting lines within the respective P&C and Life business units. Hub-shared service costs are then allocated to the business units.

Management reviews the operating results of the Non-Life and Life operating segments individually to assess the operational performance of the business and to allocate resources

The Hub structure is designed to facilitate access to local markets through a network of local subsidiaries, branches and representative offices, to better identify profit centers in each major reinsurance market, obtain a deeper understanding of the specific features of local risks and develop local management and underwriting expertise, and thereby improve customer service and maintain proximity relationships with ceding companies.

B.1.3. GOVERNANCE STRUCTURE AT GROUP AND LEGAL ENTITY LEVEL

B.1.3.1. Governance of the Group

The parent company of the Group is SCOR SE. The governance bodies of SCOR SE play a key role in the governance of the Group. The governance of SCOR SE is presented in Section B.1.3.2 – Governance of SCOR SE.

Directors of SCOR SE may serve as Directors of certain subsidiaries to help ensure the consistency of the governance of the Group. In addition, and to serve the same purpose, the Audit Committee of the Board of SCOR SE receives annually a report on the activities of local audit committees.

Group Executive Committee

The Group Executive Committee is the highest management committee of the SCOR Group.

It is responsible for implementing the strategy defined by the Board of Directors, under the Chief Executive Officer's authority.

The Group Executive Committee is composed of executives of SCOR SE and its subsidiaries. It enables:

- bottom-up reporting (from business units, Group functions and Hubs) to the most senior executives of the Group, including the Chairman and CEO of SCOR SE, through regular reviews or *ad hoc* presentations of the operations, thereby facilitating the supervision of the Group's activities;
- the coordination of all major functional entities of the SCOR Group (business units, Group functions, Hubs and legal entities);
- the involvement of the most senior executives of the Group in significant decisions concerning the Group (as well as its main legal entity SCOR SE), prior to these decisions being taken. Pursuant to Article L. 322-3-2 of the French Insurance Code, insurance and reinsurance companies must apply, since January 1, 2016, the "Four Eyes Principle", according to which they must be effectively run by at least two separate persons. The persons effectively running SCOR SE and the Group were designated by SCOR SE's Board of Directors on November 3, 2015. In addition to Denis Kessler, Chairman and Chief Executive Officer of SCOR SE, they include Jean-Paul Conoscente, Chief Executive Officer of SCOR Global P&C, and Paolo De Martin, Chief Executive Officer of SCOR Global Life;
- the preparation of the work of SCOR SE's Board of Directors, in particular with respect to strategic decisions, and the implementation of its decisions.

On December 31, 2019 the composition of the Group Executive Committee was as follows:

- the Chairman and CEO of SCOR SE, who chairs it;
- the CEO of SCOR Global P&C and his deputy;
- the CEO of SCOR Global Life and his deputy;
- the CEO of SCOR Global Investments;
- the Group CFO;
- the Group COO;
- the Group CRO.

In addition to the Group Executive Committee, specialized management committees have been put in place in order to review certain topics in more detail, prepare the work of the Group Executive Committee or perform a similar role on specific issues.

Key functions

Key function holders are designated at SCOR SE and Group level.

The French Insurance Code defines four key governance functions as part of a company's system of governance. These functions contribute to the implementation of an effective system of governance that provides for sound and prudent management.

These functions are the following:

- Risk Management;
- Compliance;
- Internal Audit;
- Actuarial.

The missions, tasks, roles and responsibilities related to these key functions are addressed in the related Group policies, mainly:

- the Group Policy on Risk Management;
- the Group Compliance Policy;
- the Group Internal Audit Charter;
- the Group Reserving Policy.

The content of Section B.1.3.2 – Governance of SCOR SE below on SCOR SE's key function holders (roles and responsibilities, freedom from influence, access to the Board, designation, fit and proper and notification requirements, access to information and records, interactions with the other key functions) also apply to them as Group key function holders.

B.1.3.2. Governance of SCOR SE

Legal form and fundamental rules of governance

SCOR SE is incorporated in France, registered with the Paris Trade and Companies Register. It is the parent company of SCOR Group.

It is governed by the provisions of Council Regulation (EC) No. 2157/2001, dated October 8, 2001 on the Statute for a European Company (the "SE Regulation"), and by that of the European Council Directive 2001/86/EC of October 8, 2001 supplementing the Statute for a European Company with regard to the involvement of employees, and by the provisions of French law relating to European Companies, as well as for all other matters partially covered or not covered by the SE Regulation, by the French corporate law provisions applicable to "sociétés anonymes", where not contrary to the specific provisions applicable to European Companies.

The bylaws of SCOR SE (available on www.scor.com) set forth its corporate purpose and the fundamental rules of its governance.

SCOR SE is listed on NYSE Euronext Paris. SCOR SE shares are also listed on the Six Swiss Exchange (SWX) in Zurich.

SCOR SE is subject to applicable French laws and regulations (including, but not limited to, the French Commercial Code, the AMF Regulation, the French Monetary and Financial Code and the French Insurance Code) and is supervised notably by the AMF and the *Autorité de contrôle prudentiel et de résolution* (ACPR). In application of the July 3, 2008 Act implementing the European Union Directive 2006/46/CE of June 14, 2006, SCOR SE refers to the AFEP-MEDEF corporate governance code for listed companies.

SCOR SE is licensed to carry out reinsurance activities in several countries. It operates through a number of subsidiaries, branches and representative offices. Pursuant to a decision of the *Comité des entreprises d'assurance* dated July 15, 2008, the Company holds a license to operate in Non-Life and Life reinsurance in France. The Company is also authorized to operate:

- within the European Union pursuant to the European passporting regulation;
- in other countries where the Company has obtained licenses to write reinsurance business or where operating in reinsurance is not subject to a license.

Board of Directors

Mission of the Board of Directors

In accordance with European law governing European Companies and applicable French law, the principal responsibility of the Board of Directors is to define the strategic orientations of the Company's business activities and ensures their implementation. With the exception of powers explicitly reserved to shareholders in Shareholders' Meetings and within the limits of the corporate purpose, the Board addresses all matters related to the Company's performance and takes decisions regarding business issues concerning the Company. It designates the CEO and the other persons effectively running the Company. It meets with the key function holders for SCOR SE at least annually. It takes part in the sound and prudent management of the Company. It endeavors to

promote long-term value creation by the Company by considering the social and environmental aspects of its activities. If applicable, it proposes any statutory change that it considers appropriate. It regularly reviews, in relation to the strategy it has defined, the opportunities and risks, as well as the measures taken accordingly. To this end, the Board of Directors receives all of the information needed to carry out its tasks, notably from the executive officers. It is informed each quarter by management of the financial position, cash position and commitments of the Company. In accordance with legal provisions, it approves the financial statements, proposes dividends, and makes investment and financial policy decisions. It is informed about market developments, the competitive environment and the most important issues at hand, including in the field of corporate social and environmental responsibility. It approves the Own Risk and Solvency Assessment ("ORSA") report and takes it into account when making decisions likely to have a significant impact on the Company. It approves certain policies as well as the SFCR and RSR reports. The Board also carries out the verifications and controls deemed necessary.

Composition of the Board of Directors

SCOR SE's bylaws provide that the Board of Directors shall comprise no fewer than nine and no more than eighteen members. The actual number of directors may be modified by the shareholders at Shareholders' Meetings. The Board of Directors cannot by itself increase the number of its members.

Under French law, a director may be an individual or a legal entity for which an individual is appointed as permanent representative, except for the Chairman, who must be an individual. Pursuant to Article L. 225-20 of the French Commercial Code, the permanent representative of a legal entity is subject to the same conditions, obligations and civil and criminal liabilities as if he or she was director in his or her own name, without prejudice to the joint and several liability of the legal entity he or she represents.

The term of office of the directors appointed or renewed, as set forth in SCOR SE's bylaws, shall not exceed four years. Under SCOR SE's bylaws, directors may hold office until the age of 77. A director who reaches the age of 77 while in office has to retire at the expiration of his or her term of office, as determined at the Shareholders' Meeting. Directors are elected by the shareholders and serve until the expiration of their respective term, or until their resignation, death or removal, with or without cause, by the shareholders. Vacancies on the Board of Directors may, under certain conditions, be filled by the Board of Directors, pending the next Shareholders' Meeting.

The Board of Directors' composition is guided by the following principles:

- application of best-in-class corporate governance practices;
- appropriate number of Board members in order to allow meaningful individual participation;
- majority of independent directors, pursuant to criteria adopted by the Board of Directors;
- diversity of expertise;
- professional experience;
- diversity of nationalities;
- high proportion of female Board members.

As of December 31, 2019, the membership of the Board of Directors is as follows:

- 83.3% are independent directors (excluding the employee directors) (81.8% as at December 31, 2018). The Audit Committee is fully composed of independent directors, the Risk Committee is composed of 85.7% of independent directors and the Compensation and Nomination Committee is composed of 80% of independent directors (excluding the employee directors) such as the Corporate Social and Societal Responsibility and Environmental Sustainability Committee;
- 64.3% are directors with past experience in the insurance or reinsurance industry, (58.3% as at December 31, 2018). The other directors work in the banking, financial and digital sector, legal advisory services and other services;
- 35.7% are non-French directors (41.7% as at December 31, 2018) with directors who are American, British, Belgian, Swiss and Chinese; and
- 41.6% are women (excluding the employee directors) (45.4% as at December 31, 2018). The composition of the Board of Directors is therefore compliant with applicable law.

Directors' duties

Directors are required to comply with applicable law and SCOR SE's bylaws. Under French law, directors are liable for violations of French legal or regulatory requirements applicable to European Companies, violation of a company's bylaws or mismanagement ("faute de gestion"). Directors may be held liable for such actions both individually and jointly with other directors.

Each director has a loyalty obligation towards the Company. He or she shall not act in his or her own interest, against SCOR's interests, and must avoid any situation with risks of conflict of interests.

Pursuant to the Board Internal Charter, each director undertakes not to seek or accept any function, benefit or situation from the Company or from the Group, directly or indirectly, that could jeopardize his or her independence of analysis, judgment or action, during the performance of his or her duties as director. He or she will also dismiss any direct or indirect pressure from other directors, specific groups of shareholders, creditors, suppliers or other third parties.

The Board of Directors of SCOR SE decided, in order to protect the Company's interests, to implement an internal control program to prevent risks of conflict of interest through:

- a review by the Audit Committee of related party transactions;
- an annual review of each director's situation, in order to analyze his or her independent status and the existence of any potential existing conflicts of interests;
- its Board Internal Charter, according to which any director in a situation involving a risk of conflict of interest undertakes to resign from his or her position if the conflict situation is not solved;
- the adoption of a Code of Conduct communicated to all employees. This Code establishes reinforced requirements regarding the prevention of situations with risks of conflict of interests. It is completed by a policy defining the alert procedures ("whistleblowing") available for employees and which are reported to the Audit Committee.

Functioning of the Board of Directors

The Board of Directors' meeting held on March 31, 2004 adopted a Board Internal Charter (the "Board Internal Charter") in order to enhance or specify the rules governing the Board. This Board Internal Charter was amended by successive decisions of the Board of Directors. It is available on the website of the Company (www.scor.com).

The Board meets at least four times a year. It has set up six Committees in order to examine specific topics, prepare the Board's proceedings and make recommendations to the Board. The Board may also create *ad hoc* committees for the issuance of recommendations on major operations. Moreover, the non-executive directors' session is composed of all voting directors, with the exception of the Chairman and Chief Executive Officer and the employee director.

The Strategic Committee

The Strategic Committee's mission is to examine the Group's development strategy, including investments in major organic growth and internal restructuring operations, plus any significant operation falling outside of the strategy announced by the Group and to examine any acquisition, merger, asset contribution or disposal in an amount in excess of EUR 100 million. The Strategic Committee may call upon outside experts.

The Audit Committee

The Audit Committee has two main missions:

- accounting, financial and non-financial responsibilities, including the analysis of periodic financial statements, the review of the relevance of choices and correct application of accounting standards, the review of the accounting treatment of any material transaction, the review of the scope of consolidation, the review of significant off-balance sheet commitments, the control of the selection of Statutory Auditors, the review of any accounting and financial reporting documents before they are made public. The Group audit fees for services rendered during the year are subject to a quarterly review and approval by the Audit Committee, with a specific review for non-audit services. The Audit Committee approves the non-core audit fees to ensure that the auditors' independence is not impaired;
- ethical, internal control and compliance responsibilities: the Audit Committee is responsible for ensuring that internal procedures relating to the collection and auditing of data guarantee the quality and reliability of the Group's financial statements. The Audit Committee is also in charge of reviewing agreements with related parties ("conventions réglementées"), analyzing and responding to questions from employees with regard to internal controls, the preparation of financial statements and the treatment of internal accounting books and records. It gives its opinion on the organization of Internal Audit, examines its annual work program, receives internal audit reports and stays informed regarding the implementation of recommendations. Finally, it examines the annual compliance plan and stays informed regarding the Company's compliance activities.

If applicable, the Audit Committee ensures the implementation of a mechanism to prevent and detect corruption and influence peddling. It receives all of the information needed for this purpose and reports, if applicable, to the Board of Directors.

The Committee may consult the Chief Financial Officer, the Head of Internal Audit, the Heads of the actuarial and compliance functions and the Statutory Auditors on these issues, including when other SCOR executives are not present. It may also call upon outside experts. During the 2019 financial year, and for each meeting, it held separate in camera sessions with the Statutory Auditors and with the Group Chief Financial Officer. The review of the financial statements was supplemented by a presentation made by the Statutory Auditors highlighting the main results of their work and the accounting methods used, as well as by a presentation by the Group Chief Financial Officer describing risk exposure and material off-balance sheet liabilities.

The Risk Committee

The Risk Committee is responsible for examining, notably based on the Own Risk and Solvency Assessment (ORSA), the major risks with which the Company is confronted, both on the assets and liabilities side, and for ensuring that tools for monitoring and controlling these risks are in place. It examines SCOR's risks and its Enterprise Risk Management (ERM) policy. It studies the Group's strategic risks (including emerging risks) as well as the risks relating to the Group's main technical and financial commitments (underwriting, reserving, market, concentration, counterparty, asset-liability management, liquidity and operational risks as well as risks relating to changes in prudential regulations). The Risk Committee may call upon outside experts.

The Compensation and Nomination Committee

The Compensation and Nomination Committee submits recommendations concerning the appointment of and compensation packages for the executive corporate officers, pensions, share allocation plans and stock option plans or stock subscription plans to the Board of Directors and examines proposals related to the composition, organization and functioning of the Board of Directors and its Committees. Its missions are described in the Board Internal Charter. The Compensation and Nomination Committee may call upon outside experts.

The Crisis Management Committee

The Crisis Management Committee meets only when necessary and as many times as it deems necessary.

It is responsible for assisting and advising the Board of Directors and proposing to them any necessary measures and decisions in the event of a crisis affecting the Company, the Group or one of its members, as well as following up on such measures and decisions.

The Chairman and Chief Executive Officer must be disqualified from such discussions if the crisis is linked to a subject that relates to him personally.

The Crisis Management Committee may call upon outside experts.

Corporate Social and Societal Responsibility and Environmental Sustainability Committee

Its mission is to :

- examine the main corporate social, societal responsibility and environmental sustainability issues faced by the Company;
- examine the corporate social and societal responsibility and environmental sustainability strategy and actions plans, including commitments made by the Company in this regard, to monitor their implementation and to propose any actions in this respect;
- submit to the Board of Directors any proposals designed to take the corporate social and societal responsibility and environmental sustainability issues faced by the Company into consideration when determining its business orientations;
- examine the corporate social and societal responsibility and environmental sustainability related reports submitted to the Board of Directors in accordance with applicable laws and regulations, particularly the extra-financial performance declaration referred to in Article L. 225-102-1 of the French Commercial Code;
- study the extra-financial ratings obtained by the Company and to define, if necessary, objectives in this area;
- ensure that the executive officers implement a policy of non-discrimination and diversity, notably with regard to the balanced representation of men and women on the governing bodies and reports to the Board of Directors.

The Corporate Social and Societal Responsibility and Environmental Sustainability Committee may call upon outside experts.

Non-executive directors' session

The non-executive directors' session involves all the directors, with the exception of the employee director and the executive corporate officer of the Company.

This session brings together the non-executive directors so that they can exchange ideas outside the context of Board of Directors' meetings. It may be called in case of a conflict of interest between the Board and the management team, a non-adherence to the corporate governance code, an inability of the corporate officer to carry out his duties as a result of an accident or his death, or a proven breach of the code of ethics on the part of the corporate officer.

Lead Independent Director

The Internal Regulations of the Board of SCOR SE provide for the appointment of a Lead Independent Director, from amongst the independent Directors by the Board of Directors upon a proposal by the Compensation and Nomination Committee. He assists the Chairman and CEO in his duties, notably for the organization and functioning of the Board and its Committees and the monitoring of corporate governance and internal control.

He is also in charge of assisting the Board concerning the efficiency of the Company's corporate governance and advising the Board on the operations in respect of which Board meetings are convened to deliberate. He convenes meetings of the independent directors as often as needed and at least once a year, and he chairs the non-executive directors session.

He advises the directors when they are suspected of being in a situation of conflict of interest.

Chairman and Chief Executive Officer

At its meeting on April 18, 2002 and in compliance with Article L. 225-51-1 of the French Commercial Code and Article 16 of SCOR's bylaws ("Executive Management"), the Board of Directors of the Company decided that the management of the Company would be carried out under its responsibility by the Chairman of the Board of Directors, with the title of Chairman and Chief Executive Officer, who may be assisted by a Deputy Chief Executive Officer.

Denis Kessler joined the Group on November 4, 2002, with the objective of turning the Company around in the face of a very difficult financial situation. The Board of Directors considered that, in order to achieve this, it was preferable to entrust him with the powers of Chairman of the Board of Directors and of Chief Executive Officer. When his term was renewed in May 2011, the Board of Directors considered that Denis Kessler had demonstrated the benefits of combining the offices of Chairman of the Board of Directors and Chief Executive Officer during the turnaround period experienced by SCOR between 2003 and 2007, and then during the economic crisis between 2007 and 2011. The Board of Directors thus felt it was in the best interests of SCOR, its shareholders and all its employees, for Denis Kessler to be re-appointed as Chairman and Chief Executive Officer and to continue the development of the Group. By combining the roles of Chairman and Chief Executive Officer, the Company benefits from a faster decision-making process and strategic alignment in terms of its governance bodies. The Shareholders' Meeting of April 27, 2017 approved the extension of Denis Kessler's directorship for a four-year period and the Board of Directors of April 27, 2017 decided unanimously to re-appoint him as the Company's Chairman and Chief Executive Officer and person effectively running the Company.

The Chairman and Chief Executive Officer has executive authority to manage SCOR's business, subject to the prior authorization of the Board of Directors or the shareholders for certain decisions as required by law and by the Company's bylaws, and subject to compliance with the French Insurance Code according to which SCOR must be effectively run by at least two persons (cf. "Four Eyes Principle" mentioned in Section 1.3.1 – Governance of the Group/Group Executive Committee). The Chairman and Chief Executive Officer has the authority to act on behalf of and in the name of SCOR and to represent SCOR in dealings with third parties, subject only to those powers expressly reserved by law to the Board of Directors or the shareholders. The Chairman and Chief Executive Officer determines, and is responsible for, the implementation of SCOR's goals, strategies and budgets, which are reviewed and monitored by the Board of Directors.

The Board of Directors has the power to appoint and remove, at any time and with or without cause, the Chairman and Chief Executive Officer, as well as to appoint separate persons to hold the positions of Chairman of the Board (*Président du Conseil d'administration*) and Chief Executive Officer (*Directeur Général*). Upon a proposal made by the Chairman and Chief Executive Officer, the Board of Directors may also appoint a Deputy Chief Executive Officer (*Directeur Général Délégué*) to assist the Chief Executive Officer in managing the business.

During its meeting held on March 4, 2015 and February 23, 2016, the Board of Directors of the Company limited the powers of the Chairman and Chief Executive Officer by stipulating in the Board's Internal Charter the need for prior Board approval for the following operations:

- organic growth investments and major internal structuring operations;
- any significant operation falling outside of the scope of the strategy announced by the Group;
- any project regarding a sale or acquisition, merger or asset contribution higher than one hundred million euros. In addition, any project regarding a sale, in one or more transactions, concerning at least half of the Company's assets must be submitted to the Shareholders' Meeting, as recommended by the AFEP-MEDEF corporate governance code.

Furthermore, in addition to the Chairman and Chief Executive Officer of SCOR SE, two other persons effectively running SCOR SE and the Group have been appointed. Since January 1, 2016, the effective management of the Company and the Group has been overseen by at least two persons, pursuant to the requirements of the French Insurance Code (*Code des assurances*) (see Section B.1.3.1 – Governance of the Group).

Absence or impediment of a person effectively running the Company

In the event of absence or impediment of a person effectively running SCOR SE for more than two months, due to death, critical illness or any other cause, resulting in the inability of that person to perform his/her duties, the Board of Directors shall be convened within one month to designate a temporary or a permanent replacement as person effectively running the Company so as to ensure the continuity of the effective management of the Company. The Compensation and Nomination Committee of SCOR SE maintains a list of proposed immediate replacements for each person effectively running SCOR Global SE in order to facilitate swift decision-making in such event.

Key functions

The four key governance functions defined by the French Insurance Code contribute to the implementation of an effective system of governance that provides for sound and prudent management.

Key functions may be outsourced (if only partially) to other entities, in accordance with the rules laid out in the Group Outsourcing Policy. See Section B.7 – Outsourcing for further details.

Roles and responsibilities

For further information on roles and responsibilities of key functions, please refer to the sections below dedicated to this subject, in particular Section B.3 – Risk management system, Section B.4 – Internal control system and compliance function, Section B.5 – Internal audit and Section B.6 – Actuarial function.

Freedom from influence

The key function holders carry out their duties in an objective, fair and independent manner. They shall be free from any influence that could impair the performance of their duties.

They operate under the ultimate responsibility of the Chief Executive Officer, through the different levels of management.

Each key function holder has a sufficiently high rank in the organization and is in a position to conduct his/her activities in an independent manner. The standing and authority of the key function holders in the main management governing bodies that are relevant with respect to their role allow them to execute their tasks with the level of independence required as set forth by the French Insurance Code. In addition, key function holders interact regularly with the Board members and with the persons effectively running the Company.

Access to the Board

The key function holders meet, at least once a year, with the Board of Directors of SCOR SE, or one of its specialized Committees.

Besides, the Board of Directors of SCOR SE and its specialized Committees may contact the key function holders at their discretion, upon request from their respective Chairmen.

Moreover, the key function holders have a direct access to SCOR SE's Board of Directors in conformance with article L. 322-3-2 of the French Insurance Code. This procedure involves the key function holder, the Chairman of the Board of Directors and if the matter requires it the Chairman of the relevant Board Committee, and ultimately the Board of Directors. This procedure was approved by SCOR SE's Board of Directors on November 3, 2015.

Designation, fit and proper requirements and notification requirement

SCOR SE's key function holders are designated by the CEO of SCOR SE. They are subject to specific Fit and Proper requirements which are set out in the Group Fit and Proper Policy (see Section B.2 – Fit and proper requirements). Upon designation, key function holders are notified to the ACPR.

Access to information and records

Key function holders are able to communicate on their own initiative with any staff member and to obtain access to any relevant information to carry out their responsibilities. In the event Group key function holders face difficulties in accessing relevant information, they shall refer the issue to the CEO of SCOR SE for arbitration.

Interaction with other key function holders

The key function holders interact with one another, especially in order to exchange information relevant to each other's areas of competence.

For further information on these interactions, refer to the respective dedicated sections below, in particular Section B.3 – Risk management system including the Own Risk and Solvency Assessment (ORSA), Section B.4 – Internal control system, Section B.5 – Internal Audit and Section B.6 – Actuarial function.

B.1.3.3. Governance of SCOR Global P&C business unit

Overview of the SCOR Global P&C business unit

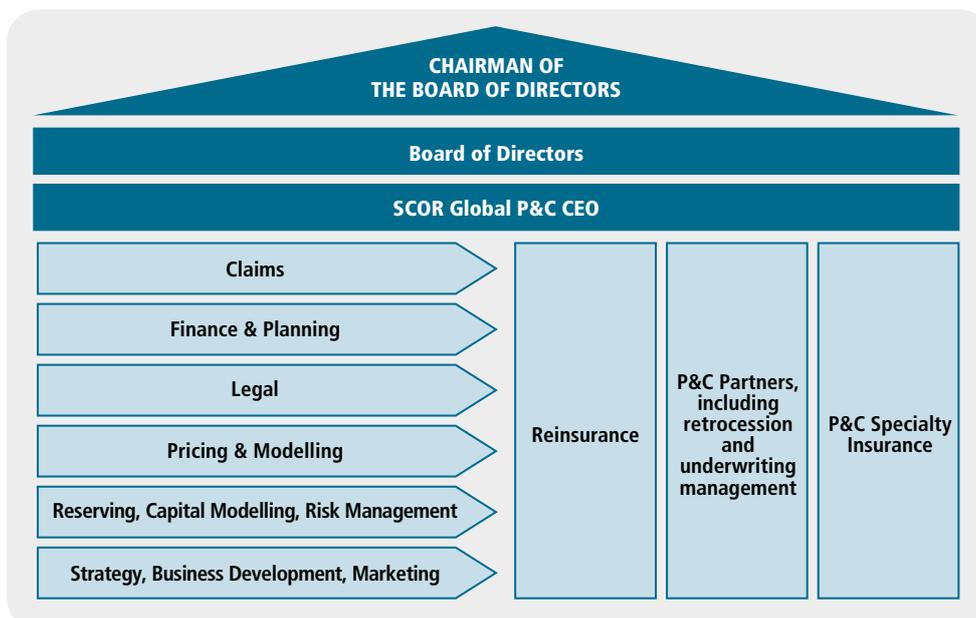
The P&C business unit covers all P&C business written within the SCOR Group.

For more details please see Section B.1.2.3 – Business units and Group functions.

The legal structure underpinning the SCOR Group and the SCOR Global P&C business unit is described in Chapter A – Business and performance of this report.

Governance of the SCOR Global P&C business unit

The following chart represents a graphical overview of the business unit's governance structure:



Business unit CEO and deputy CEO

The CEO of the P&C business unit also holds the position of CEO of SCOR Global P&C. He is assisted by a deputy CEO of the P&C business unit. The CEO of the P&C business unit steers the activities of the business unit.

SGP&C Leadership Team and Management Committees

The CEO of the P&C business unit is supported by the SGP&C Leadership Team.

The SGP&C CEO may have additional Committees or advisory bodies set up, either as part of the SGP&C Leadership Team, or as separate committees as considered appropriate by the CEO, on a regular or *ad hoc* basis, in order to obtain appropriate support in specific business matters relating to the SGP&C business unit.

These committees include:

- Reserving Committee;
- Risk and Capital Committee;
- Nat Cat Committee.

B.1.3.4. Governance of SCOR Global Life business unit

Overview of the SCOR Global Life business unit

The Life business unit covers all Life and Health business within the SCOR Group. This includes mortality, morbidity, longevity, financial solutions, accident and health.

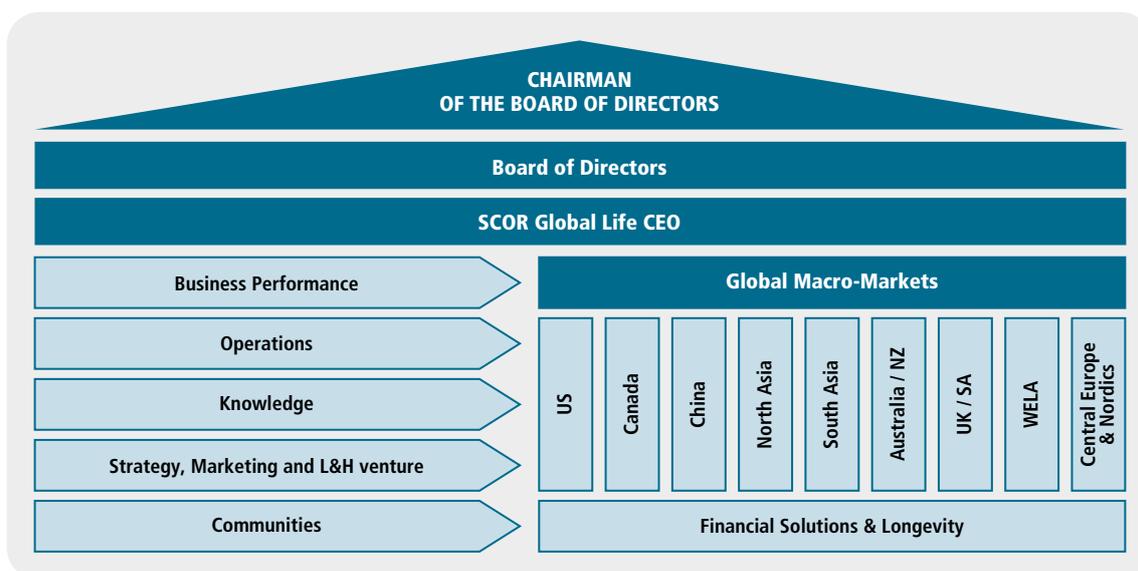
For further details, see Section B.1.2.3 – Business units and Group functions.

The legal structure underpinning the SCOR Group and the SCOR Global Life business unit is described in Chapter A – Business and performance of this report.

Governance of the SCOR Global Life business unit

Business unit CEO and deputy CEO

The following chart represents a graphical overview of the business unit's governance structure:



The CEO of the Life business unit is assisted by a deputy CEO.

SGL Senior Management Team and Management Committees

The CEO of the Life business unit is supported by the SGL Executive Leadership Team and Senior Management Team.

The CEO may have additional Committees or advisory bodies set up as deemed appropriate which facilitate bottom-up reporting, the coordination of the action of all major functional entities of the Life business unit and the preparation of the work of the business unit. These committees include:

- SGL Risk Committee;
- SGL Investment Committee;
- SGL Reserving Committee.

B.1.4. MATERIAL CHANGES IN GOVERNANCE IN 2019

B.1.4.1. Material changes at Group and SCOR SE level

On December 31, 2019, there was no material changes in governance at Group and SCOR SE level.

For information on changes to key functions designated since 2016, see the dedicated sections, in particular Section B.3 – Risk management system including the Own Risk Solvency Assessment (ORSA), Section B.4 – Internal Control System, Section B.5 – Internal audit and Section B.6 – Actuarial function.

B.1.5. MATERIAL TRANSACTIONS WITH SHAREHOLDERS, PERSONS WHO EXERCISE SIGNIFICANT INFLUENCE OR MEMBERS OF THE AMSB

B.1.5.1. Material Transactions at Group Level

The transactions below have been entered into by the entity SCOR SE as the ultimate parent of SCOR Group. They apply to SCOR as a Group – *i.e.* involving other entities of the Group – and/or to SCOR SE.

Transactions with associates for the financial year ended December 31, 2019 were realized on an arm's length basis and their volume is not material.

Key management personnel are those individuals having responsibility and authority for planning, directing and controlling the activities of the Group. The Group considers that the members of the Executive Committee and the Board constitute key management personnel for the purposes of IAS 24.

Material transactions with shareholders

For the purpose of this section, SCOR SE takes into account shareholders who are submitted to the obligation to declare their shareholding to the Company pursuant to SCOR SE's bylaws, *i.e.* shareholders holding 2.5% or more of the share capital of SCOR SE.

On the basis of this criterion, SCOR SE has had no material transactions with shareholders during the reporting period.

Agreements and commitments related to the remuneration entitlements of SCOR's Chairman and CEO

The following agreements and commitments which were approved in prior years by the General Meeting remained current during the year.

- Severance payments likely to be owed upon termination of office;
- Additional Retirement Plan.

See Section B.1.6.3 – Main components of the compensation policy by staff category – Performance criteria.

Material transactions with persons who exercise a significant influence

Related party transactions according to the IFRS accounting standard IAS 24

Parties are considered to be related if one party has the ability to directly or indirectly control the other party or exercises significant influence over the other party in making financial or operational decisions.

The Group's related parties include:

- Key management personnel, close family members of key management personnel, and all entities which are controlled, significantly influenced by, or for which significant voting power is held by key management personnel or their close family members;
- Associates.

The Group has several business relationships with related parties. Transactions with such parties are made in the ordinary course of business and on substantially the same terms and conditions including interest rates and collateral as those prevailing at the same time for comparable transactions with other parties.

For more information, see Sections 2.3.2 – Related party transactions and agreements and 2.3.3 – Special report of the Statutory Auditors on related party agreements and commitments of the 2019 Universal Registration Document.

Material transactions with members of the AMSB (Administrative Management Supervisory Board)

See Section B.1.6.3 – Main components of the compensation policy by staff category.

B.1.5.2. Material Transactions at SCOR SE Level

All material transactions with shareholders reported at Group level are concluded by SCOR SE, as the ultimate parent of the Group. See Section B.1.5.1 – Material transactions at Group level for further information on such transactions.

B.1.6. COMPENSATION POLICY AND PRACTICES REGARDING THE MEMBERS OF THE ADMINISTRATIVE, MANAGEMENT OR SUPERVISORY BODIES AND EMPLOYEES

B.1.6.1. Compensation policy of the members of the board of directors

The individual compensation of the directors is allocated as follows, within the limit of the maximum annual envelope voted by the Shareholder's meeting:

- partly in one fixed sum of EUR 28,000 annually payable at the end of each quarter. For non-French resident directors, an additional EUR 10,000 per year is allocated;
- partly based on the effective presence of directors at the meetings of the Board of Directors and of its Committees, in an amount equal to EUR 3,000 per Board or per Committee meeting they attend, except for the Chairmen of the Audit Committee, Risk Committee, Compensation and Nomination Committee, Corporate Social and Societal Responsibility and Environmental Sustainability Committee and Crisis Management Committee, who receive an amount equal to EUR 6,000 for each meeting of the Committee that they chair.

Moreover, the non-executive members of the Board of Directors, who are individuals, receive an amount of EUR 10,000 each year to invest in SCOR shares.

Except the Chairman and Chief Executive Officer and the employee directors, members of the Board of Directors are not entitled to Company stock option plans or free share allocation plans, nor to any variable compensation other than the compensation attributable to their attendance to meetings.

No pension contribution (or commitment) is paid to the directors, except for the Chairman and Chief Executive Officer, in the exercise of their mandate.

Finally, the employee directors' benefit from an employment contract under which they receive remuneration in accordance with the principles of the Group's compensation policy. They also fall under the policy presented above as part of their mandate as employee director.

B.1.6.2. General principles of the Group compensation policy

SCOR pursues a human capital policy that is in line with the Group's corporate values, strategic plan and risk appetite. SCOR is committed to:

- maintaining a compensation policy that is fully in line with its controlled risk appetite and discourages taking excessive risks;
- aligning management incentives with shareholder value objectives;
- having an innovative compensation policy which meets the long-term horizon that is part of SCOR's internal model;
- motivating and retaining its pool of talent and having a compensation policy aligned with human capital development;
- fully complying with the regulations and guidelines defined by regulators as regards the compensation policy.

In order to achieve such objectives, SCOR has established a very structured and transparent compensation policy, within an overall framework. It is reviewed and submitted to the Compensation and Nomination Committee and then to the Board of Directors for approval at least once annually. It was last updated in July 2019.

The Compensation and Nomination Committee's competencies focus on the compensation of the Chairman and CEO. It is informed of the compensation of the Group Executive Committee and of Group Key Function Holders. In addition, it makes recommendations to the Board regarding the approval of SCOR's share award and option programs. This Committee is, as a rule, composed of a majority of independent directors.

SCOR has established a "Partners"⁽¹⁾ program. This program which is specific and selective includes information sharing, career development and compensation schemes. There are four main Partner levels: Associate Partners (AP), Global Partners (GP), Senior Global Partners (SGP), and Executive Global Partners (EGP). Partners represent around 25% of the global workforce. The Company has a formal and carefully designed procedure for appointing and promoting Partners. Appointments take place every year during an Executive Committee meeting. Candidates must have consistently demonstrated their skills, leadership and commitment in the past. As December 31, 2019, the proportions of partners by level is as follows: EGPs: 2%, SGPs: 7%, GPs: 31%, APs: 60%.

(1) The Partners are key executives, managers, experts, and high potentials formally identified across the Group. Partners are given specific responsibilities in terms of significant achievements, high impact project management and leadership. Therefore, they benefit from a specific and selective program in terms of information sharing, career development and compensation schemes.

B.1.6.3. Main components of the compensation policy by staff category

Overall compensation components

Staff member category	Fixed compensation	Variable compensation in cash	Share-based plans	Pension plan
Chairman and Chief Executive Officer ⁽¹⁾	✓	✓	Free shares, Stock options, LTIP ⁽³⁾	✓
Group Executive Committee members ⁽²⁾	✓	✓	Free shares, Stock options, LTIP	✓
Partners	✓	✓	Free shares, Stock options ⁽⁴⁾ LTIP	✓
Non Partners	✓	✓	Free shares	✓

(1) As a member of the Board of Directors, the Chairman and Chief Executive Officer receives a compensation as the other members of the Board of Directors.

(2) The Executive Committee includes the CEOs of SGP&C and SGL, who are the persons effectively running the Group and SCOR SEI in addition to the Chairman and CEO of SCOR SE. Executive Committee members do not receive compensation in respect of their directorships in companies in which SCOR holds more than 20% of the capital.

(3) Long Term Incentive Plan (LTIP).

(4) Only Executive Global Partners and Senior Global Partners are awarded stock options.

Depending on the country, employees may also receive other benefits such as health coverage and profit sharing.

Fixed compensation

As a global Group with three Hubs located in the world's major financial centers, SCOR pays attractive base salaries in order to be a competitive player on the job market and attract talent. SCOR's compensation is benchmarked against local markets at least every two years.

Base salaries are set according to criteria that consider a variety of factors, such as conditions on the local labor market, education and professional experience before joining SCOR, expertise acquired, and the present position and responsibilities of the employee.

SCOR reviews base salaries on a yearly basis to reward individual performance as well as when new responsibilities are taken on by the job holder. An inflation adjustment is not applied automatically as a general rule and is only granted in the few countries where it is legally required.

Variable cash compensation

Partners

The Partners' cash bonuses are computed on the basis of a percentage of the reference salary. This total percentage ranges from 20% to 100% and increases with seniority in the partnership level. The percentage has two components. The main component (except for EGP's bonuses for whom the individual and collective components are split equally) is directly linked to the individual performance rating. The pay out with respect to each component is subject to meeting certain requirements. The payout on the individual component can range from zero (insufficient performance) to 150% (exceeds expectations). The second component is collective and based on the return on equity (ROE) achieved by SCOR in the previous financial year.

The payout on the collective component can range from zero (ROE below 30% of the target) to 130% (ROE equal to or above 130% of the target).

The weighting of the individual and collective components is set to better reward the achievement of individual goals at Associate, Global and Senior Global Partner level. Partners can also benefit from an exceptional contribution bonus (ECB) ranging from 0% to 50% of the individual portion of the bonus awarded as a result of a strong contribution to the success of strategic projects or to key strategic achievements.

Other employees

For employees who are not Partners, the SCOR cash bonus rewards individual performance over the previous year. The bonus varies from 0% to 6% of the annual base salary depending on the rating received in the individual appraisal by the employee's direct superior. This scale is increased by a multiplier (2 or 3) in some locations in order to take into account specific local labor markets.

Non-Partners are also eligible for the exceptional contribution bonus, ranging from 0% to 6% of the annual reference salary (the multiplier of two or three mentioned above does not apply to the ECB).

Share-based compensation

SCOR launched the free share and stock option program in 2004 as a means to encourage the retention of, and to strengthen the bond with, executives, managers and talented employees.

Shares and options can only be granted if the Annual General Meeting of Shareholders approves the resolutions to this effect presented by the Board of Directors.

By delegation of the Annual General Meeting of Shareholders, the Board of Directors determines how shares and stock options will be allocated to key personnel within SCOR.

In 2011, the Board of Directors decided to implement a new compensation scheme (Long-term Incentive Plan, "LTIP") for selected managers and executives of the Group in order to:

- ensure retention of its key employees while extending the performance measurement period;
- involve SCOR's key employees in the Group's long-term development.

Partners

The allocation of free shares and stock options to Partners is primarily designed to retain and create loyalty amongst key Group employees. An allocation will not necessarily occur every year and not every Partner is guaranteed an allocation.

The vesting of shares and options is subject to satisfying the condition of presence (three to six years depending on the nature of the plan) and performance conditions fully aligned with the objectives of the strategic plan (ROE and Solvency ratio). Moreover, beneficiaries must fully comply with the Group's Code of Conduct (clawback policy) and complete a training on CSR-related topics every year. For more information on the performance conditions of 2019 plans, see Section 2.2.3.4 – Plans providing employee profit sharing of the 2019 Universal Registration Document.

Other employees

Free shares may be granted to employees who are not Partners under collective plans that do not include any performance conditions. In addition, under specific circumstances, performance shares can also be granted individually to certain employees who are not Partners.

Pension plans

While respecting national differences, SCOR offers attractive pension plans to its employees that also cover accident and disability in certain countries.

Although SCOR pension plans are not aligned globally, they are set up to meet local needs and legal requirements. They are calibrated in such a way as to allow for attractive total compensation packages.

Generally, SCOR uses defined contribution pension plans.

As is the case for all senior executives employed in France, the members of the Executive Committee who joined SCOR before June 30, 2008 and are employed in France are entitled to a guaranteed pension plan conditional notably upon a minimum five years of service with the Group, the payment of which is based on their average compensation over the last five years. This pension plan was closed to employees hired after June 30, 2008.

Executive Committee members that are not employed in France benefit from the collective pension schemes in place in their entity and do not have any specific plan except for the member with a Swiss contract who benefits from a specific guaranteed pension plan similar to the one granted to the Executive Committee members employed in France and hired before June 30, 2008.

For Executive Committee members under French contracts and hired before June 30, 2008 or under a Swiss contract, the amount of the additional pension guaranteed by the Group varies from 5% to 50% (with a maximum growth of 5% per year) of the average compensation over the last five years, depending on seniority acquired in the Group at retirement, less any pension benefits acquired under other collective and mandatory pension schemes. Moreover, this amount may under no circumstances exceed 45% of the average compensation over the last five years.

B.1.6.4. Compensation policy and practices at SCOR SE level

SCOR SE conforms strictly to Group policies with possible local adaptation in accordance with local regulations at branch level.

B.2. FIT AND PROPER REQUIREMENTS

The Fit and Proper standards of the SCOR Group are embedded in the SCOR Group Fit and Proper policy. These standards consist of Fit and Proper principles, and criteria to be used to assess whether a person could be considered as Fit and Proper. The policy also includes an assessment process to be complied with. These elements are further detailed below.

B.2.1. OBJECTIVES AND GENERAL PRINCIPLES

SCOR commits to high “Fit and Proper” standards.

Standards are adapted to the category of work performed by each individual.

A person is considered as Fit and Proper when he or she fulfils the following requirements at all times:

- his or her educational background, qualifications and professional experience are adequate to enable sound and prudent management (fitness) and;

- he or she is of good repute and integrity (propriety). SCOR assumes that an individual is proper if there is no obvious evidence suggesting otherwise. Some criminal, civil or disciplinary sanctions are antagonistic with meeting propriety requirements, with no possible remediation. Such sanctions can occur both in an individual's private life and professional activities.

Fit and Proper standards must be met at all times. Triggering events may require interim reassessments between annual evaluations.

B.2.2. SCOPE OF SCOR'S FIT AND PROPER PRINCIPLES

Standards are adapted to the work performed by each individual. Fit and Proper standards are defined hereinafter for the following categories:

- category A: Board members (hereafter directors) and Chief Executive Officers of legal entities subject to the Solvency II Directive or where the Board includes external Board members. This category also includes “persons effectively running the Company” under the Solvency II Directive;
- category B: key function holders (actuarial, internal audit, risk management and compliance) under the Solvency II Directive;
- category C: Employees in the European Insurance Distribution Directive (IDD) scope (employees of insurance and reinsurance undertakings who are located in the EU and directly involved

in insurance or reinsurance distribution activities in relation to risks and commitments within the European Union, as well as persons within the management structure responsible for insurance or reinsurance distribution);

- category D: Board members or employees of SCOR entities operating in jurisdictions not subject to Solvency II where local fit and proper requirements apply to them;
- category E: other staff.

Fit and Proper standards apply to each individual for the tasks assigned to them.

Fitness standards for Board members are assessed collectively: in particular, the SCOR SE Board is deemed to be fit if, for each subject matter, at least one member is individually fit.

B.2.3. FITNESS CRITERIA

SCOR considers that fitness is an appropriate mix of:

- relevant educational background and qualifications;
- relevant knowledge and professional experience.

B.2.3.1. Educational background and qualifications

Although a high-quality educational background is desired, professional experience may in some cases compensate for education gained in fields irrelevant to SCOR's activities. However, specific requirements may apply for selected individuals (e.g. Chief actuary).

SCOR expects individuals to hold the following qualifications:

Applicable to	Qualification requirements
Category A (directors, Chief Executive Officer and “persons effectively running the Company”)	<p>Master’s degree or equivalent which relates at least to one of the following areas:</p> <ul style="list-style-type: none"> • strategy or business management; • finance; • risk management; • actuarial science; • engineering; • economy; • law. <p>If an individual does not meet the above criteria, further consideration will be given to the individual’s professional experience (see below).</p>
Category B (key function holders)	<p>Master’s degree or equivalent</p> <p>If the diploma is not related to his/her field of professional activity, further consideration will be given to his/her professional experience (see below). At Group level, the Chief Actuary, holder of the actuarial function, shall have appropriate formal actuarial qualifications and be a Fellow or Accredited Member of a recognized professional body (such as the Institute of Actuaries in France).</p>
Category C (Employees in the IDD scope)	Qualification criteria are defined in the job profiles.
Category D (Board members or employees of SCOR entities operating in jurisdictions not subject to Solvency II where local fit and proper requirements apply to them)	Qualification criteria are defined by the local regulations.
Category E (other staff)	Qualification criteria are defined in the job profiles.

B.2.3.2. Professional experience

Professional experience in a field directly relevant to SCOR’s activities or to the tasks assigned to the individuals is key.

SCOR’s directors, CEOs and “other persons effectively running the Company” are expected to have long-standing experience in their respective fields. When assessing the prior experience of an individual, consideration is given to such criteria: length of the former service, nature and complexity of the business where the position was held, former decision-making powers, responsibilities and number of subordinates.

Each individual must demonstrate:

Applicable to	Qualification requirements
Category A (directors, Chief Executive Officer and “persons effectively running the Company”)	<p>Board members:</p> <ul style="list-style-type: none"> • a recently acquired relevant experience (within the last five years); • at least one member must have relevant knowledge and professional experience in each of the following fields: <ul style="list-style-type: none"> — understanding of (re)insurance markets, — (re)insurance company strategy and business model, — financial markets, — regulatory framework, — financial analysis, — actuarial, — risk management, — governance, — accounting. <p>CEOs and “other persons effectively running the Company”:</p> <ul style="list-style-type: none"> • a recently acquired five or more-year long relevant experience (within the last five years): <ul style="list-style-type: none"> — in an insurance or reinsurance company or; — in a field directly relevant to his/her field of responsibility.
Category B (key function holders)	<ul style="list-style-type: none"> • A recently acquired relevant experience (within the last five years); • the Actuarial key function holder shall have an appropriate; actuarial experience with an insurance or reinsurance company; • the Risk Management key function holder shall have appropriate experience of risk management in the financial industry; • the Compliance key function holder and the Internal Audit key function holder shall have appropriate experience in their field of responsibility (Audit, Finance, Law & Compliance, Underwriting, claims handling, etc.).
Category C (Employees in the IDD scope)	<ul style="list-style-type: none"> • Professional experience criteria are defined in job profiles; • Minimum of 15 hours per year of continuous professional training and development.
Category D (Board members or employees of SCOR entities operating in jurisdictions not subject to Solvency II where local fit and proper requirements apply to them)	<ul style="list-style-type: none"> • Professional experience criteria are defined by the local regulations.
Category E (other staff)	<ul style="list-style-type: none"> • Professional experience criteria are defined in the job profiles, depending on the position.

B.2.4. PROPRIETY CRITERIA

B.2.4.1. Propriety assumption

An individual may be considered as of good repute and integrity if there is no obvious evidence to suggest otherwise.

SCOR ensures, using the tools described in Section B.2.5 – Fit and proper assessment process, that there is no evidence of offenses that can adversely affect the good repute and integrity of this person. If evidence is gained of past behaviors casting doubt on an individual’s good repute and integrity, remediation actions shall be taken as appropriate.

SCOR also takes actions to prevent conflicts of interest.

Proper considerations are relevant for all employees of an undertaking. However, any assessment needs to take into account their level of responsibility within the undertaking and will differ proportionately, according to whether or not, for example, they are “persons effectively running the Company” or have other key functions.

B.2.4.2. Remediation

Some criminal, civil or disciplinary sanctions will preclude an individual from meeting propriety requirements (e.g. disciplinary penalties by supervisory authorities, non-petty criminal or civil penalties related to gross misconduct in the management of a company, commercial or professional activities, or related to his/her personal management such as money laundering, market manipulation, insider dealing and usury, any offences of dishonesty such as fraud or financial crime). Others may not.

If an individual is subject to pending legal proceedings that may eventually lead to such penalties, he must inform the company concerned.

Other circumstances than court decisions and ongoing judicial proceedings, which may cast doubt on the repute and integrity of the person, may also be considered (current investigations or enforcement actions, imposition of administrative sanctions for non-compliance with provisions governing banking, financial, securities or insurance activity, securities markets, securities or payment instruments).

The following factors are taken into account to waive an impropriety ban: the seriousness of, and circumstances surrounding the offence, the explanation presented by the individual, the relevance of the offence to the proposed role, the passage of time since the offence was committed and evidence of the individual's rehabilitation, the level of appeal (definitive vs. non-definitive convictions) and the person's subsequent conduct.

B.2.4.3. Time availability

Time availability must also be ensured: individuals holding concurrently several responsibilities/roles must have appropriate time to dedicate to the functions under the scope of SCOR's Fit and Proper policy.

B.2.5. FIT AND PROPER ASSESSMENT PROCESS

The assessment process shall allow SCOR to ensure that persons/bodies subject to Fit and Proper requirements fulfil the above criteria both before and after their appointment to the position under the scope of the Fit & Proper policy.

The main stakeholders of the initial assessment process are listed below:

Applicant to	Assessor
Board/Chief Executive Officer/Other "persons effectively running the Company"	<ul style="list-style-type: none"> Board⁽¹⁾ Based on a proposal made by the Corporate Secretary with the support of Human Resources for applicants who are also SCOR employees.
Key function holders	<ul style="list-style-type: none"> Chief Executive Officer Based on a proposal made by Human Resources
Employees	<ul style="list-style-type: none"> Direct Managers Based on a proposal made by Human Resources

(1) With prior analysis by the Compensation and Nomination Committee when it exists.

According to the applicant level, the identified assessors are in charge of:

- collecting supporting documents about the applicant (e.g. CV), including the Fit and Proper assessment form;
- deciding if the applicant complies with the "Fit & Proper" requirements.

Each year, the Corporate Secretary/HR Department/Direct Managers updates their information with an annual fit and proper questionnaire collected from directors, CEOs, other "persons effectively running the Company", key function holders and employees in the IDD scope.

Furthermore, when the Corporate Secretary/HR Department receives notification of any changes affecting an individual's propriety, it updates the latest assessment.

Some specific situations trigger a re-assessment of the fitness and propriety of a person: reasons to believe that a person will impede the undertaking from pursuing the business in a way that is consistent with applicable legislation, reasons to believe that a person will increase the risk of financial crime, e.g. money laundering or financing of terrorism, reasons to believe that sound and prudent management of the business of the undertaking is at risk.

B.2.6. SCOR SE – INFORMATION ON FIT AND PROPER REQUIREMENTS

SCOR SE complies strictly with the Group's Fit and Proper policy, as described in the section above, with possible local adaptation in accordance with local regulations at branch level.

B.3. RISK MANAGEMENT SYSTEM INCLUDING THE OWN RISK AND SOLVENCY ASSESSMENT (ORSA)

The risk management principles, mechanisms and processes, described hereafter, are defined at Group level and applied consistently across the Group, in line with the proportionality principle, without prejudice of further and/or more stringent requirements from local applicable laws or regulations or policies.

SCOR's risk management system is composed of two interconnected parts:

- the risk appetite framework, including risk appetite, risk preferences and risk tolerances;
- the Enterprise Risk Management (ERM) framework composed of various risk management mechanisms which help to ensure that the risk profile is dynamically optimized while remaining aligned with the risk appetite framework.

B.3.1. RISK APPETITE FRAMEWORK

SCOR's risk appetite framework is an integral part of the Group's strategic plan. It is approved by the Board of Directors upon the review of new strategic plans, based on recommendations from the Group's Executive Committee and the Risk Committee of the Board of Directors. The Board of Directors may vary the amount and the composition of risk that the Group is prepared to take.

SCOR's risk appetite framework encompasses the concepts of risk appetite, risk preferences and risk tolerances.

This framework is defined for the Group as a whole. Where appropriate (*i.e.* for material entities or where regulations require), legal entities have their own Board approved risk appetites, preferences and tolerances with which to comply.

B.3.1.1. Risk appetite

Risk appetite defines the quantity of risk that SCOR wishes to accept to achieve a desired level of profitability. This determines where the Group wishes to position itself on the assumed risk-expected return spectrum, between extremely risk averse (low risk-low return) and extreme risk taker (high risk-high return). SCOR uses a target solvency ratio as well as a target expected profitability. These two components provide a comprehensive definition of its risk appetite. The Group's solvency ratio and the profitability profile are reported on a regular basis to the Board of Directors *via* the Risk Committee.

B.3.1.2. Risk preferences

Risk preferences are qualitative descriptions of the risks, which SCOR is willing to accept. Based on the risk appetite defined for the "Quantum Leap" strategic plan launched in 2019, SCOR Group pursues an approach of thorough risk selection to optimize its risk profile and aims to:

- actively seek risks related to reinsurance and selected primary insurance;
- assume a moderate level of interest rate risk, credit risk, FX and other market risks;
- minimize its own operational and reputational risks;
- minimize underwriting of cedent's asset-related risks.

B.3.1.3. Risk tolerances

The risk tolerances define the limits set out in order to ensure that the Group's risk profile remains aligned with the Group's risk appetite framework.

The Board of Directors defines and approves risk tolerance limits for the Group by risk driver, extreme scenario and investment, in order to ensure that the Group's risk profile remains aligned with its risk appetite framework. SCOR uses various risk assessment measures to verify that its exposures remain within these limits. These measures can take several forms depending on the technical constraints or the level of information available and are based on either internal model outputs, scenarios or expert opinions.

For further information on specific risk management strategies, processes and reporting on each risk category, see Chapter C – Risk Profile.

B.3.2. ERM FRAMEWORK

The Risk Management function relies on an ERM framework composed of various risk management mechanisms as described in the following sections. These mechanisms are adapted to business units and legal entities when appropriate. Some mechanisms are only relevant at Group or business unit level and are not implemented specifically at the legal entity level, in line with materiality principles.

B.3.2.1. Internal Environment

The main tasks of the Group Risk Management Department (GRM) are to further develop the Enterprise Risk Management framework and promote an ERM culture within the Group so that risks are managed consistently within each Department.

The Group Risk Management Department is supported in these tasks by the Departments in charge of risk management at SCOR Global P&C, SCOR Global Life and SCOR Global Investments. Compliance with local regulations and constraints is ensured by Hub General Counsels.

Group business standards and practices are governed by Group policies and underlying guidelines established in a common format, by the three business units and the central functions such as the Group Internal Audit Department and the functions managed by the Group Chief Financial Officer, the Group Chief Operating Officer and the Group Chief Risk Officer. Group policies are approved by the Group Executive Committee and for relevant topics are submitted on a regular basis to the relevant committees of the Board and, ultimately, to the Board of Directors of the Company. These Group policies are not intended to enumerate all the rules governing SCOR's activities in the different countries in which the Group operates, but rather to establish certain principles intended to ensure that SCOR Group companies and employees share a common understanding of the Group's standards and that they work in compliance with these standards. When approved, these documents are made available to employees on the SCOR intranet on a dedicated page.

See Section B.1 – General information on the system of governance for further details on SCOR's organization and governance structure.

B.3.2.2. Setting of objectives

For several years, SCOR has implemented and formalized three-year strategic plans. On September 4, 2019, SCOR publicly presented "Quantum Leap", its latest strategic plan (mid-2019 to year-end 2021). "Quantum Leap" builds on the success of SCOR's previous strategic plan, "Vision in Action", and sets the Group's new core objectives of:

- a return on equity (ROE) above 800 basis points over the five-year risk-free rate over the cycle⁽¹⁾; and

- a solvency ratio in the optimal 185%-220% range⁽²⁾.

The strategic plans establish the Group's risk appetite framework from which the Group's strategy stems.

The Executive Committee defines the procedures for implementing the strategy and reviews the consistency of the operational plans or policies (e.g. underwriting, finance, retrocession, information technology) with the strategic plan. The Executive Committee also ensures that there is an optimal risk-based allocation of capital and diversification. Under the responsibility of the Group Chief Risk Officer, the Capital Shield Strategy sets risk limits to ensure a protection of the Group's capital in line with the strategic plan's objectives. The Capital Shield Strategy is approved and monitored by the Group Risk Committee and the Board Risk Committee.

The clarity and detailed description of strategic objectives and their implementation within the Group facilitate the identification, evaluation and control of risks, whatever their nature (e.g. underwriting risk, market risk, and operational risk), possibly caused by these objectives.

B.3.2.3. Identification and assessment of risks

Different techniques for identifying and assessing risks have been implemented to analyze risk from different angles and to deal with them in an exhaustive manner. These include:

- a risk information process: regular and comprehensive risk reporting is provided to the Group Risk Committee and the Board of Directors. This includes a quarterly "Group Risk Dashboard" which describes and assesses the major risks the Group is exposed to and assembles various risk assessments from different identification and assessment processes for all risk categories;
- a process for the monitoring of risk exposures compared to risk tolerances, *i.e.* the limits established in order to ensure that the Group's risk profile remains aligned with the risk level validated by SCOR SE's Board of Directors. The Group uses various risk measures to define these exposures, which are measured based on either model outputs and/or expert opinions, depending on the technical constraints and the level of information available. These include:

— the "risk driver" system that enables the Group to manage the annual aggregate exposure to each major risk. The objective is to avoid overconcentration of risk and hence maximize diversification benefits. For the majority of SCOR's risk drivers, the amount of post-tax retained annual exposure per main risk driver (with a probability of 1 in 200 years) is limited to a percentage of the Group's available capital. Other risk drivers have limits expressed in terms of reducing the Group's solvency ratio or duration for invested assets,

(1) Based on a five-year rolling average of five-year risk-free rates.

(2) This solvency target is unchanged from that under the previous strategic plan, Vision in Action.

- an “extreme scenario” system designed to prevent the Group’s over-exposure to a single event. The amount of post-tax retained exposure to each defined extreme scenario (with a probability of 1 in 200 years) is limited to 10% of available capital,
- sub-limits for invested assets,
- limits per risk which are set in the underwriting and investment guidelines;
- “footprint scenarios”, which aim to review and assess the potential impact of selected deterministic scenarios on the Group. This process provides an alternative perspective on the Group’s exposures. Working groups dedicated to specific subjects are composed of experts across the Group and coordinated by the Group Risk Management Department with the support of the business unit Chief Risk Officers. These groups perform quantitative studies which are summarized in specific reports;
- an Emerging Risks process which is part of SCOR’s ERM Framework and is linked to other risk management methods such as the use of “footprint scenarios”. Potential emerging risks are identified, and individual risk assessments are carried out by experts from SCOR Global P&C, SCOR Global Life and the Group functions. Significant emerging risks are then reported to SCOR’s Executive Management and Board. SCOR, as a member of the CRO Forum, also actively participates and contributes to the CRO Forum Emerging Risks Initiative alongside other major insurers and reinsurers;
- SCOR’s ORSA (Own Risk Solvency Assessment), which provides the Group’s Board and those of the legal entities (e.g. the EEA (re)insurance legal entities), the Group Executive Committee and senior management of these legal entities, with forward-looking information on the respective risk and capital positions of the Group and legal entities;
- SCOR’s internal model, which is deeply embedded in SCOR’s risk management system and contributes to the assessment of risks. SCOR uses its internal model for determining economic capital. Its results are used to implement SCOR’s underwriting and asset management policies and guidelines.

Where relevant, the analyses from these processes are reported to the Group Risk Committee and to the Risk Committee of SCOR SE’s Board of Directors (the “Board Risk Committee”) and to the Board of Directors on a regular basis.

B.3.2.4. Main control activities

Because of its activities, SCOR is exposed to many risks: reinsurance related risks, market risks and other risks (e.g. liquidity, rating). These risks are detailed in Chapter C – Risk profile. These activities rely on the control mechanisms including adequate reporting mechanisms to the main governance bodies throughout the Group.

This section summarizes the principal activities and participants of risk control for the following important areas:

- Group functions;
- activities related to reinsurance;
- asset management;
- accounting management.

The control activities described below are considered as the principal activities for controlling risks specific to those areas. In accordance with SCOR’s internal control system approach, these control activities are performed on Group or Company level, on core business and investment process level, or on support process level.

Group functions

The Group’s functions are organized into three Departments led by the Chief Operating Officer, Chief Financial Officer and Chief Risk Officers respectively. The Operations area comprises Information Technology, Human Resources, the General Secretariat (including the Compliance and Legal Departments), the Group Project Office, Budgeting and Cost Control, and Corporate Communications. The Finance area comprises Treasury, Forecasting and other functions relating to controlling, consolidation, reporting, accounting, financial communications and tax issues. The Risk Management area comprises the actuarial function, the risk management function, various risk and actuarial modeling teams, and the Group’s Prudential and Regulatory Affairs Department.

Further information is presented below regarding the risk function.

- The Group Risk Management Department’s primary focus is to develop and manage ERM mechanisms and to promote ERM concepts throughout the Group, in addition to providing risk management challenge and support for reinsurance underwriting and asset management.
- The Prudential and Regulatory Affairs Department advises the Group on prudential regulations. It ensures the Group actively positions itself in relation to the different jurisdictions and requirements to which it is exposed or could be exposed and continuously develops and promotes SCOR’s leading risk management expertise through regular dialogue with internal and external stakeholders. Prudential and Regulatory Affairs also provides specialist expertise to SCOR colleagues *via* the Solvency II Center of Excellence and prepares the Group for the adoption of major new prudential regulations.
- The Group Financial Modelling Department manages and operates SCOR’s Internal Model and provides a detailed quantitative risk analysis. It provides reports to management on risk assessment and actively assists the Company in its various uses of the Internal Model.
- The Group Chief Actuary and his team report to the Chief Risk Officer. See Section B.6 – Actuarial function for further information on the role and responsibilities of the actuarial key function.

Activities related to reinsurance

The operating and control procedures concerning underwriting, pricing, administration of reinsurance contracts and claims management are validated by SCOR Global P&C and SCOR Global Life and are applied to all underwriting segments of the company in question, regardless of location.

For further information on how the main underwriting risks related to the P&C and Life reinsurance business are managed, please see Section C.2 – Underwriting risks.

Asset management

The Prudent Person Principle requires that the security, quality, liquidity and profitability of the portfolio as a whole be considered. This is enabled through the investment governance, strategy, operational framework and reporting and monitoring processes that SCOR implements.

Governance and principles

The Group has harmonized the principles governing the management of its assets based on three documents:

- “SCOR Group Policy on Invested Assets” defines the Group’s policy and governance in terms of asset management;
- “SCOR Sustainable Investing Policy” defines the main orientations of the sustainability approach of the Group in its asset management;
- “Group Investment Guidelines” determines the limits for concentration risk exposure to different asset classes as well as the conditions under which SCOR Global Investments will implement the Group investment policy as defined by the Group Investment Committee.

These three documents are rolled out across all SCOR entities to ensure consistency across the Group. Together, these documents set the rules to be applied by all internal and external asset managers on behalf of the legal entities.

The Group Investment Committee meets at least once every quarter. Its role is to define the investment strategy on a Group level and to supervise the implementation of this strategy with regards to regulatory and contractual constraints. At the local level, local investment committees supervise the implementation of the investment strategy relating to their legal entities as well as the compliance of the portfolios’ positioning with the local investment guidelines.

For more information on liquidity see Section C.5 – Liquidity risks.

Investment strategy

The investment strategy at SCOR is risk-based and the portfolio’s positioning is derived from the risk appetite and risk tolerance allocated by the Group to invested assets.

The primary investment objective of SCOR is to generate recurring financial income in accordance with the risk limits of the Group, and to ensure that the Group:

- is able to meet its claims and expense payment obligations at all times; and
- creates value for its shareholders in line with the objectives set out in the strategic plan;

while,

- preserving the Group liquidity and level of solvency;
- protecting the capital;
- allowing the Group to operate on a day-to-day basis as well as over the long-term;
- contributing to the well-being and resilience of society;

- complying with the legal entities’ investment regulations, risk appetites and regulatory capital requirements (level of capital and type of admissible assets), and Group and local investment guidelines;
- implementing strict assets and liabilities management and in accordance with policy congruence on currency.

Operational framework

As a general rule, and in compliance with local regulations, the SCOR legal entities appoint the Group to supervise and implement the investment and reinvestment of all of their invested assets. This relationship is put in place through an Investment Management Agreement (“IMA”) which includes local investment guidelines. SCOR delegates to SCOR Investment Partners the implementation of the investment strategy for its invested assets, as determined by the Group Investment Committee. This relationship is put in place through a Master Investment Management Agreement (“MIMA”) which includes the list of invested asset portfolios and legal entities and their respective investment guidelines. In case of local regulatory restrictions or due to the size of some investment portfolios, some legal entities may not be included in this framework. In this case, they may delegate the management of their invested assets to external asset managers through a rigorous selection process. When possible, SCOR Investment Partners acts as an investment advisor to these legal entities.

Reporting and risk monitoring

Group Investment Risk & Sustainability monitors, on an ex-ante and ex-post basis, the compliance of the portfolio positioning with regard to the Group risk appetite and investment guidelines. Breaches are escalated to the Group Investment Committee as well as to the Group and Board Risk Committees. Investments falling outside of the scope of Group Investment Guidelines are subject to special referral procedures managed by the Group Risk Management Department. Investment Business Performance is responsible for monitoring processes related to financial performance and reporting regarding invested assets.

Accounting management

The Solvency II reporting process is built upon the Group-wide IFRS reporting process and ensures quality and consistency of legal entity and Group solvency reporting. It therefore benefits from controls over the accounting and consolidation process, as presented in the 2019 Universal Registration Document, and their extension to solvency reporting.

B.3.2.5. Information and communication

The 2019 Universal Registration Document is produced *via* a specific process that ensures the contribution of all relevant departments and the consistency of the information provided. A final review is performed by members of the Executive Committee.

Similarly, for the Solvency and Financial Condition Report and other Solvency II reporting, a specific process has been implemented to coordinate the contribution of all relevant departments and the consistency of the information provided. A final review is performed by Senior Management, members of the Executive Committee(s) and the Board(s).

B.3.2.6. Monitoring of the internal control and risk management system

The monitoring of the internal control and risk management systems is ensured by a number of complementary mechanisms with the support of several departments across the Group.

SCOR implements dedicated processes and tools to identify, assess and monitor its risk exposure on a regular basis and has dedicated risk management mechanisms in the three business units in order to evaluate the appropriateness and effectiveness of controls and propose risk management and mitigation measures. See Section B.3.2.3 – Identification and assessment of risks.

SCOR operates an Internal Control System Competence Center (“ICS-CC”) which reports to the Group Risk Management Department. For more information on the Internal Control System, see Section B.4.1 – Description of the internal control system.

In addition, and in accordance with its risk-based audit plan and through its periodic assignment, Group Internal Audit provides independent and objective assessments on the adequacy, effectiveness and efficiency of the internal control system. Any findings and risks lead to recommendations and management remediation actions, which are followed up by Group Internal Audit. When Group Internal Audit concludes that management has accepted a level of risk that may be unacceptable to the organization, it must discuss the matter with the Executive Committee. If the Head of Group Internal Audit determines that the matter has not been resolved, he/she must communicate the matter to the Audit Committee.

For more information, see Section B.5 – Internal Audit.

Furthermore, the Finance Department manages the “internal management representation letters” process, which also incorporates certain points related to the internal control of accounting and financial reporting.

B.3.3. INTERNAL MODEL CONTRIBUTION TO THE ERM FRAMEWORK

Subject to regulatory approval, an internal model can be used to determine the SCR. SCOR has used its experience and knowledge to develop an internal model which accurately reflects SCOR’s risk profile as a global reinsurer. For more details on the internal model and how it differs from the standard formula, see Section E.1.4.6 – Key differences between the standard formula and the internal model.

The risk categories reported out of the internal model include P&C underwriting and reserving risk, Life & Health underwriting and reserving risk, Market risk, Currency risk, Credit risk, Interest rate risk and Operational risk.

For further information on risks included in SCOR’s internal model, see Chapter E – Capital Management.

SCOR is exposed to other risks not modeled within the internal model, including Strategic, Liquidity and Emerging risks. These risks are not expected to have an immediate impact on the Solvency Ratio and are monitored and managed through specific processes.

B.3.3.1. Role of the internal model in the risk management system

SCOR’s internal model is a key feature of SCOR’s risk management; see Sections E.1.4.1 – Overview of the internal model and E.1.4.3 – Uses of the internal model for a description of the internal model and some of its uses.

B.3.3.2. Internal model governance

The internal model governance framework forms an important component of the risk governance at SCOR and seeks to ensure the appropriate management and supervision of the internal model and its outputs.

The governance framework includes in its scope the operational run of the model, Model Changes and Independent Validation as outlined in their own respective policies. The Internal Model Management Committee is responsible for ensuring that the internal model operates properly on a continuous basis. It approves internal model results and provides recommendations to the Group Executive Committee on model changes.

The development and use of SCOR’s internal model are managed through the following three key policies:

- Group Internal Model Policy;
- Group Policy on Model Change;
- Group Internal Model Validation Policy.

The Group Internal Model Policy sets out the overarching principles and governance of the internal model. The Group Policy on Model Change sets out the principles and governance for managing the development of the model, and the Group Internal Model Validation Policy sets out the corresponding independent validation of both the use and development of the internal model.

There were no material changes in the internal model governance during the reporting period.

B.3.3.3. Internal model validation principles and tools

SCOR maintains a robust process for the validation of its internal model. This process applies to the Group and the European legal entities regulated by the Solvency II Directive, and where the solvency capital requirement is calculated by means of the internal model. It is performed based on the principles stated in the validation policy and fully complies with Solvency II internal model validation standards.

General principles

The validation of the internal model aims to review the reasonableness and accuracy of the internal model, and the results thereof.

The main principles governing the validation process are:

- Independence and Expertise: the validation is performed by qualified experts who are independent from the design, implementation and run of the model;
- Proportionality: the validation work on the various components of the model is proportionate to the materiality of their impact on the results.

Governance

The Internal Model Independent Validation governance follows the overall internal model governance described above in Section B.3.3.1 – Role of the internal model in the risk management system.

B.3.4. ORSA CONTRIBUTION TO THE RISK MANAGEMENT SYSTEM

SCOR's ORSA is a key mechanism of the ERM framework and is an integral part of the Risk Management System. It leverages the capital management and strategic planning processes.

The ORSA provides forward-looking information on the respective risk and capital positions, of the Group and legal entities, taking into account SCOR's strategy and risk appetite and includes:

- descriptions of the risk profiles and the main risks the Group and/or legal entities are exposed to;
- overviews of expected changes in the risk profiles over the ORSA time horizon; and
- prospective assessments of overall capital needs, based on the internal model, over the ORSA time horizon, taking into account SCOR's strategy and risk profile, including an analysis

of any excess or shortfall in the Eligible Own Funds. For further information on capital management processes, see Section E.1.1 – Own funds.

SCOR performs the Group-wide ORSA for the Group and its legal entities subject to Solvency II based on clearly defined principles and objectives, close cooperation between Group and legal entity teams and regular involvement of Group and legal entity senior management, as well as involvement of the Board of SCOR SE and the Boards of the relevant legal entities.

It is performed at least annually or more frequently when significant changes in the risk profile occur and the ORSA results are approved by the relevant Boards (see Section B.1.3 – Governance structure at Group and legal entity level).

B.3.5. SCOR SE – INFORMATION ON THE RISK MANAGEMENT SYSTEM

The risk management principles, mechanisms and processes, described above, are defined at Group level and applied consistently at SCOR SE level, in line with the proportionality

principle, without prejudice to further and/or more stringent requirements from local applicable laws or regulations.

B.4. INTERNAL CONTROL SYSTEM

B.4.1. DESCRIPTION OF THE INTERNAL CONTROL SYSTEM

The Internal Control System (ICS) standards are embedded in the Group Policy on ICS. The ICS is defined at Group level and applied consistently across the Group, in line with the proportionality principle, without prejudice of further and/or more stringent requirements from local applicable laws, regulations or policies.

The core objective of the Internal Control System Competence Center (ICS-CC) is to pool ICS expertise in order to foster a consistent ICS approach and application of ICS standards across the Group. The ICS-CC consists of experts who are dedicated to coordinating the internal control formalization activities within the Group, its business units and entities, and supporting the business process owners where necessary. The ICS standards are applied based on the proportionality principle. ICS processes have been documented accordingly, focusing on those considered to be the most critical. The ICS documentation is being maintained across the Group and is reviewed regularly for continuous improvement.

The approach used to develop and maintain the internal control system is specified in the ICS Group Policy. The policy sets out the reference framework and details the Group principles, the responsibilities of the different participants in internal control and the quality requirements. The principal characteristics of the internal control system are as follows:

- a risk-based approach, *i.e.* addressing critical operational risks that, if not controlled, could significantly impact SCOR's franchise, balance sheet or statement of income and indirectly

its solvency. The optimal risk response is obtained through appropriately designed key controls;

- on a process level, appointment of process owners responsible for documenting the processes, identifying the related critical risks, defining the appropriate key controls and ensuring their deployment and application either at Group, business unit or legal entity levels. Process owners are also responsible for assessing processes, risks and key controls;
- monitoring, upon completion of the initial documentation, through a self-assessment procedure on the maturity (quality) of control processes based on pre-defined criteria set by their owners.

The monitoring of the internal control and risk management systems is ensured by a number of complementary mechanisms with the support of several departments across the Group.

SCOR implements dedicated processes and tools to identify, assess and monitor its risk exposures on a regular basis. In addition, SCOR implements dedicated risk management mechanisms across the three business units in order to evaluate the appropriateness and effectiveness of controls, and propose risk-management and mitigation measures.

In addition, and in accordance with its risk-based audit plan and through its periodic assignment, Group Internal Audit provides independent and objective assessments on the adequacy, effectiveness and efficiency of the internal control system.

B.4.2. COMPLIANCE FUNCTION

B.4.2.1. Organization of the compliance function

It is SCOR's policy to ensure compliance with all applicable laws and regulations and the SCOR Group Code of Conduct wherever it conducts business. SCOR holds itself to high standards when carrying on its business and at all times strives to observe the spirit as well as the letter of the law by continuously seeking to improve the effectiveness of its compliance management framework.

Compliance activities are mostly performed by the compliance function, which is composed of the legal and compliance teams (Group General Secretariat including the Group Compliance team and the Group Legal Department, Business Unit Chief Legal Counsels, Hub legal and compliance teams, and local compliance officers). There are also other departments responsible for specific areas (*e.g.* Prudential and Regulatory Affairs, Human Resources, Finance), in line with the organizational structure of SCOR.

At Group level and for Solvency II-related legal entities, compliance function holders are responsible for the compliance key function.

It is also the responsibility of all employees to abide by the laws and regulations relevant to their day-to-day activities and the SCOR policies and guidelines applicable to them.

B.4.2.2. Position and independence principles

At SCOR, the compliance function both at Group and local level operates free of any influences that may compromise its ability to perform its duties in an objective, fair and independent manner.

At the Group level, the Group Compliance key function holder has direct access to the Chairman and Chief Executive Officer and the Group Compliance key function holder reports at least annually to the Audit Committee and the Board of Directors regarding material compliance breaches that may impact the Group's operations.

The compliance function has free and unfettered access to any records or staff member, as necessary to carry out its responsibilities.

B.4.2.3. Compliance framework

SCOR follows a risk-based approach to compliance in accordance with the SCOR Group Policy on Risk Management. This involves identifying areas of high risk within SCOR and prioritizing dedicated efforts and resources around these risks according to severity and probability, and establishing ongoing procedures aimed at Prevention, Detection and Response.

Prevention

Preventing compliance breaches includes:

- monitoring compliance-related regulatory developments, assessing their impact on SCOR and disseminating this information to the relevant governing bodies and employees;
- identifying, assessing and monitoring compliance risks;
- issuing compliance-related policies and guidelines;

- providing training to employees;
- providing advice to employees regarding specific compliance matters;
- implementing and maintaining compliance tools;
- maintaining a Code of Conduct awareness and confirmation process;
- introducing controls as part of SCOR's internal control system (ICS);
- providing reports on compliance matters.

Detection

Compliance breaches may be detected by any of the following:

- employee reporting process: all employees are responsible for ensuring compliance with applicable laws, regulations and policies in their daily duties as well as for escalating any actual or suspected compliance breach;
- controls as part of ICS procedures;
- cross-reviews, whereby an operational team operating in a different region from the entity subject to the review performs, checks and reviews compliance-related topics;
- audits conducted by Group Internal Audit;
- audits by external auditors (e.g. accounting and tax);
- operational loss events;
- complaints or litigation initiated by third-parties against SCOR.

Response

In response to compliance breaches, SCOR aims to take appropriate corrective actions to mitigate the consequences of the breach, and to prevent further reoccurrences of similar breaches in the future.

Employees who are found in breach of, or fail to comply with, applicable laws or regulations or the principles of this policy may be subject to disciplinary action in compliance with the laws applicable in the country of employment and/or may be subject to criminal/regulatory proceedings.

In addition, the Group Remuneration Policy includes a reference to compliance with the Code of Conduct as a performance condition to be satisfied.

B.4.3. SCOR SE – INFORMATION ON THE ICS AND THE COMPLIANCE FUNCTION

B.4.3.1. Internal Control System

SCOR SE applies the ICS principles as defined at Group level and leverages processes implemented across the Group. Where deemed appropriate, SCOR SE has adapted the processes defined at Group or business unit level, or implemented own local processes in order to reflect specific local requirements.

B.4.3.2. Compliance function

The compliance function and framework, as defined and implemented at Group level, similarly apply to SCOR SE, both as a legal entity and as the parent company of the SCOR Group.

B.5. INTERNAL AUDIT

B.5.1. INTERNAL AUDIT ORGANIZATION AT GROUP LEVEL

B.5.1.1. General principles

The Group Internal Audit's audit universe of potential areas within its scope includes all functions and operations carried out by SCOR. Group Internal Audit has no direct operational responsibility or authority over any of the activities it can review. Accordingly, Group Internal Audit does not develop or install systems or procedures, prepare records, take the place of management who owns and makes decisions to manage its respective risks, or engage in any other activity which it can review.

Group Internal Audit assists the Board of Directors in providing independent, objective assurance and consulting services designed to assess the adequacy, effectiveness and efficiency of SCOR governance, policies and guidelines, risk management and internal control systems, as well as the compliance of operations with applicable policies and guidelines, in order to ensure the safeguarding and integrity of SCOR's assets (e.g. financial assets, human resources, systems and data), to ensure the effective use of resources and identify opportunities for process improvement.

Vis-a-vis SCOR subsidiaries and legal entities, Group Internal Audit is the outsourced provider of the internal audit function of legal entities in the scope of the Group Internal Audit Charter, to the extent it is compliant with local laws and regulations. If local obligations related to internal audit matters are not covered by the Group Internal Audit Charter, the Head of Group Internal Audit and legal entities' representatives must act in a timely manner when implementing complements or adjustments as deemed adequate by the appropriate departments and described in an Internal Audit Charter Addendum.

B.5.1.2. Organization within the Group

Group Internal Audit is composed of Regional and specialized Internal Audit Units, managed by Deputy Heads who report directly to the Head of Group Internal Audit. There is no reporting line to the regional or other management.

Planning, Auditing and Monitoring: Regional/legal entities' Internal Audit Plans are integrated in the Group Internal Audit Plan. The Head of Group Internal Audit leads the Internal Audit Department activities globally in order to avoid silo effects and ensure that (1) the same audit framework and methodologies are applied group-wide for each audit engagement and recommendations monitoring, (2) the Auditors' assignments are based on skills in line with the audit objectives, benefiting from Group Internal Audit's resources and comply with rotating principles.

Reporting: the Head of Group Internal Audit can delegate to Regional Deputies the duties related to the internal audit reporting to pre-defined affiliates' Audit Committees and Supervisory Bodies. The Head of Group Internal Audit ensures that the reported information is aligned and consistent across the Group.

Exceptions: In specific cases where the general principles above are not applied, the case must be submitted for approval to the relevant Audit Committee, CEO & Chairman of the Board of SCOR SE, and the Chairman of the Audit Committee of the Board of SCOR SE and other bodies as deemed necessary.

The Head of Group Internal Audit or a delegate (Deputy Head) is invited to, attends and reports during the regular Audit Committees meetings on the internal audit activities and performance and meets privately with the Chairperson of the relevant Audit Committee (at least annually). For entities having no specific Audit Committee, the Head of Group Internal Audit is invited to, attends and reports during the Board meeting. The Head of Group Internal Audit issues an annual report when requested by the Audit Committee or required by laws or regulations.

B.5.1.3. Independence principles

Within SCOR, the Head of Group Internal Audit reports directly to the CEO & Chairman of the Board of SCOR SE, to provide the necessary independence, and allow it the greatest possible freedom of investigation, while at the same time ensuring the effective and timely implementation of its recommendations and management actions. The Head of Group Internal Audit also reports functionally to the Chairman of the Audit Committee of the Board of SCOR SE, who approves decisions regarding his/her appointment and removal and makes appropriate enquiries to ensure that audits are performed within an appropriate scope with adequate resources, and may steer Group Internal Audit's activities in a specific direction.

The Head of Group Internal Audit submits a written report to the Board Audit Committee at least annually on the organizational independence of the Group Internal Audit function. If independence or objectivity is impaired in fact or appearance, the details of the impairment must be disclosed to appropriate parties. The nature of the disclosure should depend upon the impairment. This principle is applied in the same manner for SCOR Group entities.

Group Internal Audit must and does have unrestricted access to all information, people, relevant systems and data regarding audit assignments and consulting projects, including easy access to and open communication with the audited department and management.

B.5.2. SCOR SE – INFORMATION ON THE INTERNAL AUDIT FUNCTION

The principles and organization as defined and implemented at Group level apply similarly to SCOR SE's Internal Audit function. Similarly, the scope of internal audit engagements issued during the reporting period and audit plan defined at SCOR SE level are the same as the ones issued and defined at Group level.

B.6. ACTUARIAL FUNCTION

B.6.1. IMPLEMENTATION OF THE ACTUARIAL FUNCTION

An actuarial key function has been defined for the Group and all legal entities subject to the Solvency II Directive. These key functions are conducted under the responsibility of a key function holder.

The role of the actuarial key function is to:

- coordinate the calculation of technical provisions;
- ensure the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of technical provisions;
- assess the sufficiency and quality of the data used in the calculation of technical provisions;
- compare best estimates against experience;
- inform the Administrative, Management and Supervisory Body (AMSB) of the reliability and adequacy of technical provisions;
- oversee the calculation of technical provisions in case of insufficient data of appropriate quality inducing the use of appropriate approximations, including case-by-case approaches, in the calculation of best estimates;
- express an opinion on the overall underwriting policy;
- express an opinion on the adequacy of reinsurance arrangements;
- contribute to the effective implementation of the risk-management system, in particular with respect to the risk

modeling underlying the calculation of the capital requirements, and to the own risk and solvency assessment; and

- produce an annual written actuarial function report submitted to the management, the Board and/or related committees on actuarial matters of the Group and the corresponding legal entities. The report includes a description of tasks undertaken by the actuarial key function, an opinion on the technical provisions, overall underwriting policy and the adequacy of reinsurance arrangements, a description of any deficiency and recommendations on how such deficiencies can be remedied.

This role is undertaken by the Actuarial Function Holder (AFH) supported by members of the reserving teams, with the involvement of other teams within SCOR (Underwriting teams, Retrocession teams, Financial Modeling, Capital Management Department).

The actuarial key function holder for the Group is in charge of coordinating the implementation of Solvency II standards related to the actuarial key function throughout SCOR.

The cooperation with the three other key functions (risk management, internal audit and compliance key functions) is ensured *via* quarterly interactions with the teams performing the tasks in the scope of these functions.

B.6.2. SCOR SE – INFORMATION ON THE ACTUARIAL FUNCTION

SCOR SE's actuarial key function is organized along the lines of the actuarial key function of the Group.

B.7. OUTSOURCING

B.7.1. OUTSOURCING PRINCIPLES AND ORGANIZATION

SCOR has put in place a SCOR Group Policy on Outsourcing which sets forth the principles, framework and rules to be followed by SCOR employees considering the outsourcing of critical or important functions by any SCOR entity to another entity, within or outside the SCOR Group.

The SCOR Group Outsourcing Policy is supplemented by the SCOR Group Guidelines on Outsourcing (the "Guidelines").

The Guidelines provide an easy step by step process when considering outsourcing as covered by such Policy and Guidelines.

When outsourcing a critical or important function, a SCOR entity shall use appropriate and proportionate systems, resources and procedures in line with the risks involved in order to select a specific service provider. In particular, prior to entering into any such outsourcing relationship, a SCOR entity shall conduct a due diligence that is adequate and commensurate with the risks involved.

A SCOR entity shall monitor and review the quality of the service provided and shall maintain internally the competence and ability to assess whether the service provider delivers the service according to the outsourcing agreement.

Pursuant to Solvency II requirements, specific rules apply to the outsourcing of critical or important functions by SCOR EU entities. A SCOR EU entity is an insurance or reinsurance undertaking incorporated in and supervised by a regulator with jurisdiction in a country located in the European Union. As of the date of this report, SCOR SE, SCOR Global Life Reinsurance Ireland DAC, SCOR Life Ireland DAC, SCOR Europe SE and SCOR UK Company Limited fall into the definition of SCOR EU entities.

A critical or important function is defined in the Group Policy as a function essential to the operation of the relevant SCOR entity, *i.e.* a function the interruption of which would be considered as likely to have a significant impact on:

- the activity of such an entity;
- the entity's ability to effectively manage risks; or

- the entity's regulatory authorization, in view of the following:
 - the cost of the outsourced activity;
 - the financial and operational impact as well as the impact on the reputation of the SCOR entity as to the inability of the service provider to fulfill its obligations on time;
 - the difficulty of finding another service provider or resuming live activity;
 - the ability of the SCOR entity to meet regulatory requirements in case of problems with the service provider; and
 - the potential losses for insured parties, policyholders or recipients under contracts or reinsured businesses in case of default by the service provider.

The outsourcing of a critical or important function by a SCOR entity that is a SCOR EU entity shall be subject to the following process:

- a cost/benefit analysis of the possible outsourcing will be conducted and the business case associated with such possible outsourcing will be reviewed by the appropriate governing body of the relevant SCOR entity;
- the outsourcing of a critical or important function will be supervised by a process owner for the entire duration of the outsourcing;
- the process owner will carry out adequate financial, technical and compliance and regulatory due diligences in accordance with the guidelines;
- a specific review of existing or potential sub-outsourcing relationships will be carried out;
- a review of the adequacy of the service provider contingency plan will be conducted;
- an outsourcing agreement will be executed including specific provisions allowing the SCOR entity to adequately control and monitor the quality of the critical or important functions outsourced.

B.7.2. MAIN ACTIVITIES OUTSOURCED TO EXTERNAL SERVICE PROVIDERS

As of the date of this report, critical or important functions outsourced by SCOR EU entities to external service providers include the following:

- certain IT systems and services are outsourced by SCOR's GIE Informatique (which pools and manages the IT needs of SCOR entities worldwide) to large IT companies in France and various other jurisdictions. Each outsourced relationship is closely monitored by the SCOR IT Department, with a specific focus on service quality, IT security and business continuity;
- underwriting and claims handling of certain space and aviation risks by SCOR SE, SCOR Europe SE and SCOR UK Company Limited have been outsourced to companies located in France and the UK that are specialized underwriting agencies partially owned by SCOR. A SCOR manager and a SCOR underwriter specialized in the review of these risks closely monitor these outsourced relationships through attendance of regular technical meetings, frequent reporting and audits;
- underwriting data capture services are provided by a key industry player located in the UK to SCOR SE in order to improve efficiency. This outsourced service is closely monitored by the Technical Management Team of the Underwriting Department;

- claims handling services and central settlement facility are provided to SCOR UK Company Limited by one of the UK's leading providers of services to the insurance industry. The Claims Handling Department closely monitors the relationship, through accounts reviews, regular meetings and files audits;
- the asset management function relating to specific jurisdictions, especially in Asia-Pacific and North America, is outsourced to large expert asset managers, which include well known and reputable asset managers located in Singapore, Canada, China, Hong Kong and France;
- the asset management middle and back office services previously outsourced by SCOR SE or SCOR Investment Partners SE to subsidiaries of banking institutions have been re-insourced in 2019 in furtherance of internal operational restructuring and the corresponding agreements have been terminated.

These outsourcing relationships are documented through adequate outsourcing agreements and closely monitored by the designated person of the relevant SCOR EU entity in charge of monitoring.

B.7.3. MAIN INTRAGROUP OUTSOURCING ARRANGEMENTS

The SCOR Group operates through a Hub structure, whereby certain Hub employees provide services to SCOR Group entities operating in the relevant Hub jurisdictions. In addition, the SCOR Group has developed centers of expertise for certain services, located in some Hubs, which provide expertise to all SCOR Group entities.

As a result, parts of certain critical or important functions may be outsourced to the SCOR staff responsible for carrying out tasks in support of the execution of the critical or important function, in the Hubs in which the relevant SCOR EU entity operates.

These outsourcing relationships are documented through adequate outsourcing agreements and closely monitored by (i) the key function holder of the relevant SCOR EU entity for the specific key function, or (ii) the duly designated person of the relevant SCOR EU entity in charge of monitoring.

The structuring and validation of the internal model, when relevant, is outsourced by certain SCOR EU entity to the Group Financial Modeling & Risk Analysis team of SCOR Switzerland Services AG and to the Group Actuarial Modeling team of SCOR SE respectively. Other SCOR EU entities may provide services in support of the execution of this function, when necessary. These outsourcing relationships are documented through adequate outsourcing agreements and are monitored by the risk management key function holder of the relevant SCOR EU entity.

The compliance function is partly outsourced by each SCOR EU entity to the relevant legal and compliance teams based in the jurisdictions and regions where it operates, notably the Hub legal and compliance teams managed by Hub General Counsels. These outsourcing relationships are documented through adequate outsourcing agreements and are monitored by the compliance key function holder of the relevant SCOR EU entity.

The internal audit function of each SCOR EU entity (other than SCOR SE and SCOR UK Company Limited) is outsourced to the Group Internal Audit team hosted by SCOR SE. In the execution of its mission, the Group Internal Audit team of SCOR SE relies on all its staff employed in various SCOR entities. These outsourcing relationships are documented through adequate outsourcing agreements and are monitored by the internal audit key function holder of the relevant SCOR EU entity.

The internal audit and compliance functions of SCOR UK Company Limited are outsourced to Channel Managing Agency Limited.

The actuarial function is partly outsourced by certain SCOR EU entity to the Group Financial Modeling & Risk Analysis team of SCOR Switzerland Services AG and/or to the Life Economic Valuation team of SCOR SE. Other SCOR EU entities may provide services in support of the execution of this key function, when necessary. These outsourcing relationships are documented

through adequate outsourcing agreements and are monitored by the actuarial key function holder of the relevant SCOR EU entity.

Certain underwriting and claims activities are outsourced by SCOR UK Company Limited and SCOR Europe SE to SCOR SE. Claims handling activities are outsourced by SCOR Global Life Reinsurance Ireland DAC and SCOR Life Ireland DAC to some extent and when relevant to various SCOR entities (notably to SCOR Global Life Americas). These outsourcing relationships are documented through adequate outsourcing agreements and are monitored by the designated person of the relevant SCOR EU entity.

The asset management activities are partly outsourced by SCOR SE to SCOR Investment Partners SE. Each other SCOR EU entity outsources its asset management activities to SCOR SE. These outsourcing relationships are documented through adequate outsourcing agreements and are closely monitored by the designated person of the relevant SCOR EU entity.

IT is partly outsourced by each SCOR EU entity (except for SCOR SE) to SCOR SE. This outsourcing relationship is documented through adequate outsourcing agreements and is closely monitored by the designated person of the relevant SCOR EU entity.

B.7.4. SCOR SE – INFORMATION ON OUTSOURCING

SCOR SE's outsourcing principles and organization are defined along the same lines as those of the Group. See Section B.7.1 – Outsourcing principles and organization for further information.

The main activities outsourced to external service providers at SCOR SE's level relate to certain IT systems and services, the asset management activity relating to China and India. See

Section B.7.2 – Main activities outsourced to external service providers for further information.

Within the Group, SCOR SE outsources its key functions to some extent. See Section B.7.3 – Main intragroup outsourcing arrangements for further information.

B.8. OTHER MATERIAL INFORMATION REGARDING THE SYSTEM OF GOVERNANCE

No other material information is reported regarding SCOR's system of governance, other than that presented in Sections B.1 – General information on the system of governance to B.7 – Outsourcing.

C

RISK PROFILE

C.1.	INTRODUCTION	68	C.5.	LIQUIDITY RISKS	82
C.1.1.	General introduction	68	C.5.1.	Overview of liquidity risks	82
C.1.2.	Sensitivity analysis	69	C.5.2.	Management of liquidity risks	83
C.2.	UNDERWRITING RISKS	69	C.5.3.	Expected profits included in future premiums	84
C.2.1.	P&C reinsurance	70	C.5.4.	Liquidity risks at SCOR SE level	84
C.2.2.	Life reinsurance	73	C.6.	OPERATIONAL RISKS	84
C.2.3.	Risks related to technical provisions	75	C.6.1.	Overview of operational risks	84
C.2.4.	Retrocession and other risk mitigation techniques	76	C.6.2.	Management of operational risks	86
C.2.5.	Contingent capital facility	77	C.6.3.	Operational risks at SCOR SE level	86
C.2.6.	Special purpose vehicles	77	C.7.	OTHER MATERIAL RISKS	86
C.2.7.	Underwriting risks at SCOR SE level	77	C.7.1.	Strategic risks	86
C.3.	MARKET RISKS	78	C.7.2.	Significant risk concentrations at the level of the Group	92
C.3.1.	Overview of market risks	78	C.7.3.	Other material risks at SCOR SE level	93
C.3.2.	Management of market risks	79	C.8.	ANY OTHER INFORMATION	93
C.3.3.	Market risks at SCOR SE level	80			
C.4.	CREDIT RISKS	80			
C.4.1.	Overview of credit risks	80			
C.4.2.	Management of credit risks	81			
C.4.3.	Credit risks at SCOR SE level	82			

C.1. INTRODUCTION

C.1.1. GENERAL INTRODUCTION

The Group regularly conducts reviews of the risks that could have a material adverse effect on its activity, its financial position or results (or capacity to meet objectives), and considers that no other significant risk than those disclosed in the section below exists. This section outlines management's current view of SCOR's main risks and main risk management mechanisms currently in place at the level of the Group and its parent company, SCOR SE.

The Group has identified the following categories of risks, also applicable to legal entities:

- underwriting risks related to the P&C and Life reinsurance businesses;
- market risks;
- credit risks;
- liquidity risks;
- operational risks;
- strategic risks (see Section C.7.1 – Strategic risks).

These risks, further described in this chapter, are managed through a variety of mechanisms in SCOR's ERM framework.

SCOR's ERM framework is further described in:

- Section B.1 – General information on the system of governance for a description of the role of the administrative and management bodies involved in the risk management system and related control functions;
- Section B.3 – Risk management system including the ORSA for a wider description of the Group risk management system as well as the role of the main stakeholders involved in risk management and relevant procedures and control activities.

Although risk management mechanisms have been designed and rolled out across the Group in order to prevent all risks from having a significant impact, there is no guarantee that these mechanisms achieve their intended objective. Many of SCOR's methods for managing risk and exposures are based on observed historical market behavior, statistics based on historical models, or expert judgment. As a result, these methods may not fully predict future exposures, which may be significantly greater than estimated, particularly in unstable or volatile markets and environments. Other risk management methods depend upon the evaluation of information regarding markets, clients, natural catastrophes or other matters that is publicly available or otherwise accessible to SCOR. This information may not always be accurate, complete, up-to-date or properly evaluated. Therefore, the Group cannot exclude the possibility of exceeding SCOR's risk tolerance limits due to an incorrect estimation of its risks and exposures. If the risks disclosed in this section were to occur, they could potentially

have a significant effect on SCOR's present and future business, cash flows, eligible own funds and solvency position.

SCOR may also be exposed to emerging risks, which include new threats or constantly changing current risks with a high degree of uncertainty. They may arise from the numerous changes to the environment in which the Group operates, such as changes in professional practices or in legal, jurisdictional, regulatory, social, political, economic, financial and environmental conditions.

Emerging risks may adversely affect SCOR's reinsurance business due to either a change in interpretation of the contracts leading to extensions of cover beyond what policyholders had expected (e.g. due to the inapplicability or interpretation of certain clauses) or by increasing the frequency and/or severity of claims. Such risks may also lead to higher fluctuations than expected in macroeconomic indicators such as interest rates and price level, or disruptions in financial markets, further impacting SCOR's business. In addition, emerging risks may also have a direct impact on SCOR's operations, for instance by generating unexpected additional expenses.

Specifically, climate change creates a number of risks for the re/insurance industry and therefore for SCOR. Climate change is likely to interact with the risks associated with SCOR's business, investments and operations through physical climate risks (e.g. effects of broad climate trends or "chronic" risks and the frequency and/or severity of natural catastrophes or "acute" risks), the creation of transition risks (through the shift towards a low-carbon economy) and through the potential for negatively impacting the Group's reputation.

As mentioned in Section B.3.3 – Internal model contribution to the ERM framework, the risk categories reported in the internal model include P&C underwriting and reserving risk for the Group and P&C related legal entities, Life underwriting and reserving risk for the Group and Life related legal entities, Market risk including interest rate risk and currency risk, credit risk, and operational risk.

For further information on risks included in SCOR's internal model, at both SCOR Group and French legal entity level, see Chapter E – Capital Management.

SCOR is exposed to other risks not modelled within the internal model including strategic, liquidity and emerging risks. These risks are not expected to have an immediate impact on the Solvency Ratio over a one-year time horizon and are monitored and managed through specific processes.

For quantitative information on all risk categories, including changes over the reporting period, see Section E.1.2.1 – Solvency capital requirement by risk category.

C.1.2. SENSITIVITY ANALYSIS

SCOR maintains a resilient solvency position. SCOR monitors its Solvency Ratio sensitivity to the economic assumptions which could have the most significant impact on the Solvency Ratio over the coming year.

Where appropriate, SCOR also monitors some of these sensitivities at the underlying legal entity level.

The Group's estimated Solvency Ratio sensitivities to market risks are as follows:

Sensitivities – impact on Solvency Ratio	Impact in % points
+50 bps Interest rate	11.9
-50 bps Interest rate	(11.1)
+50 bps Corp Credit spread	(3.4)
+50 bps Govt Credit spread	(0.8)
-25% Equity returns	(3.6)
+10% USD/EUR	(2.5)
-10% USD/EUR	2.8

The sensitivities are expressed in percentage points of the Solvency Ratio. The methodology used to calculate the economic sensitivity is based on stressing the underlying economic variable and re-computing the value of the Solvency Ratio under this stress scenario. Depending on the economic variable, this is based on a full internal model run, or simplifications that are appropriate to capture the main effects of the underlying stress.

Sensitivity to underwriting risks is evaluated through a variety of mechanisms explained in Section B.3.2.3 – Identification and assessment of risks. The most significant exposure for SCOR Group on these measures are long-term mortality deterioration, pandemics, P&C long-tail reserves deterioration and natural catastrophes.

C.1.2.1. Sensitivity analysis at SCOR SE level

The results for SCOR SE are the same as those for the Group when considered on a look-through basis. Sensitivities to various risks, including market risks, are monitored and analyzed on a regular basis as described above.

C.2. UNDERWRITING RISKS

The main risk the Group faces in relation to insurance and reinsurance contracts is that the actual amounts of claims and indemnity payments, or the timing thereof, differ from estimates. The frequency of claims, their severity, the actual payments made, the development of long-tail claims (whether they be litigated or not), and long-term mortality trends as well as external factors (such as those listed below), are all beyond the Group's control. Additionally, the Group is dependent on the quality of underwriting of its cedents for certain reinsurance treaties, and on the quality of claims management by these companies and the data provided by them. Under these uncertainties, the Group seeks to ensure that sufficient reserves are available to cover its liabilities.

Generally, SCOR's ability to increase or maintain its portfolios of insurance and reinsurance risks in the P&C and Life business units may depend on external factors such as professional practices, legal, jurisdictional, regulatory, social, political, economic, financial and environmental conditions. These factors create uncertainties and may adversely affect SCOR's business due to either an interpretation of the contracts leading to an extension of coverage (e.g. through inapplicability or interpretation or overriding of treaty clauses) or by increasing the frequency and/or severity of claims beyond what was anticipated at the time of the underwriting.

SCOR mitigates its underwriting risks related to the P&C and Life reinsurance businesses through the purchase of risk mitigation covers, both on the traditional retrocession market and on

the capital markets *via* alternative risk transfer solutions (e.g. the multi-year securitization of catastrophic risk in the form of Insurance-Linked Securities ("ILS")). However, there is a risk that SCOR may not be able to transfer its liabilities through the purchase of such instruments on economically viable terms and conditions in the future. For further details on retrocession and other risk mitigation techniques within SCOR, see Section C.2.4 – Retrocession and other risk mitigation techniques.

Consistent with the Group's strategy of selective market and business unit development, SCOR seeks to maintain a portfolio of business risks that is strategically diversified geographically, by line and class of business and over time (short and long-tail). The Group's insurance risk exposure is mitigated by diversification across a large portfolio of reinsurance contracts. The volatility of risks is reduced by careful business selection, implementation of underwriting guidelines, the use of retrocession and other risk transfer arrangements and proactive claims handling as well as underwriting, claims and administration audits at ceding companies.

SCOR underwrites reinsurance covers in P&C and Life and occasionally in direct P&C and Life insurance.

SCOR writes direct insurance, primarily on a business-to-business basis to cover large corporate risks through the Business Solutions domain of SCOR's P&C business unit and through the participation in Lloyd's syndicates including the Channel Syndicate, for which SCOR is the sole capital provider, as well as through some participations in Business Ventures and Partnerships.

C.2.1. P&C REINSURANCE

The main risks linked to the P&C reinsurance business (and direct insurance activity) underwritten by SCOR's P&C business unit are P&C long-tail risks, such as large liability losses, natural catastrophes, and other P&C short-tail risks, such as acts of terrorism, as well as other risks beyond its direct control, including systemic crises or the cyclicity of the business.

For quantitative information on P&C underwriting risks, see Section C.1 – Introduction and Section E.1.2 – Solvency Capital Requirement.

C.2.1.1. P&C long-tail risks

Long-tail lines of business, such as all casualty lines (including general liability, professional liability and financial lines, and medical malpractice), inherent defect and construction warranty, motor (first and third-party liability) and workers' compensation, are exposed to material reserve deteriorations (or long-tail reserve deteriorations). This is due to the materiality of insured losses driven by man-made casualty loss events and to the long periods of time taken for claims materialization and settlement.

Long-tail reserve deteriorations is the risk that the P&C claims frequency and severity are higher than assumed in the calculation of the Best Estimate Liabilities (BEL). For SCOR's casualty business, the frequency and severity of claims and the related amounts of indemnity paid can be affected by several factors. The most significant factors are claims inflation and the changing legal and regulatory environment, including changes in civil liability law and jurisprudence. Claims inflation is influenced by, but not directly linked to general inflation.

For further information on risks related to technical provisions, please see Section C.2.3 – Risks related to technical provisions.

Casualty loss events

The specific nature of the catastrophic casualty loss events to which SCOR is exposed can vary widely, from systemic liability events caused by the negative health impacts of commonly used materials on human health (with asbestos as a typical example) to massive product liability losses emanating from items produced by a single manufacturer. Casualty events can also be triggered by a single disastrous event (e.g. Deepwater Horizon oil rig explosion), or events related to cyber fraud and data theft.

The amount of information available on casualty catastrophes is limited. In contrast to property catastrophes, which are short term in nature (limited number of days between insured event and loss emergence) and for which reasonable estimates of the size of the loss can be calculated, most casualty catastrophes emerge gradually and the full extent of the losses is often not known for decades.

Depending on the type of man-made event triggering these casualty losses, property lines of business may also be affected

simultaneously, e.g. if the explosion at a large industrial site destroys the industrial facility, but also pollutes the surrounding environment and causes property damages and bodily injuries affecting the population in the vicinity of the explosion.

SCOR is engaged in the development of advanced liability catastrophe analytics, using data mining and specific modelling techniques to improve its prediction capabilities for man-made casualty loss events.

C.2.1.2. Natural catastrophes

SCOR's property business underwritten by its P&C business unit is exposed to multiple insured losses arising from single or multiple events, which can be catastrophic. Natural catastrophes, such as hurricanes, typhoons, windstorms, floods, hail, severe winter storms and earthquakes can generate material insured losses in property, engineering and possibly other lines of business.

The most material natural catastrophes to which SCOR is exposed include windstorms in Europe, hurricanes in North America and earthquakes in North America and Japan.

In modelling losses, the natural catastrophe models focus on the property damage and consequential business interruption losses triggered when a natural catastrophe affects the insured's property. Sophisticated tools are used to model the underlying physical phenomena and their impact on SCOR's risk profile.

With respect to climate change, SCOR's P&C underwriting business could be exposed to physical climate risks, caused by changes in the frequency and severity of certain natural catastrophe events that are predicted in climate warming scenarios. Although scientific understanding of the causal mechanisms between climate warming and the occurrence of particular natural phenomena is still being established, catastrophe events that are potentially impacted include hurricane (including storm surge and pluvial flooding components), flood (both river flooding and pluvial flooding), heatwave, wildfire and drought. In the event that climate change causes an increase in the occurrence and/or severity of natural phenomena for which the Group provides protection, or has knock-on impacts on other business lines underwritten, claims frequency and/or severity on property, business interruption/contingent business interruption and agricultural lines of business could increase, with possible impacts on long-term profitability and ongoing insurability.

C.2.1.3. P&C Other short tail risks

SCOR's property business underwritten by the P&C business unit is exposed to multiple insured losses arising from single or multiple man-made events, which can be catastrophic. The short-tail lines of business mostly exposed to man-made catastrophe are Property (other than natural catastrophe), Marine, Credit and Surety, Aviation and Space.

Man-made catastrophes refer to negligent or deliberate human actions, e.g. a large explosion and/or fire at a major industrial site and acts of terrorism. These events can cause major damage to property and lives. Acts of terrorism often target large cities and illustrious landmarks such as international airports and governmental facilities. Cyber attacks can lead to business interruptions and damages to property and lives if critical safety systems (e.g. industrial control systems) are impacted by an event.

SCOR is exposed to single or multiple terrorist attacks through some P&C treaties and national terrorism pools. The US market in particular is exposed to significant terrorism risks due to the insurance obligation stipulated by law. However, federal aid is also provided by the Terrorism Risk Insurance Program Reauthorization Act ("TRIPRA"), which is currently scheduled to expire on December 31, 2020. Terrorism exposures are monitored on a worldwide basis as a fully integrated part of the Underwriting Management Framework. Underwriting guidelines stipulate the rules and procedures for terrorism risk for Reinsurance and Specialty Insurance. SCOR monitors this risk using a very conservative approach.

A terror event could also have an impact on SCOR's Life portfolio. Although in past events the life claims incurred have been relatively small compared to the non-life claims, a terrorist act might claim a large number of insured lives.

The extent of the loss event and the affected lines of business will vary depending on the man-made event.

Other factors could have an adverse impact, such as systemic crises, which could be generated by transition risks resulting from action to tackle climate change, cyclicity of the business and concentration risks related to its broker business.

Systemic Crises

Historically, reinsurers have experienced significant fluctuations in operating income due to volatile and unpredictable developments, many of which are beyond the control of the reinsurer including general economic conditions, levels of capacity offered by the market, the level of competition with regards to pricing, and possible changes in regulations and societal attitudes regarding the support of industry sectors that contribute to climate change. In particular, some of SCOR's lines of business which are directly linked to financial activities are more exposed to global economic recessions (e.g. the Global Financial Crisis), for example, global lines such as Credit and Surety or liability risk such as Errors & Omissions and Directors & Officers Liability. Those areas of SCOR's business that are most exposed to climate transition risks are those related to re/insurance of carbon-intensive industries.

Cyclicity of the business

P&C insurance and reinsurance businesses are cyclical. The primary consequences of a market softening are a reduction in the volume of P&C reinsurance premiums on the market, an increase in competition within the reinsurance market, and also a preference for those operators who are most attentive to the specific needs of the cedents and the most capable of meeting them. This could potentially lead to a loss of competitive advantage for SCOR.

Beyond the general trends, the premium rate cycle affects certain geographic markets and/or certain lines of business in different ways and to different extents, independently of each other.

Risk Concentrations

The accumulation of risks, such as by geographies, by lines of business or by exposure to individual events, may produce risk concentrations. Material concentration of risk in the P&C business portfolio particularly relates to accumulation of exposures to natural catastrophes. In terms of individual events, the largest concentrations of exposure are to European Windstorm and North Atlantic Hurricane.

Concentration risk related to its broker business

SCOR generates its P&C business both through brokers and through direct relationships with insurance company clients. The risk for SCOR is mainly the concentration of premiums written through a limited number of brokers. A significant reduction in the business generated through these brokers could potentially reduce premium volume and net income.

C.2.1.4. Management of underwriting risks related to the P&C business

The Group Risk Management and the P&C business unit are organized in order to enable it to assess and control its risks at each level of its business.

- Most of the business underwritten is renewed on agreed dates. This enables SCOR to establish annual underwriting plans, both qualitative (description of the environment) and quantitative (activity budget). These plans are approved by the Executive Committee.
- The Property and Casualty Treaty underwriters manage client relationships and offer reinsurance support after a careful review and assessment of the cedents' underwriting policies, portfolio profiles, exposures and management procedures. They are responsible for writing treaty business as well as associated support on small and medium size facultative risks in their respective territories within the limits of their individually delegated underwriting authority and the scope of underwriting guidelines.
- Most of SCOR's facultative underwriters work in the Business Solutions domain of Specialty Insurance, which operates worldwide. The Business Solutions area is dedicated to large corporate businesses and is geared to providing clients with solutions for coverage of large conventional risks.

- Underwriting and pricing guidelines, defined by SCOR's P&C business unit, specify the underwriting capacities delegated to each underwriter in each entity, as well as the underwriting rules and principles to be complied with. These guidelines are subject to a regular review and approval process. SCOR's underwriting guidelines are more restrictive regarding certain areas with difficult or uncertain legal environments.
 - Underwriting guidelines in place within the P&C business unit specify (i) the underwriting rules and principles to be complied with; (ii) the underwriting capacities individually delegated to the underwriters in each of the markets and lines of business in which the Group operates as well as (iii) the relevant maximum acceptable commitments per risk and per event.
 - Pricing guidelines and parameters apply to all treaties priced within the P&C business unit. There are additional guidelines related to Natural Catastrophes and others specific to certain products which include Agriculture, Credit & Surety and Cyber. These guidelines seek to ensure that the analyses provide: (i) a best estimate of the costs and profitability of a treaty as well as the uncertainty surrounding estimates; (ii) assistance with underwriting decisions; and (iii) the suitable outputs needed for the risk management process, in particular the internal model, such as probability distributions for losses/Net Present Value (NPV), cash flow patterns for premium/losses, etc. They are set to provide consistency and continuity across the organization but also to take into account differences between markets and lines of business as well as the geographical location of the client and the risks insured. Parameters are revised at least once a year to consider, as the case may be, changing market conditions and environment. Contracts that meet certain risk thresholds are subject to mandatory peer reviews that have to be performed and documented before pricing is completed. SCOR's P&C business unit uses a data system that allows management to monitor and review the results from pricing tools.
- The underwriting teams are supported by P&C business unit's Underwriting Management. This function provides worldwide treaty and facultative underwriting guidelines, policies regarding the delegation of capacity, underwriting support to specific lines of business or individual risks when required, ceding company portfolio analysis and risk surveys and is responsible for the monitoring and referral of non-standard business and for authorizing exceptions to the underwriting guidelines.
- Business opportunities going beyond the stipulations of the guidelines previously defined are subject to special referral procedures at two levels: (i) by Underwriting Management and, where applicable, by Legal and/or Finance; (ii) and for cases which may have a significant impact on the balance sheet (thresholds and/or conditions defined in a procedure or specific guidelines) by Group Risk Management.
- The P&C Pricing and Modelling Department is responsible for the pricing of reinsurance business, which is done by individual treaty. Guidelines, methods and tools are set and maintained at the global level and used by the pricing teams across the SCOR offices. Delegation authorities specify criteria under which the underwriters may price certain contracts still subject to the use of the Pricing Guidelines and tools. Pricing results quantify expected underwriting statistics (such as loss and expense ratios), volatility measures, and profitability measures (such as NPV, Return on Risk Adjusted Capital (RORAC), and Profit Excess Targets). The results are also used as criteria for referrals within Underwriting teams. Pricing actuaries team up with underwriters and modellers by market or by line of business.
- The P&C Pricing and Modelling Department is responsible for monitoring Nat Cat accumulations. Earthquake and storm risks gross exposures are measured using proprietary external models from industry-leading catastrophe model suppliers, including Risk Management Solutions RiskLink® ("RMS") and AIR Worldwide Catrader® ("AIR"). These tools enable the Group to quantify its exposure in terms of a probable maximum loss ("PML") at various levels of probability for each peril and geographic location. The overall aggregate annual PML per peril, allowing for potential multiple events, provides the information required to determine the level of retrocession and other alternative risk transfer solutions (e.g. catastrophe bonds) that are needed to ensure that the net aggregate exposure is optimized for the Group's risk appetite and remains within predefined tolerance limits.
- In relation to climate change, the models used to price natural catastrophe business (both new and renewing) are calibrated using recent claims data. In this way, changes in frequency and severity of the natural perils that SCOR underwrites, whether related to climate change signals or not, are considered in the pricing of contracts. In terms of managing climate transition risks, SCOR has already made certain underwriting commitments that make a start towards reducing the Company's exposure to certain carbon-intensive sectors. In addition, SCOR has introduced referral procedures and Environmental, Social and Governance (ESG) scoring components for the underwriting of insurance and facultative reinsurance within the mining and energy sectors.
- For non-Nat Cat business, per-risk accumulation limits are defined in the underwriting guidelines. Underwriting functions are responsible for the application and the monitoring and control of the application of these guidelines within their business unit.
- In order to mitigate its property exposure, the Group retrocedes a portion of the risks it underwrites. See Section C.2.4 – Retrocession and other risk mitigation techniques for further information on how these instruments are managed.

- The claims handling function is performed by the claims teams, which review, process and monitor reported claims. P&C business unit's Claims & Commutations is responsible for the implementation and overview of the overall claims handling and commutation management policy for the P&C business unit, implementing worldwide control and reporting procedures and managing commutation of portfolios and commitments. It supports and controls the day-to-day activity and takes over the direct management of large, litigious, serial and latent claims. In addition, periodic audits are conducted on specific claims and lines of business, and claims processing and procedures are examined at the ceding companies' offices with the aim of evaluating their claims adjustment process, valuation of case reserves and overall performance. When needed, recommendations are given to underwriters and local management.
- The adequacy of the P&C business unit's technical provisions is controlled based on specific procedures. For further information

on how risks related to technical provisions are managed, see Section C.2.3 – Risks related to technical provisions.

- Risks specific to the administration of contracts are subject to checks performed at the subsidiary and branch level. SCOR's Group Information System includes multiple automatic checks and additional tools.
- A quarterly review of technical results is performed by business area (Reinsurance, Specialty Insurance, Business Ventures and Partnerships) and region. The review enables the analysis of technical results by underwriting year, by nature and by line of business.
- Risk-related topics of the P&C business unit are discussed at the quarterly P&C Risk and Capital Committee.
- Cross reviews are conducted by specialists to assess the quality of underwriting, pricing and claims handling of particular business units or certain lines of business, to identify and assess risks, to evaluate the appropriateness and effectiveness of controls and to propose risk management measures, including mitigating actions.

C.2.2. LIFE REINSURANCE

The main underwriting risks for SCOR's Life business unit are described below. For quantitative information on Life underwriting risks, see Section C.1 – Introduction and Section E.1.2 – Solvency Capital Requirement.

C.2.2.1. Long-term mortality deterioration

Long-term mortality deterioration risk refers to potential negative deviations in future mortality relative to current best-estimate assumptions, due to a higher-than-anticipated number of deaths (*i.e.* increased mortality rates) among the portfolio of lives reinsured by SCOR. This could result from inherent volatility, initial incorrect estimation of the expected claim level or an adverse long-term trend.

SCOR's long-term mortality reserves can be based on a number of assumptions and information provided by third parties, which, if incorrect and/or incomplete, could have an adverse effect on the Group.

C.2.2.2. Pandemic

In Life reinsurance, a severe pandemic is a major risk. In the past century, three major outbreaks of influenza occurred and claimed millions of lives. The occurrence of a similar event could cause large losses to SCOR due to an increased mortality far beyond the usual volatility. A lethal virus strain not only of influenza but of any other communicable disease could lead to a material increase in mortality rates and increased medical costs which could significantly affect SCOR's results.

C.2.2.3. Longevity

Longevity risk refers to the risk of a negative deviation from expected results due to the insured or annuitant living longer than assumed in the pricing or reserves. This risk could have an impact on longevity swaps, annuity and long-term care covers and on other longevity protection products.

C.2.2.4. Policyholder behaviour risks

SCOR's Life business unit is also exposed to risks related to policyholder behaviour, such as lapsation and adverse selection.

Lapses refer to either non-payment of premiums by the policyholder or to policies which are terminated by the policyholder before the maturity date of the policy. Depending on product design, higher or lower policyholder lapses than assumed in the pricing or reserving may reduce the expected future income of the Life business unit.

Adverse selection refers to the problem of asymmetry of information between the insured and the insurer. An individual applying for Life or Health insurance cover usually has better knowledge about his or her own state of health than the insurer. The risk to the (re)insurer is of policyholders deliberately deciding among other things to:

- take out a policy in the knowledge that either their chances of claiming are high or higher than average;
- terminate a policy in the knowledge that their chances of claiming are low or lower than average, or;
- choose and exercise a policy option which increases their expected benefit.

This might lead to a portfolio composition which differs from the one assumed during pricing and might imply lower than expected profits for both the direct insurer and the reinsurer.

C.2.2.5. Morbidity risks

Products such as critical illness, short-term and long-term disability and long-term care, which all contain morbidity risk, are subject to the risk of negative trends in health, as well as to the consequences of improved medical diagnosis capabilities which increase the number of claims due to conditions that otherwise would possibly have remained undetected. Medical progress may in the future enable better treatment, resulting in higher claims, since certain diseases would have otherwise led to a much shorter life expectancy of the insured. Products providing cover for medical expenses are subject to the risk of higher than expected incidence and inflation of medical costs.

C.2.2.6. Other risks

Risk concentrations

Accepting large amounts of risks may produce risk concentrations, such as exposure to certain regions or events. The largest concentration of risk in the Life business is in relation to long term mortality deterioration and mortality shock events (e.g. pandemics).

Other risk considerations

In addition to the main underwriting risks of SCOR's Life business unit, other factors could have an adverse impact, whether related to policyholder behaviour such as resale or purchase of policies by third parties with no insurable interest, or other risk factors such as risks related to product guarantees.

Climate change could also have impacts on the Life reinsurance business which could manifest both in adverse events (e.g. natural catastrophes that could claim more lives) and in long-term trends negatively influencing mortality and morbidity (e.g. increasing occurrence of extreme heat episodes and changes in the patterns of disease occurrence). For instance, increases in the frequency and severity of extreme heat events have the potential to negatively influence mortality and morbidity through, for example, the aggravation of cardiovascular and respiratory illnesses. Natural catastrophes, such as wildfires and hurricanes, may claim more lives with increasing severity. Over a longer time horizon, rising temperatures could change the patterns of disease distribution, for example, through expansion in the geographic range of disease vectors such as mosquitos.

C.2.2.7. Management of underwriting risks related to the Life reinsurance business

SCOR's Group Risk Management, along with the Life business unit, has implemented mechanisms to mitigate certain risks specific to the business unit:

- claims deterioration risks are mitigated through yearly renewable terms for parts of the mortality business, and through premium adjustments for some products;
- lapse risks are mitigated through appropriate reinsurance treaty clauses, as well as product, client and market diversification;
- adverse selection risks are mitigated through careful product design and a well-defined medical and financial underwriting process.

The SCOR Life business unit is organized in order to be able to assess and control its risks at each level of its business.

- Generally, the Life reinsurance business is underwritten throughout the year. The Life business underwritten is monitored on a quarterly basis against prior year development as well as the business plan and regular updates are provided to the Executive Committee.
- The underwriting of Life business within the Group is under the worldwide responsibility of SCOR's Life business unit. Clients are insurance companies worldwide. They are served by SCOR's specialized underwriters and actuaries who are familiar with the specific features of the markets in which they operate, in particular with local lines of business and policy conditions, as well as the technical specifics such as mortality tables, morbidity incidence rates and persistency rates. In the Life underwriting process, consideration is typically given to the quality of the client's medical and financial underwriting standards, the target clientele of the ceding company, as well as past experience to the extent that credible data is available.
- The Life business is underwritten in accordance with internal underwriting and pricing guidelines. Mandates for underwriting Life reinsurance business are assigned to teams on a mutually exclusive basis.
- In order to ensure that the Life business unit is continually up-to-date with biometric trends and scientific developments, the expertise of specialists is used to analyze and assess the key factors underlying mortality, longevity, morbidity and policyholder behavior. These teams provide recommendations for the implementation of the research results into the pricing, underwriting and determination of exposure limits. Regarding the potential impacts of climate change, SCOR's specialists perform regular reviews of the medical literature to identify the links between climate change and certain medical conditions and diseases. Where appropriate, this information is fed into decisions related to current and future underwriting, pricing and valuation of reserves.

- Guidelines and other documents defined by the Life business unit specify the underwriting rules and principles to be complied with, underwriting capacities delegated to the underwriters and pricing actuaries in each of the markets in which the Group operates, as well as maximum acceptable commitments per risk and per event. These guidelines outline contract type and terms and conditions of acceptance. Furthermore, they set out the level of retention of SCOR's Life business unit for various risks and types of cover. Revisions and updates follow a formalized approval process.

Business opportunities going beyond the stipulations of these guidelines and documents are subject to a special referral process in order to ensure that the business complies with established risk-adjusted return criteria and risk tolerance limits. These cases are examined at the Life business unit level by the Pricing Department and where applicable, by the Finance Department. Cases which may have a significant impact on the balance sheet of the Group are submitted for a second review by the Group Risk Management Department. Thresholds or conditions for a second referral to Group Risk Management are outlined in specific guidelines.

- Accumulations of risk particularly exposed to catastrophes in the Life business are regularly assessed in "footprint" scenarios and local catastrophe scenarios. Specific tools are used to monitor known Group cover accumulation in selected geographical areas. Specifically designed retrocession programs aim at protecting the Life reinsurance business. One program protects assumed catastrophe excess of loss acceptances; another protects the net retained lines in respect of proportional and per risk acceptances. SCOR uses the RMS model for infectious diseases in order to assess the potential exposure to the risk arising from global pandemics.
- Maximum underwriting capacities are established to limit SCOR's Life business unit's exposure from various types of treaties

underwritten, proportional and non-proportional, covering individual or Group policies. These capacities are reviewed each year, taking into account the capacities obtained by retrocession coverage. The exposure is monitored throughout the year against SCOR's defined risk limits and used for decisions on mitigating measures. Monitoring of peak exposures is included in Life regular risk reporting. See Section C.2.4 – Retrocession and other risk mitigation techniques for further information on how these instruments are managed.

- Claims handling is performed by local claims teams that handle and monitor claims. Claims exceeding a predefined threshold are reviewed by the Life business unit's global medical underwriting and claims specialists. In addition, where deemed appropriate, audits are conducted on claims or specific lines of business at the ceding companies' offices.
- The adequacy of the Life business unit's technical provisions is monitored based on specific procedures. For further information on how risks related to technical provisions are managed, please see Section C.2.3 – Risks related to technical provisions.
- Risks specific to the management of contracts are mitigated by specific controls supported by SCOR's IT systems which include numerous automatic controls and additional tools.
- A quarterly review of technical results is performed by region and by business area.
- Risk-related topics of the Life business unit are discussed at the quarterly Life Risk Committee.
- Cross reviews are conducted by specialists to assess the quality of underwriting, pricing, medical underwriting and claims handling of particular market areas or lines of business, to evaluate the appropriateness and effectiveness of controls and to propose risk management measures, including mitigating actions.

C.2.3. RISKS RELATED TO TECHNICAL PROVISIONS

C.2.3.1. SCOR's risks related to technical provisions

SCOR's technical provisions are established based on the information it receives from its cedent insurance companies, including their own assessments, as well as on the basis of its knowledge of the risks, the studies it conducts and the trends it observes on a regular basis. As part of the technical provisions process, SCOR reviews available historical data and tries to anticipate the impact of various factors such as changes in laws and regulations, judicial decisions, social and political attitudes, trends in mortality and morbidity, and changes in general economic conditions.

If some information were to be incorrect and/or incomplete, this could have an adverse effect on the Group. Despite the audits it carries out on the companies with which it does business, the Group is still dependent on their technical provisions assessment.

As is the case for all other reinsurers, the inherent uncertainties in estimating technical provisions are compounded by the significant periods of time that often elapse between the occurrence of an insured loss, the reporting of the loss to the primary insurer and ultimately to SCOR.

Another factor of uncertainty resides in the fact that some of SCOR's activities are long-tail in nature such as long-term care, whole Life products, longevity, workers' compensation, general liability, or medical malpractice, etc. It has, in the past, been necessary for SCOR to revise estimated potential loss exposure on such lines of business.

C.2.3.2. Management of technical provision risks

With regards to technical provisions risk, SCOR seeks high confidence in their adequacy based on the implementation of generally accepted actuarial methodologies, fit for purpose tools and robust processes, controls and reconciliation validated by extensive risk management actions, in particular on assumptions, expert judgment, model, data quality and results. This also includes independent internal and external reviews.

External consulting firms can be mandated to review the P&C and Life technical provisions.

The Chief Reserving Actuaries of the business units are responsible for overseeing the technical provisions of their respective business units, to assure appropriateness in the methods and parameters used and to enhance technical provisions governance. The Group Chief Actuary is in charge of the independent validation and testing of actuarial tools, workflows, assumptions and processes linked to technical provisions.

All these processes and controls tend to minimize the risk of inadequate technical provisions.

Solvency II Technical Provisions

The Solvency II technical provisions are composed of Best Estimate Liabilities (BEL) and the Risk Margin. The Group Actuarial Function coordinates the calculation of technical provisions across the Group. It relies upon the existing processes and controls as provided in the Actuarial Function Report (AFR). The AFR provides evidence that the duties of the Actuarial Function are being fulfilled, which are specifically to:

- coordinate the calculation of the technical provisions;
- ensure the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of technical provisions;

- assess the sufficiency and quality of the data used in the calculation of technical provisions;
- compare best estimates against experience;
- oversee the calculation of technical provisions in the cases set out in Article 82 of the Solvency II Directive;
- inform the administrative, management or supervisory body of the reliability and adequacy of the calculation of technical provisions.

For further information on how technical provisions are valued, see Chapter D – Valuation for solvency purposes, Section D.2 – Technical provisions.

The contribution of the actuarial function to the management of the risk on technical provisions includes additional specific controls:

- for P&C business, externally audited IFRS reserves (loss reserves and undiscounted IBNR) are the starting point for calculating the Solvency II technical provisions (before discounting). Thereafter, the adjustments made to move from IFRS reserves to the Solvency II technical provisions are reviewed internally and across functions according to the area of expertise of the appropriate stakeholders (P&C business unit, Finance function, Actuarial Function Holder, etc.);
- for Life business, the BEL is computed centrally based on projected Best Estimate cash flows. Consistency checks on projected cash flows are carried out, as well as analyses on changes in the BEL compared to previous periods;
- the risk margin is calculated in SCOR's internal model, which is subject to an independent validation (for further information on the IM related governance, see Section B.3.3 – Internal model contribution to the ERM framework). The methodology used is aligned with Solvency II requirements and reviewed by the Group Actuarial Function Holder.

For further information on how the Actuarial Function contributes to the effective implementation of the risk management system, see Section B.6 – Actuarial function.

C.2.4. RETROCESSION AND OTHER RISK MITIGATION TECHNIQUES

Reinsurers typically purchase reinsurance to cover their own risk exposures. Reinsurance of a reinsurer's business is called retrocession. SCOR remains primarily liable to the direct insurer on all risks reinsured although the retrocessionaire is liable to the Group to the extent of the cover limits purchased.

The level of retrocession is selected each year to ensure that SCOR's retained risk profile respects the specific Group risk appetite framework and to help the Group achieve its return on capital and solvency objectives.

SCOR aims to diversify its retrocession and risk mitigation instruments as well as counterparties in order to take advantage of all different sources of capacities on the market. This enables the retrocession and risk mitigation program to be constructed with complementary mitigation effects offering optimal efficiency and also to avoid overdependence on a limited number of counterparties.

Beyond traditional retrocession, purchased for all main lines of business, SCOR has implemented a "Capital Shield Strategy", which combines the following solutions:

- traditional retrocession (proportional or non-proportional);
- capital markets solutions and alternative risk transfer solutions (collateralized retrocession, Insurance-Linked Securities including catastrophe bonds);
- solvency buffer: SCOR has set out a solvency scale with clear and well-defined buffers safeguarding the Group's franchise.

Retrocession procedures are centralized in the retrocession teams of the P&C and Life business units: SCOR's P&C and Life Retrocession Departments establish and implement the external retrocession plan for the P&C and Life businesses. These departments are responsible for proper application of the plan, for monitoring the solvency of the retrocessionaires, the related counterparty risks and, when necessary, recovery of balances due.

The availability and efficiency of SCOR's retrocession and risk mitigation program is monitored at Group level on a regular basis in order to ensure that the Group's overall exposure remains within pre-defined risk tolerances.

For further information on how credit risk related to retrocessionaires is managed, see Section C.4.1.2 – Credit risk related to retroceded liabilities.

In addition to externally placed retrocession, SCOR uses intragroup reinsurance/retrocession mainly in order to:

- manage legal entities' net risk profiles, required solvency capital and volatility of results;
- preserve its ability to offer SCOR's clients access to the Group underwriting capacity in each legal entity;
- organize an internal pooling of risks to transfer to the external retrocession covers.

C.2.5. CONTINGENT CAPITAL FACILITY

SCOR has put in place a contingent capital facility that partially replenishes the Group's capital base in the occurrence of very remote, pre-defined events. The current contingent capital guaranteed equity line provides the Group with EUR 300 million

coverage and gives protection against natural catastrophes, extreme mortality events and severe depreciation in the SCOR share price.

C.2.6. SPECIAL PURPOSE VEHICLES

The Group sponsors a number of special purpose and alternative risk transfer vehicles designed to reduce SCOR's exposure to natural catastrophe events.

For further information see Sections C.2.8.3 and C.2.9.3 – Retrocession and Other Risk Mitigation Techniques.

C.2.7. UNDERWRITING RISKS AT SCOR SE LEVEL

SCOR SE's underwriting risks are the same as those of the Group. They arise primarily through its interest in other SCOR Group entities, as well as through its direct exposure (direct P&C insurance, reinsurance business underwritten). It relies on the organization defined within the Group. See Sections C.2.1 – P&C reinsurance, C.2.2 – Life reinsurance, C.2.3 – Risks related to technical provisions and C.2.4 – Retrocession and other risk mitigation techniques for further details.

Special purpose vehicles

Not applicable at SCOR SE level.

C.3. MARKET RISKS

C.3.1. OVERVIEW OF MARKET RISKS

Market risk is the risk that the fair value of future cash flows of a financial instrument fluctuates because of changes in market prices or macroeconomic variables. This risk includes:

- interest rate risk;
- currency risk;
- equity risk;
- real estate risk, to which SCOR is exposed through its investments; and
- credit spread risk on these invested assets.

For further information on credit risk, see Section C.4 – Credit risks.

Market risks can also be influenced by various over-arching factors, including political, macro-economic, monetary, societal and environmental trends. Environmental trends encompass risks linked to sustainability, including those as a consequence of climate change, which can impact any of the market risks listed above. Specifically, climate risks correspond to the risk that the value of assets could be negatively impacted by acute physical risks, risks linked to the transition to a low carbon economy and the potential for risks to SCOR's reputation linked to investment choices.

For further information on how macroeconomic changes (such as changes in the general price level from its current trend) may impact SCOR's assets, see Section C.7.1.1 – Risks related to the macroeconomic environment affecting SCOR's strategy.

For quantitative information on market risk on invested assets, see Section C.1 – Introduction and Section E.1.2 – Solvency Capital Requirement. The presentation of SCOR's assets giving rise to market and credit risks is provided in Section D.1 – Assets. For quantitative information on interest rate risk on liabilities and currency risk, see Section C.1 – Introduction.

C.3.1.1. Interest rate risks

Interest rate risk is the risk that the fair value of future cash flows or a financial instrument fluctuates because of changes in interest rates. Interest rate fluctuations have direct consequences on both the market value and the return on SCOR's investments.

Interest rates are very sensitive to a number of external factors, including monetary and budgetary policies, the national and international economic and political environment, and the risk aversion of economic actors.

During periods of declining interest rates, income from investments is likely to fall due to investment of net cash flows and reinvestments of redemptions at rates lower than those of the existing portfolio (dilutive effect of new investments). For callable bonds for which the issuer has an option to redeem earlier than the ultimate maturity, the probability of having to reinvest the early proceeds at lower interest rates is increased. The current low yield environment increases the potential materialization of this risk.

On the other hand, an increase in interest rates could lead to a fall in the market value of fixed income securities that SCOR holds.

SCOR's reinsurance business is also exposed to interest rate risk. The value of certain life insurance contracts, long-term P&C liabilities, the risk margin and deposits with cedents are also subject to discounting. The discounting impact from a change in interest rates on assets and liabilities will offset to some extent. For information on the sensitivity of the Group's Solvency Ratio to interest rate movements, see Section C.1.2 – Sensitivity analysis.

Finally, the interest rate risk depends on the duration mismatch between assets and liabilities. As such, changes in interest rates can affect the Eligible Own Funds, the Solvency Capital Requirement and the Solvency Ratio of the Group.

C.3.1.2. Currency risks

Currency risk is the risk of loss arising due to adverse changes in or volatility of foreign exchange rates. This would impact the value of SCOR's assets (e.g. through direct investments in assets denominated in various currencies) and liabilities (e.g. reinsurance treaties with liabilities denominated in specific currencies).

SCOR's main non-French legal entities are located in Ireland, Switzerland, North America, the UK and Asia. The Eligible Own Funds relating to these entities are denominated mainly in Euros, US dollars, British pounds and Canadian dollars.

SCOR has issued debt instruments in currencies other than the Euro, currently Swiss Francs. These debt instruments are either hedged naturally (assets kept in the same currency as the liability) or with derivatives to mitigate the risk of exchange rate movements. Some events, such as catastrophes, can have an impact on the matching of assets and liabilities in a currency, which can generate a temporary unmatched position which is not covered by currency contracts or hedges.

C.3.1.3. Equity investment risks

Equity investment prices are likely to be affected by risks which affect the market as a whole (uncertainty on economic conditions in general, such as anticipated changes in growth, inflation, interest rate fluctuations, sovereign risk, etc.) and/or by risks which influence a single asset or a small number of assets (specific or idiosyncratic risk). This may lead to a decrease in prices of the equity held by SCOR and may impact its realized or unrealized gains and losses. A material or long-lasting decline in the prices of SCOR's equity holdings may also result in the impairment of its equity portfolio which would affect its net income.

The Group's exposure to the equity market results from direct purchases of stocks or investments in equity funds and in convex equity strategies such as convertible bonds.

C.3.1.4. Real estate risks

Real estate risks, either for properties owned directly or through funds, are the risks arising from a variation in the real estate market valuation or a change in rental market conditions, the two being closely linked.

Rental income from the property portfolio is exposed to the variation in the indices on which the rents are indexed (for instance in France, the Construction Cost Index) as well as risks related to the rental market (changes in supply and demand, changes in vacancy rates, impact on market rental values or rent renewals) and lessee default. On the other hand, the indexation may provide an attractive hedge against inflation.

The value of property assets is exposed to the risk of regulatory obsolescence of properties (regulatory developments related to the accessibility of buildings for people with a disability, the reduction of energy consumption and the production of carbon dioxide, etc.) which would lead to losses of value in the event of a sale of the assets or to additional expenditure to restore the value of the property.

C.3.1.5. Credit spread risks

Credit spread risk on invested assets is the risk of incurring a financial loss arising from the change in market assessment of the counterparty risk of the financial instruments or counterparties. Credit spread variations could have a direct impact on the market value of fixed-income securities and loans.

C.3.2. MANAGEMENT OF MARKET RISKS

C.3.2.1. Overview of risk management of assets

The Group's investment strategy is prudent, with the majority of assets held in cash and fixed income securities. It is defined in line with the Group's risk appetite and risk tolerance limits and considers the economic and market environment as well as the ALM process.

Investment Guidelines at Group and local levels outline the investment universe and limits, including concentration limits, in line with the objectives of the strategic plan. They are approved by the Group Board/local Board or Executive Management.

SCOR has outsourced the implementation of its investment strategy to its asset management company "SCOR Investment Partners SE" and to external asset managers. They are provided with the Investment Guidelines.

Exposures to major risks are monitored on a weekly basis and sensitivities measure the impact of changes in risk drivers on the invested assets portfolio. Analyzing portfolio sensitivity to major risks is an important management tool which is used when making portfolio reallocation or hedging decisions.

In currency and geographic terms, SCOR is mainly exposed to the USD denominated assets with a strong focus on fixed income. In terms of business sector, the Group is particularly exposed to Financial Services. For more information regarding the principles applied to invest the assets in a prudent manner see Section B.3.2.4 – Main control activities – Asset Management.

To better address climate risks and improve the resilience of its invested assets portfolios, SCOR has put in place strong monitoring of Environmental, Social and Governance (ESG) criteria when managing assets, based on exclusions of issuers most exposed to sustainability risks and ESG screening of assets in which the Group invests.

C.3.2.2. Management of interest rate risks

Interest rate risk is managed from a holistic point of view. The Group monitors the interest rate sensitivity in the Economic Balance Sheet (EBS). Stress tests and regular monitoring enable the exposures to be compared with risk tolerance limits set by the Group or by local entities.

The Group aims to maintain an appropriate mix of fixed and variable rate instruments. It also manages the maturities of interest-bearing financial assets.

Interest rate risk is managed within the Group primarily at two levels. At the level of each entity, the Group takes account of regulatory and accounting constraints. At the Group level, SCOR reviews its consolidated investment portfolios in order to identify the overall level of risk and return. It uses analytical tools which guide both its strategic allocation and local distribution of assets. Sensitivity to changes in interest rates is analyzed on a weekly basis.

In addition, SCOR has entered into interest rates swaps to cover its exposure to financial debt with variable interest rates.

C.3.2.3. Management of currency risks

SCOR does not actively hedge the EOF through financial instruments. A variation in interest rates or exchange rates will impact the Eligible Own Funds. Such economic variations would also affect the SCR. The resulting impact on the solvency ratio from a variation in interest or exchange rate would depend on the relative variation of both the EOF and the SCR. SCOR regularly publishes economic sensitivities of its solvency ratio.

C.3.2.4. Management of equity investment risks

With regards to equity investments, the Group's objective is to develop and manage a high-quality diversified portfolio.

The Group's equity selection is predominantly based on a bottom-up fundamental analysis with the goal to develop a diversified portfolio of stocks, and convertible bonds directly or through mutual funds. Due to the inherent volatility of equities, this asset class (direct positions and mutual funds) is monitored on a frequent basis, facilitating quick arbitrage or portfolio

re-allocation decisions. On a Group level, the equity exposure is set and reviewed at least quarterly by the Group Investment Committee. Equity risk is also monitored by establishing maximum exposures per stock or mutual fund and is reviewed regularly (e.g. exposure to large-cap stocks will generally be greater than exposure to mid-cap stocks). The holding's ratios on mutual funds are also reviewed regularly, based on the mutual fund's portfolio.

C.3.2.5. Management of real estate risks

SCOR has adopted an active strategy in the selection of its core buildings and takes environmental quality into account during the decision-making process.

C.3.2.6. Management of credit spread risks

SCOR applies strict limits in terms of asset concentration by asset class but also within a single asset class and actively diversifies its portfolio (by type of investment, by issuer, by country and by sector). The application of these limits also helps to mitigate the credit default risk arising from investments.

C.3.3. MARKET RISKS AT SCOR SE LEVEL

SCOR SE's market risks are the same as those of the Group, as described in Section C.3.1 – Overview of market risks. They arise primarily through its participation in other SCOR Group entities,

as well as through its own investment portfolio. It relies on the risk management mechanisms defined by the Group, as detailed in Section C.3.2 – Management of market risks.

C.4. CREDIT RISKS

For quantitative information on credit risk, see Section C.1 – Introduction and Section E.1.2 – Solvency Capital Requirement. The presentation of SCOR's assets giving rise to market and credit risks is provided in Section D.1 – Assets.

C.4.1. OVERVIEW OF CREDIT RISKS

Credit risk is the risk of incurring a loss as a result of an unexpected change in the financial situation of a counterparty.

This includes credit default risk which is the risk that one party to a financial instrument or other asset will cause a financial loss to the other party by unexpectedly failing to discharge, either partially or fully, an obligation. Credit risk also includes Credit migration risk, which is the risk of incurring a financial loss, due to a change in the value of a contractual agreement following unexpected changes in the credit quality of the counterparties.

SCOR is mainly exposed to the following credit risks or the accumulation of such risks in a single counterparty, in the same sector of activity or the same country: from bond and loan portfolios, liabilities retroceded also called share of retrocessionaires in contract liabilities, deposits with cedents, future cash flows from Life reinsurance treaties, cash deposits at banks and default of members of pools which SCOR is a member of. SCOR may also be exposed to credit risk through its Credit and Surety reinsurance portfolio.

Credit risk is actively monitored and managed. The processes for managing the respective credit risks and the methods used to measure these risks are further described below. For further information on risk concentrations, see Section C.7.2 – Significant risk concentrations at the level of the Group.

C.4.1.1. Credit risk related to Bond and loan portfolios

A deterioration in the financial situation of an issuer (sovereign, public or private) or borrower can, for example, lead to its insolvency and to the partial or total loss of coupons and of the principal invested or lead to a loss in value.

This risk applies also to loan transactions in which the Group invests. The borrower's solvency deterioration may lead to a partial or total loss of the coupons and the nominal invested by SCOR.

C.4.1.2. Credit risk related to retroceded liabilities

SCOR transfers part of its risks to retrocessionaires via retrocession programs in exchange for the payment of premiums. The retrocessionaires then assume the losses related to claims covered by the retrocession contracts. If a retrocessionaire defaulted, or its financial situation deteriorated, SCOR could lose part or all of the coverage provided by its retrocessionaire whereas it would retain its liability towards the cedent for the payment of all claims covered under the reinsurance contract.

SCOR could also lose receivables from the defaulting retrocessionaire (receivables are due to a timing difference between statement accounts received and real payment due for positive balances of retrocessionaire accounts).

C.4.1.3. Credit risk related to deposits with cedents

SCOR may be exposed to credit risk in relation to amounts deposited with ceding companies in respect of reinsurance reserves which cover its liabilities. However, depositing these amounts does not *a priori* discharge the Group of its liability towards the cedent in cases where it is not able to recover all or part of these amounts in the event of a cedent default or a deterioration in the financial situation of that cedent. Hence, it is, at least in principle, possible that the Group may remain liable for paying claims due under the reinsurance treaty without being able to offset all or part of the corresponding deposits.

C.4.1.4. Credit risk related to future cash flows of life reinsurance treaties

Under most of its Life reinsurance contracts, SCOR expects to receive premiums from its cedents over several years. These often exceed expected future payments for claims, commissions, etc., meaning that SCOR expects to receive future positive cash flows.

C.4.2. MANAGEMENT OF CREDIT RISKS

Management of credit risk related to bond and loan portfolios

SCOR mitigates the credit risk related to bond and loan portfolios by careful analysis and selection of issuers, and by a policy of geographic sector diversification. SCOR maintains its investment policy in high-quality assets and in countries with the lowest sovereign risk.

Exposure analyses are performed on a regular basis (sector, geographical area, counterparty and rating) and enables critical risks to be identified and evaluated in order to take appropriate actions.

Credit risk on future cash flows from Life reinsurance policies arises from two risk factors:

- the payment of future cash flows expected under Life reinsurance contracts requires that the cedent is financially sound. Therefore, SCOR risks a reduction in the value of its portfolio of Life contracts in the event of a deterioration in the financial strength of the cedent;
- a reduction in the value of future cash flows could arise from material unexpected lapsation of policies following a deterioration of the cedent's credit rating or standing or an event which has a negative effect on the cedent's reputation.

C.4.1.5. Credit risk related to cash deposits at banks

SCOR is exposed to the risk of losing all or part of any cash deposited with banks, in the event that such a bank is no longer able, due to insolvency, to honor its commitments (e.g. following liquidation). The current main risk for the Group is the significant concentration of deposits in a small number of banks. This risk is a direct result of the selection of the most stable banks.

C.4.1.6. Other credit risks

Default of pool members

For special highly-technical risk categories such as Terrorism, Nuclear, Aviation or Pollution, SCOR chooses to participate in various market dedicated groups of insurers and reinsurers ("pools") aimed at pooling the relevant risks among the members of each group and which offer best available expertise and risk sharing at market level. In the event of a total or partial default by one of the members of a group, it could be required to assume, in the event of joint liability of the members, all or part of the liabilities of the defaulting member.

Management of credit risk related to retroceded liabilities

SCOR selects retrocessionaires carefully, taking into account their financial strength, and regularly monitors the Group's exposure to retrocessionaires taking into account all relevant accounting balances (estimated and actual claims, premiums, reserves, deposits and pledges). SCOR typically requires that unrated retrocessionaires pledge assets or provide other forms of collateral (cash deposits or letters of credit) to the value of their maximum potential contract liability, even though the actual retrocessionaire liability to SCOR in the balance sheet is lower.

Management of credit risk related to deposits with cedents

SCOR favors deposit arrangements with the ability to offset liabilities against deposits with high legal certainty.

Deposits with cedents are monitored through a quarterly analysis of exposure and associated risks. Actions aiming at reducing or limiting the exposure (e.g. *ad hoc* legal opinions, introduction of offset clauses) can be implemented where needed.

Management of credit risk related to future cash flows from life reinsurance treaties

SCOR monitors the development of its cedents' financial situation through regular contact, which enables SCOR to take appropriate action when deemed necessary. In addition, credit risk on future cash flows from Life reinsurance policies is mitigated by industry-wide protection solutions in several countries, such as "Protektor" in Germany.

C.4.3. CREDIT RISKS AT SCOR SE LEVEL

SCOR SE's credit risks are the same as those for the Group. They arise primarily through its interests in other SCOR Group entities, as well as through its direct exposures (P&C direct insurance, reinsurance business directly underwritten or own investment

Management of credit risk related to cash deposits at banks

SCOR selects bank counterparties according to their rating and credit quality. Concentration risk from cash deposits at banks is mitigated by setting counterparty exposure limits. SCOR takes into consideration the public assistance (e.g. loans, guarantees of deposits, nationalizations) which certain banks may benefit from during a financial crisis, as they are important in the economy of their respective country.

For further information on how risks related to invested assets are managed, see Section C.3 – Market risks.

Management of other credit risks

In the event of joint liability of the members in pools in which SCOR participates, the risk of default of other pool members is carefully monitored by SCOR:

- through its appointment as director and *via* the participation of its senior management in dedicated committees such as Audit and Risk Committees and Technical Committees, for the pools in which SCOR's participation is the most significant; and
- *via* the careful consideration of the financial situation of other pool members. This contributes to the application of sound and robust governance.

portfolio). It relies on the organization defined within the Group, detailed in Sections C.4.1 – Overview of credit risks and C.4.2 – Management of credit risks, in order to be able to assess and control its risks.

C.5. LIQUIDITY RISKS

C.5.1. OVERVIEW OF LIQUIDITY RISKS

Liquidity risk is the risk of not having sufficient financial resources available to meet obligations as they fall due, or only being able to secure them at excessive cost.

C.5.1.1. Liquidity needs

SCOR needs liquidity to pay claims, operating expenses, interest payments and redemptions on its debts and declared dividends on its share capital. Without sufficient liquidity, the Group may be forced to curtail its operations, and business will suffer. In the case of catastrophe claims, in particular, it may need to settle amounts which exceed the amount of available liquidity in a reduced timeframe. SCOR's liquidity needs to cover catastrophe exposures are calibrated using the Group's gross (before retrocession) Nat Cat annual loss distributions, on top of other regular liquidity needs as listed above.

Liquidity needs may also arise from increased collateral requirements. Some facilities SCOR uses to grant letters of credit to cedents require 100% collateral in case of non-compliance with financial covenants or in case of a decrease in the Group's financial strength rating, which would result in a deterioration of the Group's liquidity level. Collateral arrangements are also used by SCOR when the jurisdictions in which SCOR operates demand collateral or when clients demand collateral for risk mitigation purposes. This is especially the case in the US for business falling under the NAIC Model Regulation XXX or Valuation of Life Insurance Policies Model Regulation, commonly referred to as Regulation XXX (or Triple X). Letters of Credit carry the risk of a duration mismatch, *i.e.* that short-term Letters of Credit are covering longterm business and might have to be renewed at less favorable conditions, creating additional cost.

C.5.1.2. Sources of liquidity

The principal internal sources of the Group's liquidity are reinsurance premiums, cash flows from its investment portfolio and other assets, consisting mainly of cash or assets that are readily convertible into cash.

External sources of liquidity in normal markets include a variety of short and long-term instruments, such as repurchase agreements, commercial paper, medium- and long-term debt, junior subordinated debt securities, capital securities and raising additional funds in the equity markets.

SCOR's ability to access external sources of liquidity may be subject to adverse capital and credit market conditions.

Liquidity risks are increased when capital and credit markets experience extreme volatility or disruption, as SCOR may need to sell a significant portion of its assets quickly and on unfavorable terms, particularly if current internal resources do not satisfy its liquidity needs.

This risk may be increased due to the characteristics of certain assets held by SCOR, whose liquidity may be limited due to contractual or regulatory constraints (e.g. investments in corporate, real estate or infrastructure loans).

The availability of additional financing will depend on a variety of factors. These notably include market conditions, the general availability of credit, the volume of trading activities, the overall availability of credit to the financial services industry, SCOR's credit ratings and credit capacity, as well as the possibility that customers or lenders could develop a negative perception of SCOR's long- or short-term financial prospects if the Group incurs large investment losses or if the level of SCOR's business activity decreases due to a market downturn. Similarly, access to funds may be impaired if regulatory authorities or rating agencies take negative action that could penalize SCOR. The liquidity of several asset classes owned by SCOR may also be negatively impacted by changes to regulations or by non-conventional monetary policies. If so, these factors could prevent SCOR from successfully obtaining additional financing on favorable terms.

C.5.2. MANAGEMENT OF LIQUIDITY RISKS

SCOR's liquidity position is closely monitored from two points of view: timing and transferability.

Timing

SCOR assesses liquidity risks arising from both short-term and long-term liquidity needs. SCOR manages these risks via different mechanisms which consider:

- actions to be taken by the insurance or reinsurance business areas to take into account both short-term and long-term liquidity risk; and
- the appropriateness of the composition of the assets in terms of their nature, duration and liquidity in order to meet the obligations as they fall due.

Short-term liquidity, or cash management, includes the day-to-day cash requirements under normal business conditions.

Liquidity considerations over the long-term are assessed in a way which takes into consideration the possibility of various unexpected and potentially adverse business conditions where

assets may not be sold for current market values. SCOR estimates the level of its immediately tradeable assets (*i.e.* non-pledged assets) which could be sold within a reasonable timeframe.

Transferability

In addition, SCOR monitors the level of transferability of immediately tradeable assets between entities, depending on local and regulatory constraints.

The Group has also been granted credit facilities from several banks to support the reinsurance activities of various subsidiaries. The Group regularly adapts and renews these facilities to support its business needs.

Additional information on the timing of obligations and liquidity risk is included in the 2019 Universal Registration Document, Section 3.6.3 – Maturity profiles. Quantitative information on liquid assets of SCOR Group is provided in the 2019 Universal Registration Document, Section 4.6 – Notes to the consolidated financial statements, Note 7 – Insurance business investments.

C.5.3. EXPECTED PROFITS INCLUDED IN FUTURE PREMIUMS

SCOR Group's expected profit included in future premiums (EPIFP) as at year-end 2019 amounts to EUR 6,435 million. EPIFP results are produced by SCOR for the purposes of QRT reporting. They are

not used for internal processes regarding capital management, the details of which are provided in Chapter E – Capital Management.

C.5.4. LIQUIDITY RISKS AT SCOR SE LEVEL

C.5.4.1. Liquidity risks and risk management mechanisms

SCOR SE's liquidity risks are the same as those for the Group, as described in Section C.5.1 – Overview of liquidity risks. It relies on the organization defined within the Group, as described in Section C.5.2 – Management of liquidity risks, in order to be able to assess and control its risks.

C.5.4.2. Expected Profits included in future premiums

SCOR SE's EPIFP as at year-end 2019 amounts to EUR 479 million. EPIFP results are produced by SCOR for the purposes of QRT reporting. They are not used for internal processes regarding capital management, the details of which are provided in Chapter E – Capital Management.

C.6. OPERATIONAL RISKS

C.6.1. OVERVIEW OF OPERATIONAL RISKS

For quantitative information on operational risk, see Section C.1 – Introduction and Chapter E – Section 1.2 – Solvency Capital Requirement.

Operational risks are inherent to all businesses, including SCOR's. Operational risks may be split into four main causes further described below: risks related to staff, systems or facilities, processes or external events.

C.6.1.1. Risks related to staff

Risks related to staff can arise as follows:

- the failure to attract or retain key personnel or the loss of crucial information/skills concentrated in a single person, or of a whole team;
- incidents due to mistakes or non-compliance with instructions, guidelines or policies;
- internal staff mandated by SCOR having authorized access to SCOR's offices or systems, or taking advantage of SCOR's assets for personal gain, e.g. through the misappropriation of assets, intentional mismarking of positions or bribery;
- intentional damage to assets (including data) required by SCOR to perform its operations by internal or external staff, which could lead to significant remediation costs (including those released for rebuilding databases or systems).

C.6.1.2. Risks related to systems or facilities

Risks related to systems or facilities can arise as follows:

- a malfunction or a major breakdown in SCOR's IT systems, outages, disruptions due to viruses, attacks by hackers and thefts or data breaches. This can occur within SCOR's own environment or to a third party providing services or data to SCOR;
- interruption of any of SCOR's IT systems leading to loss of data, delays in service or in a loss of efficiency of teams, which could lead to remediation costs, loss of contracts or damage to the Group's reputation. In addition, these incidents could increase other operational risks such as external fraud or human error (e.g. delay in the recognition of adverse business development). The interruption of these systems could damage commercial activities including underwriting, pricing, reserving, premium and claims payment, commercial support, and asset management;
- in addition, the facilities in which SCOR operates might be impacted by natural or man-made perils. The offices might need to be closed for a period of time potentially resulting in a loss of productivity and business opportunity, as well as remediation costs.

C.6.1.3. Risks Related to processes

SCOR's risk management policies, procedures and controls may not be appropriate or sufficient. In particular, any additional workload to the planned activities could reduce the efficiency of some processes and controls. For example, the creation of a new entity, the development of a new line of business, or any other project, may lead to an accumulation of operational risks.

Some of SCOR's and SCOR's subsidiaries' processes are partially or fully outsourced. The failure of outsourced processes could lead to direct losses and other operational incidents.

Since SCOR remains responsible for commitments or services contracted, including for outsourced activities, inappropriate client relationship management or an inadequate level of service and/or product quality provided by SCOR to its clients or a breach of contract may lead to a loss of profitable business relationships.

In addition, SCOR may be involved in legal and arbitration proceedings due to third parties challenging the terms of a contract, which could lead to an unfavorable outcome.

For further details on the main current regulatory developments which may have an impact on SCOR, please see Section C.7.1.3.
– Risks related to legal and regulatory developments.

C.6.1.4. Risks related to external events

SCOR may be exposed to an unfavorable business environment such as evolving or additional regulatory constraints potentially hindering its business model.

Legal and regulatory risk in SCOR's operating environment

As an international group, SCOR must comply with national and international laws, regulations and applicable accounting standards. This includes all applicable economic sanctions, programs relating to anti-corruption, anti-money laundering, in addition to anti-terrorism laws, and laws and regulations applicable to its operations. Laws and regulations applicable to some of SCOR's operations refer *inter alia* to the economic trade sanctions laws and regulations administered by the United States Department of the Treasury's Office of Foreign Assets Control (OFAC) and to certain laws administered by the United States Department of State. They also refer to applicable economic trade sanctions laws, regulations and directives of the European Union and its member states. Other directives with which SCOR complies apply to anti-money laundering, corruption, terrorism financing and insider trading (e.g. the European Regulation of April 2014 on market abuses). Regarding anti-corruption laws and regulations, SCOR must comply with the Foreign Corrupt Practices Act (FCPA) and other laws such as the UK Bribery Act. SCOR must also comply with the provisions of Sapin II (French law). Additionally, SCOR must comply with regulatory requirements regarding data management (both SCOR's data

and that of its clients), in particular the General Data Protection Regulation (GDPR) enacted by the European Union. Any breach to these requirements could lead to regulatory sanctions, including significant fines and exposes SCOR to legal proceedings from clients and generate reputational damage.

The level of legal, regulatory, tax or accounting requirements depends on several factors including the type of business (e.g. primary insurance or reinsurance business), the location and the legal structure of SCOR. The large number of different regulatory environments in which SCOR operates, as well as changes in present and future regulations, increase the complexity of the related Group processes. Any violation of laws, regulations or accounting requirements could potentially expose SCOR to fines, class actions with compensation payments, accounts restatements or business restrictions.

Following Brexit, the direct P&C insurance activities for European Economic Area (EEA) clients currently carried by SCOR UK may need to be carried in the future by a legal entity based in the EEA in case insurers based in the United Kingdom would lose their European passport. In order to prepare for such an event SCOR has created SCOR Europe SE, a P&C insurance company, in France to serve its continental clients, while maintaining the insurance company SCOR UK for its other clients. Also, SCOR stands ready to ask the Prudential Regulation Authority for any required approvals in order to allow the continuation of the activity of its reinsurance branches in the United Kingdom.

Other risks related to external events

External Fraud

SCOR is exposed to external fraud which is characterized by the theft of certain SCOR assets by third parties. External frauds may be perpetrated by various means including cyber-attacks and usually target cash or data. Should an act of fraud succeed in bypassing the controls, or protection measures in place, this could generate a direct loss for the Group.

Cyber Attack

SCOR is exposed to cyber-attacks which can be very diverse in their sophistication and execution. The main targets are system functions, data and cash management. Immediate repercussions include:

- systems could be slowed down, corrupted or stopped, potentially resulting in loss of productivity, corrupted data and remediation costs;
- funds could be stolen through fraudulent wire transfers;
- data could be stolen, deleted or corrupted, or made public in contradiction with SCOR's regulatory or contractual obligations.

Any of the above could generate a reputational risk, give rise to a breach of SCOR's legal responsibility, and may result in regulatory sanctions depending on the level of sensitivity of the data or system that is successfully attacked. The cyberattack could also assist external fraudsters resulting in a financial loss.

C.6.2. MANAGEMENT OF OPERATIONAL RISKS

The two main principles driving the operational risk management approach are:

- exhaustiveness: ensure that a complete and exhaustive identification of all risks within the Group is carried out to the extent possible;
- proportionality: once operational risks are identified, management uses appropriate and proportionate responses, resources and procedures, focusing on key risks.

The process owners are responsible for managing operational risks within the processes. To meet high quality standards, the Group relies on a highly qualified staff to manage processes and the risks within these processes.

In order to support the staff, SCOR has developed Internal Control System (ICS) standards. According to the ICS standards, process owners should be in a position to identify the critical operational risks within the processes assigned to their area of responsibility. The process owners design, implement and operate appropriate key controls and maintain the net risk exposure at or below an acceptable level of possible damage.

At Group level, experienced staff members collect relevant information and analyses on operational risks, on a qualitative and quantitative basis. When relevant, they develop key indicators, with support from the Group Risk Management Department. The Group has also implemented regular risk reporting mechanisms in order to provide an overview of operational risks across the Group.

At legal entity level, depending on local requirements, specific operational risk management processes are implemented, where relevant.

In addition, through its assignments, Group Internal Audit (GIA) contributes to the oversight of operational risk management.

Outsourcing some activities or processes may improve or streamline some aspects of a process, but SCOR is still expected to deliver the same level of service. Principles to properly manage potential operational risks stemming from outsourcing of certain functions are set out in dedicated policies and guidelines.

On risks which may develop rapidly, such as external fraud, SCOR adapts its risk management, for example by organising specific training programs and sending regular warnings and detailed instructions to its employees.

Some of the previously mentioned operational risks are transferred in whole or in part to direct insurers as follows:

- the properties and other main physical assets of SCOR and its subsidiaries are covered locally through property damage policies;
- risks which are mostly covered at Group level include civil liability risks related to the operation of the Company caused by employees and real estate, professional liability risks, civil liability risks of directors and officers, and cyber risks.

Nevertheless, these insurance covers could prove to be insufficient and some losses could fall into the scope of the exclusion clauses (or interpreted as such by the insurance company).

C.6.3. OPERATIONAL RISKS AT SCOR SE LEVEL

SCOR SE's operational risks are the same as those for the Group, as described in Section C.6.1 – Overview of operational risks. It relies on the organization defined within the Group, as detailed in Section C.6.2 – Management of operational risks.

C.7. OTHER MATERIAL RISKS

C.7.1. STRATEGIC RISKS

Strategic risk can be defined as the risks related to losses arising from an unsuccessful strategy or objectives. Strategic risks can arise as a consequence of either the strategy itself (such as the accumulation of risks or development in lines of business or less known markets), from external risks (such as an adverse economic environment), or from internal risks (such as certain causes of operational risk). Therefore, many of the risks discussed throughout Chapter C – Risk profile, in addition to emerging risks, could also impact the success of the strategy.

The main strategic risks to which SCOR is exposed are described below.

C.7.1.1. Risks related to the macroeconomic environment affecting SCOR's strategy

The main risks are the uncertain economic recovery that may affect SCOR's growth in both emerging and advanced economies, and the poor returns on financial markets exacerbating the adverse competitive environment.

A deterioration of financial markets and the global economy will have significant implications for SCOR's activities and results

The Group's results could be significantly affected by the economic and financial situations in Europe and other countries around the world. The threat of a global economic recession due to both cyclical and commercial reasons (e.g. the ongoing U.S – China trade war) remains, and a lasting macroeconomic deterioration could affect SCOR's activities and results. The current low interest rate environment is reaching previously unknown levels and, in the event that interest rates rise, the current level of indebtedness would become a source of major financial instability. Current monetary policy, particularly within the Eurozone area, seems to have reached a point where any additional easing would probably have little significant economic effect. These trends could result in financial markets experiencing a period of very high volatility, with consequences including waves of corporate bankruptcies and potentially sovereign defaults in vulnerable regions, a fall in the value of assets classes (bonds, equity, real estate), and even a major liquidity crisis.

Although growth in the Eurozone has become more robust over the years thanks to both internal and external momentum, its maintenance may become increasingly difficult due to several challenges; for example, the eventual consequences of the United Kingdom's departure from the European Union on the January 31, 2020, continuing economic disparities between EU countries and increased political risks.

Impact on SCOR's Investment activities

SCOR has a large investment portfolio. In the event of extreme prolonged market events, such as global credit crises, SCOR could incur significant losses in its investment portfolio.

Even in the absence of a market downturn, SCOR remains exposed to a substantial risk of losses due to market volatility.

Impact on SCOR's reinsurance business

SCOR is also dependent on customer behavior and premium growth. The Group's premiums could decline in the case of an unfavorable macroeconomic environment and its profit margins could erode. In an economic downturn, the demand for SCOR's and its clients' products could be adversely affected. Factors such as government and consumer spending, corporate investment, the volatility and strength of both debt and equity markets, and inflation, all affect the business and economic environment and ultimately, the size and profitability of SCOR's business. In addition, the ongoing low interest rate environment continues to stimulate the inflow of alternative capital which has been contributing to the current soft market *i.e.* the reduction in (re) insurance premium rates.

The Group may also experience an elevated incidence of claims or be impacted by a decrease in demand for reinsurance and increased surrenders of policies from the cedents (see paragraph on lapse risk in Section C.2.2.4 – Policyholder behavior risk) that could affect the current and future profitability of its business. Although written premiums have seen steady growth in prior years, a prolonged economic crisis could result in lower written premiums in the future.

SCOR is exposed to significant and protracted deviations of inflation from its trend

The Group's liabilities are exposed to a significant increase in the rate of general inflation (prices and salaries) which would require an increase in the value of reserves, in particular in respect of P&C long-tail business, general liability (medical among others) and motor bodily injury claims. In addition, SCOR is exposed to claims inflation over and above general inflation and in particular to the inflation of court awards in respect of general liability and bodily injury claims. For further information on P&C long-tail technical provision deterioration, see Section C.2.1.1 – P&C long-tail technical provision deterioration.

SCOR's assets are also exposed to increased inflation or inflationary expectations, accompanied by a rise in the yield curve with a subsequent reduction in the market value of its fixed income portfolios. Increased inflation could also have a negative impact on the solvency of bond issuers; a widening of credit spreads would lead to a loss of value for the issuers' bonds. Finally, depending on the macroeconomic environment, an increase in inflation could also reduce the value of SCOR's equity portfolio. Any negative fluctuations in equity values or increase in the cost of claims would lead to a similar decrease in Eligible Own Funds.

Although the risk of inflation is less likely in the current macroeconomic environment, at least in the short term, the economy could experience a period of stagflation, combining a decline in activity with a surge in prices. In this case, underwriting volume would also be negatively impacted, and with it the combined ratio, the net income and the net asset value of the Group.

The risk of deflation, defined as a fall in prices and usually associated with an economic slowdown is characterized by the imminent risk of recession and lack of room for maneuver in relation to economic policies.

A prolonged period of deflation could impact the Group in several ways. For example, the value of SCOR's invested assets would be impacted if deflation is associated with a variation in interest rates and corporate credit spreads. A further scenario could be that a fall in prices, leading to a decrease in premium growth for a given amount of risk, combined with a decrease in organic growth due to the economic slowdown, results in a drop in the volume of newly acquired premiums.

In conclusion, both high inflation and a protracted episode of deflation could have a material adverse effect on SCOR.

Management of risks related to the macroeconomic environment affecting SCOR's strategy

These risks are monitored *via* a robust strategic planning approach and regular risk reporting mechanisms throughout the Group, including complementary risk analyses on *ad hoc* topics, where deemed necessary. Potential impacts on SCOR's risk profile are managed through a variety of dedicated and transversal risk management mechanisms.

C.7.1.2. Risks related to the competitive environment

SCOR operates in a highly competitive sector and would be adversely affected by losing competitive advantage or if adverse events had an impact on the reinsurance industry

Reinsurance is a highly competitive sector. As is the case for all other reinsurers, SCOR's position in the reinsurance market is based on several factors, such as its financial strength as perceived by the rating agencies, its underwriting expertise, its reputation and experience in the lines written, the countries in which it operates, the premiums charged, as well as the quality of the proposed reinsurance products and services offered, particularly in terms of claims settlement and payment. The Group competes for business in the European, American, Asian and other international markets with numerous international and domestic reinsurance companies, some of which have a larger market share than SCOR, greater financial resources, state backing, and, in certain cases, higher ratings from the rating agencies.

Therefore, SCOR remains exposed to the risk of losing its competitive advantage. In particular, when available reinsurance capacity, *via* traditional reinsurers or capital markets, is greater than the demand from ceding companies. Its competitors, in particular (re)insurers benefiting from higher ratings than SCOR's or other competitors in alternative capital markets, may be better positioned to enter new contracts and gain market shares at SCOR's expense. Furthermore, competitors are currently promoting innovation, impacting all areas of the business, in addition to its products and services, and the underlying risks. If competitors are quicker at integrating innovative solutions into their business, products and services, or make choices which have a bigger impact on future reinsurance trends, SCOR might lose its competitive advantage.

Finally, the Group's reputation is sensitive to reinsurance sector information. It can be affected by adverse events concerning competitors but also by its own business activity, such as financial difficulties following a major market event. Loss of reputation due to internal risks would also weaken SCOR's competitive position.

Consolidation in the insurance and reinsurance industries could adversely impact SCOR

There has been no significant M&A activity in 2019, but challenging business conditions, sub-par performance of some players, the continued convergence of alternative and traditional capital, as well as other challenges, could result in further mergers in the next few years.

Within the insurance industry, these consolidated entities may use their enhanced market power and broader capital base to negotiate price reductions for SCOR's products and services,

and reduce their use of reinsurance, and as such, the Group may experience price declines and possibly write less business.

Within the reinsurance industry, such external growth activity could potentially enhance these players' competitive position, e.g. in terms of being able to offer greater capacity or broader product offerings, which could permit them to gain market share at SCOR's expense.

Management of risks related to the competitive environment

As for risks related to the macroeconomic environment, risks related to the competitive environment are monitored *via* a robust strategic planning approach and regular risk reporting mechanisms throughout the Group to its main governance bodies, including complementary risk analyses on *ad hoc* topics, where deemed necessary. For further information on risk reporting mechanisms and SCOR's main governance bodies, see Section B.3 – Risk management system including the ORSA and Section B.1.3 – Governance structure at Group and legal entity level.

C.7.1.3. Risk related to legal and regulatory developments

Main risks related to legal and regulatory developments

SCOR is subject to comprehensive and detailed regulations and to the supervision of insurance and reinsurance competent authorities in all of the countries in which it operates. Some of these authorities are considering or may in the future consider enhanced or new regulatory requirements. Such reinforced measures of control and higher capital requirements, intended to further strengthen the protection of policyholders and/or financial stability, could affect the calculation of the local solvency position and have a material adverse impact on the Group, including a restriction of underwriting capacity. Insurance and reinsurance supervisory authorities have broad administrative powers over many aspects of the reinsurance industry and SCOR cannot predict the timing or form of any future regulatory initiatives.

The Solvency II regime applies since January 1, 2016 in the European Union. It was transposed into national laws in all relevant European jurisdictions over recent years. Actual implementation by supervisory and regulatory authorities could vary between these jurisdictions, which could place SCOR at a competitive disadvantage with regard to other European financial services groups. The ongoing Solvency II reviews could lead to additional requirements for insurance and reinsurance undertakings. Furthermore, Solvency II may no longer apply in the United Kingdom after its departure from the European Union and the new regulatory framework could lead to additional requirements for SCOR.

The International Association of Insurance Supervisors (IAIS) is seeking implementation of its newly adopted holistic approach to evaluating and mitigating systemic risk in the insurance sector from 2020 onwards. This revised systemic framework could influence national and European regulations and result in greater regulatory burdens such as the establishment of recovery and resolution plans, and additional liquidity requirements.

In the meantime, the IAIS is developing a common framework for internationally active insurance groups (IAIGs), the “ComFrame”. It is the IAIS’s intention to develop Insurance Capital Standards (ICSs) to be applied by all IAIGs with full implementation in 2025. This development could jeopardize the extent of recognition of diversification effects or the use of internal models and there is a risk that these rules could have an impact on capital management aspects. Moreover, these standards involve risks in terms of competition on a level playing field if they are not implemented simultaneously and consistently across different jurisdictions.

Similarly, changes in tax legislation and regulations, or in their interpretation, may have a negative impact on SCOR’s performance, including financial results, and business model.

Other legal and regulatory developments

The reinsurance sector has been exposed in the past, and may be exposed in the future, to involvement in legal proceedings, regulatory inquiries and actions by various administrative and regulatory authorities, as well as to regulation concerning certain practices used in the insurance sector.

More generally, adverse changes in laws or regulations or an adverse outcome of any legal proceeding could have an adverse impact on SCOR. For further information on risks related to current legislation and regulations and their impact on SCOR’s operations, see Section C.6.1.4 – Legal and regulatory risks in SCOR’s operating environment.

Management of risks related to legal and regulatory developments

SCOR monitors the legal and regulatory developments which could have an impact on the Group and its entities, ensuring that it takes an active position regarding the requirements to which it is exposed or could be exposed in the different jurisdictions where it operates and that it prepares in due time for their implementation.

In particular, developments in existing or emerging prudential regulations (such as Solvency II, ComFrame or systemic risk) are monitored at Group level by the Prudential and Regulatory Affairs Department. Regulations relating to corporate law and business compliance are monitored by the General Secretariat and, within it, the Legal Department.

C.7.1.4. Downgrade risk

Overview of SCOR’s downgrade risk

Credit ratings are very important to all reinsurance companies, including SCOR, as ceding companies wish to reinsure their risks with companies having a satisfactory financial position. For further details on the current rating of the Group, see the 2019 Universal Registration Document, Section 1.2.4 – Ratings information. Due to parental support, the rating of SCOR’s main subsidiaries, including SCOR SE, SGLRI and SUK is aligned with that of the Group. Therefore, the downgrade risk of SCOR’s main subsidiaries is equivalent to the downgrade risk of SCOR Group. The impact of a downgrade on SCOR’s subsidiaries is also quite similar.

Impact on SCOR’s reinsurance business

Some of SCOR’s cedents’ credit models or reinsurance guidelines face regulatory capital requirements or depend on their reinsurers’ credit rating. If SCOR’s rating deteriorates, cedents could be forced to increase their capital requirements in respect of their counterparty risk on SCOR. This could lead to a loss of competitive advantage for SCOR.

Consequently, the Group’s reinsurance activities are sensitive to the way its existing and prospective clients perceive its financial strength, notably through its ratings.

Many of SCOR’s reinsurance treaties, notably in the US and in Asia, and also increasingly in Europe, contain clauses concerning the financial strength of the Company and/or its operating subsidiaries, and provide the possibility of early termination for its cedents if the rating of the Company and/or its subsidiaries is downgraded. Early termination may also occur when the net financial position of the Company falls below a certain threshold, or if it carries out a reduction in share capital.

Impact on the Group’s letters of credit

Many of the Group’s reinsurance treaties contain a requirement to put in place letters of credit (“LOC”) as a general requirement or when triggered by a downgrade of SCOR or one of its subsidiaries. In certain circumstances, the cedent has the right to draw down on a LOC issued by a bank in SCOR’s name.

Some LOCs issued by banks providing such facilities may be collateralised with securities. The value of the collateral can be different from the amount of the LOC. For some facilities, initial collateral requirements may be increased following a downgrade of SCOR’s rating, impacting the Group’s liquidity level. In the case of a LOC being drawn by a cedent, the bank has the right to request a cash payment from this collateral, up to the amount drawn by the cedent.

In the case of a large number of LOCs being drawn simultaneously, SCOR could encounter difficulties in providing the total amount of required cash or fungible assets, *i.e.* exposing itself to a liquidity risk.

Moreover, some of SCOR's facilities contain conditions about its financial situation which, if not met, constitute a default and might result in the suspension of the use of current credit facilities and/or a prohibition on obtaining new lines of credit or result in the need to negotiate new LOC facilities under adverse conditions.

For more details on liquidity risks, see Section C.5 – Liquidity risks.

Impact on capital resources

A significant multiple-notch downgrade of the Group could negatively impact the ability of entities in the Group to generate new business or retain in-force business (potentially leading to a reduction in Eligible Own Funds due to a reduction in expected future cash flows under existing reinsurance treaties (e.g. Life business)).

Management of downgrade risk

SCOR's current ratings are at the highest levels within the reinsurance sector after Standard and Poor's and Fitch upgraded the Group's ratings to "AA-/Stable" from "A+/Positive" in 2015, followed by a Moody's upgrade to "Aa3/Stable" in 2016 and AM Best's upgrade of SCOR's rating to "A+/Stable" in 2017. Therefore, a downgrade by one notch would have a limited impact on its future business development, its liquidity position nor its capacity to raise funds. For further information on SCOR's current rating, see the 2019 Universal Registration Document, Section 1.2.4 – Ratings information.

SCOR monitors its ratings assigned by the top four rating agencies via a dedicated team placed under the supervision of the Group CFO.

This team analyses rating agencies' methodologies, reports published on the reinsurance market, on SCOR and on its main competitors, in order to anticipate any potential rating actions. It also monitors specific qualitative and quantitative Key Performance Indicators developed by the four main rating agencies, and performs analyses of selected deterministic scenarios. The team also monitors the capital adequacy level as measured by the capital models developed by rating agencies.

C.7.1.5. Other strategic risks

SCOR may be exposed to other less significant strategic risks described below.

Risks related to capital

Overview of risks related to capital

Capital may not be completely fungible between different regulated legal entities, which may have negative consequences

SCOR's regulated legal entities must satisfy local regulatory capital requirements. There could potentially be some local regulatory constraints, which in certain circumstances could affect SCOR's ability to transfer capital from one legal entity to another, and in particular from one subsidiary or branch to another, or to the parent legal entity. This may have negative consequences for the legal entity concerned and could have a material adverse impact on SCOR.

In addition, ongoing regulatory developments and discussions on global standards may impact SCOR in the future.

Adverse capital and credit market conditions may significantly affect SCOR's ability to access capital and/or liquidity or increase the cost of capital

Disruptions, uncertainty or volatility in the capital and credit markets may also limit the Group's access to capital required to operate its business, most significantly its insurance operations. Such market conditions may limit its ability to:

- replace, in a timely manner, maturing debts;
- access the capital needed to grow its business;
- satisfy statutory and regulatory capital requirements and maintain a Solvency Ratio in line with its risk appetite framework.

As such, SCOR may be forced to delay raising capital, issue shorter term securities than it prefers, or bear an unattractive cost of capital which could decrease its profitability and significantly reduce its financial flexibility.

Disruptions of financial markets, and more particularly credit market conditions, could also affect SCOR's ability to access liquidity.

For further information on Risks related to the macroeconomic environment that could impact SCOR, see Section C.7.1.1 – Risks related to the macroeconomic environment affecting SCOR's strategy.

Management of risks related to capital

Risks related to capital are managed *via* specific principles and processes throughout the Group. SCOR ensures maximum capital fungibility within the Group through:

- a reduced number of subsidiaries enhancing fungibility while supporting local business presence. It is facilitated by the “Societas Europaea” (“SE”) structure that facilitates an efficient branch set-up in Europe, enabling integrated supervision at Group parent company level through SCOR SE, focusing on communication with a limited number of supervisors with whom SCOR can share its global strategy, while taking advantage of diversification benefits;
- an integrated supervision of regulatory constraints at Group level and an optimal capital allocation.

SCOR efficiently manages its capital allocation and fungibility between subsidiaries within the legal and regulatory constraints. SCOR is continuously leveraging, in its day-to-day activity, on various tools that are core to the reinsurance activity (such as intragroup reinsurance, intragroup financing, portfolio transfer, capital transfer or collateral posting).

For further information on capital management, see Chapter E – Capital Management.

Risks related to acquisitions

Overview of risks related to SCOR’s acquisitions

SCOR has made a number of acquisitions around the world. Acquisitions involve risks that could adversely affect its operating results, including the substantial amount of management time that may be diverted from operations to pursue and complete acquisitions. Acquisitions could also result in additional indebtedness, costs, contingent liabilities, impairment and amortisation expenses related to intangible assets recognized on an accounting basis. In addition, acquisitions may expose SCOR to operational challenges and various risks.

A failure to successfully manage such operational challenges could adversely affect the Group.

Specific risks relating to the acquired businesses are as follows:

The integration of the acquired activities may prove to be more difficult than expected

Integrations may take longer, be more expensive or more difficult than expected. The success of integrations may depend on operational and commercial planning, execution of systems and procedures, and on the retention of key employees. Difficulties could result in higher integration costs or fewer synergies than expected.

Retaining client relationships and related business volumes

It may be outside the control and influence of SCOR to retain certain client relationships and business volumes related to acquired businesses. Related earnings and efficiencies may be lower than expected, which may dilute the return on such acquisition related investments.

Acquisitions could result in the concentration of business and the reliance on intermediate business relationships

In certain cases, e.g. SCOR’s acquisition of Transamerica Re’s mortality reinsurance portfolio from Aegon in 2011, SCOR may acquire a reinsurance portfolio from a company (the vendor) where not all underlying reinsurance agreements between cedents and the vendor are immediately novated. In such cases, SCOR could be at risk if the vendor becomes insolvent, since the vendor’s cedents could reduce or terminate reinsurance premium payments.

Certain risks relating to acquired companies may not yet be known

Due notably to the size and complexities of acquisitions, there may be a risk that not all financial elements (including litigation related to prior periods) have been fully and/or correctly evaluated. Unknown or unexpected financial risks could emerge, which may have significant consequences on the initially estimated impact of the relevant acquisition on the combined Group.

Management of risks related to acquisitions

SCOR adheres to high internal standards for acquisition processes, governance and integration, based on an approach approved by its Executive Committee.

SCOR retains outside legal, accounting, tax, actuarial, regulatory and financial counsel for its due diligence, valuation and integration assessments and execution, led by experienced employees in various multi-jurisdictional disciplines, including but not limited to underwriting, structuring, valuation, accounting, tax, actuarial, risk management, legal, audit, strategy, claims management, regulators, rating agencies, and asset management. SCOR’s governance is overseen by a Group Steering Committee, chaired by its Chief Executive Officer and includes various members of SCOR’s Executive Committee. All progress, assessments and any offers made to third parties are generally presented and approved by the Strategic Committee of SCOR’s Board of Directors.

All planned acquisition projects that may have an impact on SCOR’s risk profile are reviewed in collaboration with SCOR’s risk management teams. The preparation for integration of acquired businesses typically begins during the due diligence phase. SCOR integration plans typically take into account all systems, procedures, commitments and constraints, as well as employees, clients, suppliers and contractual third parties, and focuses on closing day and post-closing objectives. While SCOR has experience in managing acquisitions and takes care in planning and executing such operations, the outcomes may not always meet expectations.

Risks related to the valuation of SCOR's deferred tax assets

Changes in the valuation of its deferred tax assets may have a material adverse impact on SCOR

The recognition of deferred tax assets, *i.e.*, the likelihood of recognizing sufficient profits in the future to offset losses, depends on the performance of each entity concerned as well as applicable tax laws, regulatory requirements and accounting methods. The occurrence of events, such as operational earnings lower than currently projected or losses continuing over a longer

period than originally planned or changes in tax legislation, regulatory requirements, or accounting methods could lead to the de-recognition of part of the deferred tax assets for accounting and/or regulatory purposes.

Management of risks related to the valuation of SCOR's deferred tax assets

Valuation risks including those related to SCOR's deferred tax assets are managed through robust processes and controls throughout the Group. For further information on how valuation risks are managed, see Section C.6 – Operational risks, Section B.4.1 – Description of the internal control system, and Section D.1 – Assets.

C.7.2. SIGNIFICANT RISK CONCENTRATIONS AT THE LEVEL OF THE GROUP

Risk concentrations mainly impact three categories of risk, individually or collectively:

- underwriting risks, in particular through catastrophes and other accumulation risks across lines of business or within certain geographical areas. For further information on SCOR's exposure to catastrophes and how these risks are managed, see Section C.2.1 – P&C reinsurance and C.2.2 – Life reinsurance;
- market risks, in particular in case of major events impacting specific types of assets to which SCOR is exposed. For further information on market risks and how they are managed, see Section C.3 – Market risks;
- credit risks, in case of major events impacting certain types of counterparties or certain individual counterparties to which SCOR is exposed. For further information on credit risks and how they are managed, see Section C.4 – Credit risks.

For further information on the accumulation of risks within SCOR and how these risks are managed, see Section B.3.2.3 – Identification and assessment of risks.

C.7.2.1. Overview of current risk concentrations at Group level

SCOR aims to preserve a high level of diversification throughout its activities, while controlling exposure concentrations to a single counterparty, type of asset, geographical area or industry sector. The US government is the most significant counterparty SCOR is exposed to through its investments in government or government assimilated bonds. The exposure to the US government is less than 10% of total assets and is highly liquid.

Risk concentrations are monitored to ensure they remain in line with risk tolerances, *i.e.* below the limits set out in order to ensure that the Group's risk profile remains aligned with the Group's risk appetite framework. The definition of the risk appetite framework aims to strike an appropriate balance between risk, capital adequacy and return, while respecting SCOR's key stakeholders' expectations. For further information on the risk appetite framework and risk tolerances, see Section B.3.1 – Risk appetite framework. Losses arising from such risk concentrations may also significantly increase SCOR's liquidity needs. SCOR assesses liquidity risks arising from a deviation from its liquidity needs over the short-, medium- or long-term. For further information on these risks and how they are managed, see Section C.5 – Liquidity risks.

C.7.3. OTHER MATERIAL RISKS AT SCOR SE LEVEL

SCOR SE's strategic risks are the same as those for the Group. It relies upon the organization defined within the Group, detailed above, in order to be able to assess and control its risks. See Section C.7.1 – Strategic risks for further details.

On an economic basis, SCOR SE is exposed to the same types of risk exposure and concentrations as the Group.

C.8. ANY OTHER INFORMATION

No other material information is reported regarding SCOR's risk profile other than that presented above in Sections C.1 – Introduction to C.7 – Other material risks.

D

VALUATION FOR SOLVENCY PURPOSES

D.1. ASSETS	97	D.3. OTHER LIABILITIES	122
D.1.1. Goodwill and other intangible assets	98	D.3.1. Pension benefit obligations	122
D.1.2. Property, plant and equipment	99	D.3.2. Insurance technical liabilities	123
D.1.3. Participations	99	D.3.3. Deferred tax liabilities	124
D.1.4. Cash and investments, other than property and participations	100	D.3.4. Financial liabilities, including subordinated liabilities	125
D.1.5. Insurance technical assets	102	D.3.5. Other liabilities	126
D.1.6. Deferred tax assets	103	D.3.6. SCOR SE – Additional information on the valuation of other liabilities	126
D.1.7. Pension benefit surplus	104	D.4. ALTERNATIVE METHODS FOR VALUATION	130
D.1.8. Own shares	105	D.4.1. SCOR Group	130
D.1.9. Other assets, including loans receivables and trade receivables	105	D.4.2. SCOR SE – Additional information on alternative methods of valuation	130
D.1.10. SCOR SE – Additional information on the valuation of assets	106	D.5. ANY OTHER INFORMATION	131
D.2. TECHNICAL PROVISIONS	110		
D.2.1. Non-Life technical provisions	110		
D.2.2. Life technical provisions	115		
D.2.3. SCOR SE – Additional information on the valuation of technical provisions	118		

D VALUATION FOR SOLVENCY PURPOSES

Solvency II requires SCOR to produce an economic balance sheet (EBS) representing a market view of its assets and liabilities as at the reporting date. The Solvency II regulations require the EBS to include assets valued at the amount for which they could be exchanged between knowledgeable willing parties in an arm's length transaction and liabilities valued at the amount for which they could be transferred, or settled, between knowledgeable willing parties in an arm's length transaction. In addition, liabilities are not adjusted to take account of the credit standing of the reporting entity.

The details of the valuation principles applied in the EBS, including the differences between the valuation principles and those applied in the financial statements, are outlined in this chapter.

In the EBS both assets and liabilities relating to in-force business are recognized at market-consistent values which constitutes the valuation for solvency purposes. SCOR's EBS as at December 31, 2019 has been prepared based on the assumption that the Group and all solo entities will continue as a going concern, in line with the preparation of the consolidated and legal entities' financial statements. SCOR Group prepares consolidated financial statements in accordance with International Financial Reporting Standards (IFRS). SCOR SE prepares its financial statements under French GAAP.

The preparation of the EBS requires management to make certain judgments, assumptions and estimates. These affect the reported amounts of assets and liabilities and the additional disclosures. Management reviews these estimates and assumptions

periodically, based on past experience and other factors. The actual outcome and results could differ substantially from estimates and assumptions made. The most material financial statement captions for which the Group and EEA regulated entities use estimates and assumptions are reinsurance reserves, receivables and liabilities relating to reinsurance operations, the fair value and impairment of financial instruments, intangible assets, retirement and other defined benefit plans and deferred taxes.

The consolidated economic balance sheet of SCOR Group is prepared using the same principles applied to its consolidated financial statements (as described in Section D.1.3 – Participations). All material intragroup balances and transactions including the result of inter-company transactions are eliminated.

The EBSs for the Group and SCOR SE are presented in Quantitative Reporting Templates S.02.01 (see Appendices A and B). The relevant extracts of the EBS are included at the beginning of each section, together with a clear reference to the relevant sections within this chapter explaining the valuation bases and methods used for Solvency II purposes.

The principles for the valuation for solvency purposes of assets, technical provisions and other liabilities as presented in this chapter have been applied consistently by SCOR Group and its subsidiaries, including third-country undertakings. The specific information related to SCOR SE is included in the relevant sub-sections (D.1.10, D.2.3, D.3.6 and D.4.2), as well as in Appendix B, and should be read in conjunction with the group-wide information.

D.1. ASSETS

The table below presents the assets of SCOR Group as per EBS together with references to the relevant sections within this chapter explaining the valuation bases and methods used for Solvency II purposes.

SCOR Group

Assets as at December 31, 2019 <i>In EUR thousands</i>	EBS Solvency II	Section
Goodwill	-	D.1.1
Deferred acquisition costs	-	D.1.5
Intangible assets	82,811	D.1.1
Deferred tax assets	531,406	D.1.6
Pension benefit surplus	-	D.1.7
Property, plant and equipment held for own use	886,514	D.1.2
Investments	20,636,150	
Property (other than for own use)	809,029	D.1.2
Participations and related undertakings	1,384	D.1.3
Equities	522,609	D.1.4
Bonds	17,162,017	D.1.4
Collective Investments Undertakings	1,696,226	D.1.4
Derivatives	208,087	D.1.4
Deposits other than cash equivalents	238,117	D.1.4
Other investments	(1,319)	D.1.4
Assets held for index-linked and unit-linked contracts	-	D.1.4
Loans and mortgages	2,119,305	D.1.9
Loans on policies	24,622	
Loans and mortgages to individuals	-	
Other loans and mortgages	2,094,683	
Reinsurance recoverables	693,768	D.1.5
Non-Life and Health similar to Non-Life	1,119,223	
Non-Life excluding Health	1,113,483	
Health similar to Non-Life	5,740	
Life and Health similar to Life, excluding Health and index-linked and unit-linked	(425,455)	
Health similar to Life	123,222	
Life excluding Health and index-linked and unit-linked	(548,677)	
Life index-linked and unit-linked	-	
Deposits to cedents	9,492,119	D.1.5
Insurance and intermediaries receivables	1,242,669	D.1.5
Reinsurance receivables	351,275	D.1.5
Receivables (trade, not insurance)	290,151	D.1.9
Own shares	52,571	D.1.8
Cash and cash equivalents	1,375,924	D.1.4
Any other assets, not elsewhere shown	26,600	D.1.9
TOTAL ASSETS	37,781,263	

D.1.1. GOODWILL AND OTHER INTANGIBLE ASSETS

SCOR Group

In EUR thousands	As at December 31, 2019		
	EBS	Consolidated – IFRS	Difference
Goodwill	-	798,006	(798,006)
Intangible assets	82,811	1,563,843	(1,481,032)
TOTAL INTANGIBLE ASSETS	82,811	2,361,849	(2,279,038)

Valuation for solvency purposes

Intangible assets in the EBS represent only those intangible assets that can be sold separately and where a value for the same or similar assets can be derived from quoted market prices in active markets.

In its EBS, SCOR recognizes the following intangible assets at their market value:

Lloyd's Syndicate participations (EUR 69 million)

The syndicate rights entitle SCOR to underwrite business through various Lloyd's syndicates in the next year of account. These rights are traded through a regular auction process organized by the Society of Lloyd's.

Through the auction process, existing syndicate members are able to realize any value attaching to the disposal of all or part of their right to participate on a traded syndicate for subsequent years of account. The auction also enables participants to gain access to syndicates where capacity is available.

Information on transactions made is provided after each auction and includes the volume of capacity matched, the relevant tender premium for each syndicate and the average weighted price achieved for all capacity transferred in that auction.

The market value of the syndicate participations has been established based on the results from latest trades. For actively traded syndicates' capacities, the last traded average price was used. For other cases – an annual average of traded prices was used with an additional discount in order to take into account potential forced sale conditions, the illiquidity of the market and, when applicable, the uncertainty of participation beyond the contractual end date.

US insurance licenses (EUR 14 million)

These assets represent the value of insurance licenses and surplus lines authorizations held by SCOR, through its US subsidiaries, to write insurance business in various states.

The market value of the licenses follows an external valuation, which was based on similar transactions. It was performed with the

assumption that a sale of an insurance company is structured as a "clean shell" transaction, meaning that no existing underwriting risk is transferred.

Comparison with the valuation in the financial statements

IFRS allows for the recognition of a variety of other intangible assets. SCOR's consolidated balance sheet includes: goodwill, value of business acquired (VOBA) and other intangible assets.

For further details on IFRS balances and valuation methods applied to goodwill and intangible assets please refer to the 2019 Universal Registration Document, Section 4.6 – Notes to the consolidated financial statements, Note 5 – Goodwill and Note 9.1 – Other intangible assets.

Under IFRS, goodwill represents the future economic benefits arising from assets acquired in a business combination that are not individually identified and separately recognized. It is measured at cost less any accumulated impairment. Goodwill has a nil value in the EBS, as required by Article 12 of the Delegated Act.

VOBA relates to Life reinsurance portfolios acquired in a business combination. It is capitalized as the present value of the stream of expected future cash flows. These estimates are inherently considered in the calculation of the Life best estimate liabilities (BEL) in the EBS (see D.2 – Technical provisions), as such there is no VOBA intangible asset retained in the EBS under Solvency II (see also comments under D.1.5 – Insurance technical assets).

Other intangible assets retained under IFRS consist of customer related intangible assets arising from Non-Life business combinations, US insurance licenses, purchased software and acquired Lloyd's syndicate participations.

For IFRS, other intangible assets are carried at cost less any accumulated amortization and impairment losses. The difference between the EBS and IFRS value is driven by: (a) no recognition of intangibles that cannot be sold separately (decrease of EUR 244 million) and (b) revaluation of the retained intangibles (syndicate participations) to market value (decrease of EUR 33 million).

D.1.2. PROPERTY, PLANT AND EQUIPMENT

SCOR Group

In EUR thousands	As at December 31, 2019		
	EBS	Consolidated – IFRS	Difference
Own use property	886,514	692,787	193,727
Investment property	809,029	660,834	148,195
TOTAL PROPERTY	1,695,543	1,353,621	341,922

Valuation for solvency purposes

Property, plant and equipment (referred to as property) is distinguished in the EBS between property held for own use by SCOR and property other than for own use (investment property).

Property held for own use primarily relates to buildings used by SCOR as offices, office furniture and equipment, and building fixtures and fittings. It also includes property for own use under construction. The properties held by the Group and considered as investment property consist of office and retail buildings.

As of January 1, 2019, SCOR is applying IFRS 16 – Leases (refer to the 2019 Universal Registration Document, Note 1.3 – IFRS standards applied for the first time and IFRS standards published but not yet effective) that requires to recognize a lease liability reflecting the present value of future lease payments and a ‘right-of-use asset’ for lease contracts on the balance sheet. Right-of-use assets are included in the balance sheet line item Own use property. Lease liabilities are included on the EBS item Financial Liabilities. Depreciation of the right-of use assets and interest expense on the lease liability in accordance with the effective interest rate method are recognized in the income statement. SCOR uses the exemptions for certain short-term leases and leases of low-value assets and continues to recognize the lease payments for those contracts as an expense on a straight-line basis. The main impact from application of IFRS 16 resulted from leased office space used by the Group, car leases and office equipment.

All property is valued at market using appropriate techniques. Every five years, each investment property is subject to an in-depth analysis of its market value by an independent appraiser, with recent experience in the location and category of the investment property assessed and approved by the supervisor (ACPR in

France). Annually, the appraised market value is updated by the same independent appraiser according to changes in the local market and/or the property’s rental and technical condition.

The valuation methods applied include a market comparison (current prices in an active market for similar properties or recent prices of similar properties on less active markets, with appropriate adjustments) and income capitalization (discounted cash flow projections based on reliable estimates). The cash flows are supported by the terms of any existing lease and other contracts and, when possible, by external evidence such as current market rents for similar properties in the same location and condition and use discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

Comparison with the valuation in the financial statements

Properties held by SCOR are carried in the consolidated financial statements at cost, net of accumulated depreciation and impairment losses. The difference between the EBS and IFRS value is driven by the revaluation of property held at cost to market value (increase of EUR 342 million), consistent with the amounts disclosed in the notes to the consolidated financial statements.

For further details on IFRS balances and valuation methods applied to property, plant and equipment, please refer to the 2019 Universal Registration Document, Section 4.6 – Notes to the consolidated financial statements, Note 9.2 – Tangible assets and related commitments and Note 7.4 – Real estate investments. These notes also provide further information on the operating and finance lease arrangements of the Group.

D.1.3. PARTICIPATIONS

Consolidated EBS and comparison with the valuation in the financial statements

For IFRS, all material entities, over which SCOR has control, are fully consolidated. The Group’s investments in associates are recorded using the equity method. Associates are companies in which the Group exercises significant influence but no control or joint control. Significant influence generally occurs when the Group owns, directly or indirectly, between 20% and 50% of

the outstanding voting rights. Business ventures, where there is joint control, are accounted for using the equity method. Mutual funds and real estate entities are fully consolidated or recorded using the equity method. The non-controlling interest in fully consolidated mutual funds is presented in “Other liabilities”. All material intragroup balances and transactions including the results of inter-company transactions are eliminated.

The consolidated economic balance sheet of SCOR Group is prepared using the same principles as for IFRS as there are no material financial sector institutions, other than (re)insurance

companies which would require a change in the consolidation method applied. SCOR Investment Partners (SIP) is an investment management firm with no material assets and liabilities. All investments of SCOR Group held in investment funds managed by SIP or in wholly owned real estate companies are fully consolidated or recorded using the equity method in the EBS and IFRS consolidated financial statements to reflect the underlying investments of the reinsurance undertakings within SCOR Group.

The participations value in the EBS represents SCOR's share in related companies. The value of these unconsolidated related

undertakings is the same under the Solvency II consolidated EBS and the consolidated financial statements, representing the company's share in the related undertaking valued using the equity method for both IFRS and Solvency II.

For further details on IFRS balances and valuation methods applied to investments in associates, please refer to the 2019 Universal Registration Document, Section 4.6 – Notes to the consolidated financial statements, Note 2 – Scope of consolidation and Note 22 – Related party transactions.

D.1.4. CASH AND INVESTMENTS, OTHER THAN PROPERTY AND PARTICIPATIONS

SCOR Group

In EUR thousands	As at December 31, 2019		
	EBS	Consolidated – IFRS	Difference
Equities	522,609	2,945,308	(2,422,699)
Bonds	17,162,017	18,340,509	(1,178,492)
Collective investments undertakings	1,696,226	-	1,696,226
Derivatives	208,087	208,087	-
Deposits other than cash equivalents	238,117	7,622	230,495
Other investments	(1,319)	(724,761)	723,442
Cash	1,375,924	1,433,770	(57,846)
TOTAL INVESTMENTS AND CASH	21,201,661	22,210,535	(1,008,874)

Valuation for solvency purposes

Investments in the EBS include financial assets such as equities, bonds (corporate bonds, government bonds, structured notes, collateralized securities), collective investment undertakings, derivatives, deposits, other investments (hedge funds, insurance linked securities and SPVs) and cash. SCOR does not hold any assets in index-linked or unit-linked funds.

The economic value of financial assets that are traded in an active financial market is determined by reference to quoted market bid prices, at the close of business on the reporting date. Quotations are considered as active market prices if the quoted prices or rates represent actual and regularly occurring transactions that are available from a stock exchange, dealer or broker.

Financial assets valued using quoted prices comprise listed equities, government, covered and agency bonds, corporate bonds, as well as short term investments. For collective investment funds and derivative financial instruments, fair value is determined by reference to either published bid values, or values based on models prepared by internal and external experts using observable market inputs.

If quoted prices in active markets for identical assets or liabilities are not available, the following valuation methods may be used:

- quoted market prices in active markets for similar assets, with adjustments to reflect specific factors (including the condition or location of the asset or volume or level of activity in the markets within which the inputs are observed);
- other models based on market inputs; and
- models using inputs which are not based on observable market data.

As SCOR is responsible for determining the economic value of its investments, regular analysis is performed to check whether prices received from third parties are reasonable estimates of market value. The analysis includes: (i) a review of price changes made in the investment management systems; (ii) a regular review of pricing deviations between dates exceeding predefined pricing thresholds per investment category; and (iii) a review and approval of extraordinary valuation changes noted.

The Group may conclude that prices received from third parties are not reflective of current market conditions. In those instances, SCOR may request additional pricing quotes or apply internally developed valuations. Similarly, the Group may value certain derivative investments using internal valuation techniques based on observable market data.

Equities

For unlisted equity instruments, the economic value is determined according to commonly used valuation techniques.

Bonds (government, corporate, structured notes, collateralized securities)

Structured products other than securities issued by government agencies for which the market is considered active, hybrid and tier 1 and tier 2 corporate debt, private placements, inflation linked government assimilated bonds, and specific alternative investments are valued based on models prepared by internal and external experts using observable market inputs.

Collective investment undertakings

For some collective investment funds (unlisted) the economic value is determined by reference to values based on models prepared by internal and external experts using observable market inputs. The economic value of hedge funds managed by third parties is based on their net asset value (NAV) as issued by external asset managers. This NAV is regularly audited, at least annually.

Catastrophe bonds

Atlas IX catastrophe bonds are valued using a cumulated expected loss model that is based on a combination of market inputs to the extent that trades in these instruments are active, and catastrophe modeling tools developed by third-party service provider (AIR). The significant unobservable inputs used in the valuation model are:

SCOR Group

Unobservable inputs	Atlas IX Series 2016-1	Atlas Capital UK 2019 PLC
Expected loss US Named Storm based on AIR model	3.03%	10.10%
Expected loss US and Canadian Earthquake based on AIR model	2.59%	5.94%
Expected loss European Windstorm based on AIR model	NA	1.27%

A significant catastrophic event (US or Canadian Earthquake or a US Named Storm or a Europe Windstorm) that would occur during the coverage period of the respective bond would lead to a change in the fair value of the derivative instrument.

Interest rate swaps and cross-currency swaps

SCOR has entered into interest rates swaps to cover its exposure to financial liabilities with variable interest rates relating to real estate investments. Additionally, in order to hedge the foreign exchange risk associated with certain debts issued in USD, SCOR entered into cross-currency swaps which exchange the principals and the coupons on the notes from USD to EUR. The economic value of the swaps is obtained from the banking counterparty and is based on market inputs. As part of the usual accounts analysis processes these third-party valuations are checked for reasonableness against internal models.

Derivatives (assets and liabilities)

All derivative instruments are carried as assets when the economic values are positive and as liabilities when the economic values are negative.

The Group uses the following derivative instruments to reduce its exposure to various risks: swaps based on interest rates, mortality indices and real estate indices, foreign currency forward purchase and sale contracts, caps and floors, and puts and calls on insurance linked securities (ILS).

For some derivative financial instruments primarily relating to the Atlas catastrophe bonds, the economic value is determined based on models prepared by internal and external experts using observable market inputs.

Forward currency contracts

SCOR purchases and sells forward currency contracts to reduce its overall exposure to foreign exchange balances held in currencies other than the functional currencies of its subsidiaries. The contracts are recorded at their fair value from valuations provided by banking counterparties using market inputs.

Cash and cash equivalents

SCOR applies the same definition of cash for both IFRS and Solvency II reporting purposes, which means that cash includes cash, net bank balances and short-term deposits or investments which have a maturity of less than three months at the reporting date. Accordingly, deposits include amounts due from credit institutions that have a maturity date of more than three months. The carrying value of deposits approximates their market value.

Comparison with the valuation in the financial statements

The valuation method applied to financial assets in the Solvency II EBS does not differ from IFRS. The reclassifications between investment categories result from the difference between the Solvency II definitions and those used in the consolidated financial statements. The reclassification does not result in any valuation changes. The total difference included in the table below is net of the loans and mortgages category due to presentation changes – see Section D.1.9 – Other assets, including loans receivables and trade receivables.

For further details on IFRS balances, classification and valuation methods applied to investments, please refer to the 2019 Universal Registration Document, Section 4.6 – Notes to the consolidated financial statements, Note 7.2 – Accounting principles for valuation and impairment of financial assets, Note 7.9 – Derivative instruments and Note 11.1 – Cash and cash equivalents.

D.1.5. INSURANCE TECHNICAL ASSETS

SCOR Group

In EUR thousands	As at December 31, 2019		
	EBS	Consolidated – IFRS	Difference
Deferred acquisition costs (DAC)	-	1,596,934	(1,596,934)
Reinsurance recoverables	693,768	1,795,572	(1,101,804)
Non-Life	1,119,223	1,575,312	(456,089)
Life	(425,455)	220,260	(645,715)
Deposits to cedents	9,492,119	8,046,244	1,445,875
Insurance and intermediaries receivables	1,242,669	4,107,078	(2,864,409)
Reinsurance receivables	351,275	351,275	-
TOTAL INSURANCE TECHNICAL ASSETS	11,779,831	15,897,103	(4,117,272)

Valuation for solvency purposes

Insurance technical assets are balances that relate to reinsurance and direct insurance contracts.

In the EBS assumed and ceded technical provisions are recognized in line with Solvency II methodology (see Section D.2 – Technical provisions). The calculation of the Solvency II best estimate liabilities and risk margin takes into account all cash flow projections related to existing insurance and reinsurance contracts, including premiums, benefits and expenses payments. As a result, some balances that exist in the IFRS balance sheet are either cancelled or adjusted on transition to the EBS, as follows:

DAC

DAC which represents the deferral of costs directly associated with the acquisition of new contracts (mainly commission) is not recognized in the EBS. Reimbursements of initial incurred acquisition costs are included in future premiums and thus included in the calculation of technical provisions.

Reinsurance recoverables

Reinsurance recoverables (ceded technical provisions) reflect the estimated amounts which are recoverable under reinsurance contracts (retrocession) in respect of SCOR's reinsurance treaties.

Reinsurance recoverables in the EBS are calculated using essentially the same methodology, systems and processes as the best estimate liabilities (see Section D.2 – Technical provisions). Assumptions are set based on the type of business retroceded and the valuation takes into consideration the recoverability of the balance, where appropriate.

Deposits to cedents

These balances represent deposits made at the request of ceding companies as collateral for SCOR's reinsurance commitments. SCOR measures its deposits to cedents (or funds held) at fair value by discounting the future cash flows of the funds where IFRS does not already represent market values. In order to achieve a full economic valuation of the contracts, all cash flows in respect of the contracts are considered, including the cash flows in respect of assets deposited with the cedent. The calculation of these cash flows is based on the characteristics of the underlying contracts, in particular the reimbursement of interest thereon.

Insurance, intermediaries and reinsurance receivables

Insurance and intermediaries receivable balances included separately in the EBS represent amounts linked to insurance business that are due (and overdue) from policyholders, intermediaries and other insurers, but that are not included in the projected cash flows used for the calculation of technical provisions.

Reinsurance receivables are amounts linked to reinsurance (retrocession) due (and overdue) from reinsurers which are not included in reinsurance recoverables. The receivables include amounts due from reinsurers relating to settled claims. Receivables are carried at cost (with allowance for recoverability) as it is a good approximation of their market value.

Value of business acquired (VOBA)

As per Solvency II regulations, VOBA is inherently considered in the calculation of the Life best estimate liabilities (BEL) in the EBS. For further details, see Section D.1.1 – Goodwill and other intangible assets.

Comparison with the valuation in the financial statements

As explained above, technical cash flows are taken into account within the Solvency II best estimate liabilities. As a result, acquisition costs and insurance receivables that are included in the projected cash flows used for the calculation of technical provisions are not recognized separately in the EBS. Adjustments to the value of deposits to cedents are calculated consistently with the adjustments to best estimate liabilities. Insurance and intermediaries receivables include a reclassification of assumed outstanding claims estimates from IFRS Life contract liabilities, as these are not included in Solvency II Technical Provisions. For the remaining insurance technical assets, the valuation method applied in the Solvency II EBS does not differ from IFRS.

For further details on IFRS balances and valuation methods applied to insurance technical assets, please refer to the 2019 Universal Registration Document, Section 4.6 – Notes to the consolidated financial statements, Note 8 – Accounts receivable from and payable on assumed and ceded insurance and reinsurance transactions, Note 10 – Deferred acquisition costs and Note 15 – Net contract liabilities.

D.1.6. DEFERRED TAX ASSETS

SCOR Group

In EUR thousands	As at December 31, 2019		
	EBS	Consolidated – IFRS	Difference
Deferred tax assets	531,406	531,406	-
Deferred tax liabilities	(789,812)	(219,992)	(569,820)
NET DEFERRED TAX (LIABILITIES)/ASSETS	(258,406)	311,414	(569,820)

Valuation for solvency purposes

Deferred taxes in the EBS are recognized using the balance sheet liability method for all temporary differences at the reporting date between the tax base of assets and liabilities and their carrying amount in the EBS.

The main temporary differences arise from tax losses carried forward and the revaluation of certain financial assets and liabilities including derivative contracts, certain insurance contract liabilities, provisions for pensions and other post-retirement benefits. In addition, temporary differences arise on acquisitions due to the difference between the fair values of the net assets acquired and their tax base.

Deferred tax assets are recognized on net operating losses carried forward to the extent that it is probable that future taxable income will be available against which they can be offset. Management

makes assumptions and estimates related to income projections to determine the availability of sufficient future taxable income. SCOR uses a discounted cash flow model comprised of an earnings model, which considers forecast earnings, and other financial ratios of legal entities based on Board-approved business plans, which incorporate key drivers of the underwriting results. Business plans include assessments of gross and net premium expectations, expected loss ratios and expected general expenses ratios, together with actuarial assumptions. To the extent that net operating losses carried forward cannot be utilized or expire, deferred income tax expenses may be recorded in the future.

Deferred tax assets and liabilities are assessed at the tax rate applicable in the fiscal year in which the asset will be realized or the liability settled, based on the tax rates (and tax regulations) that have been enacted or substantially enacted at the reporting date.

As at December 31, 2019, the operating tax losses available for carryforward expire as follows:

SCOR Group

<i>In EUR thousands</i>	As at December 31, 2019		
	Available tax losses carried forward	Tax losses carried forward for which no DTA is recognized	Deferred tax assets recognized
2020	5,608	-	1,179
2021	-	-	-
2022	4,283	-	899
2023	2,011	-	422
Thereafter	953,978	(7,655)	207,767
Indefinite	1,313,517	(144,831)	300,734
TOTAL	2,279,397	(152,486)	511,001

The recognition of deferred tax assets for tax loss carryforwards is assessed based on the availability of sufficient future taxable income and local tax rules, e.g. unlimited carry forward in France but the utilization of tax losses is capped at EUR 1 million plus 50% of the remaining current year's taxable result, 20-year carryforward period for US non-Life companies, 15-year carryforward for losses incurred before 2018 and unlimited carry forward for losses incurred after 2018 (but utilization limited to 80% of the current year's taxable income) for US life companies. Considering SCOR's activity and in particular its exposure to natural catastrophes, the time horizon over which the Group expects to utilize its losses carryforward can evolve. SCOR remains confident it will utilize all recognized tax loss carryforwards prior to their expiration.

Operating losses which have not been recognized as deferred tax assets relate primarily to the French Tax Group.

The impact of Solvency II adjustments to bring IFRS figures to EBS market value is an overall increase in net assets, therefore all deferred tax impacts arising from the recording of economic adjustments are reflected in the deferred tax liability. Deferred taxes retained on the EBS are recorded in accordance with IAS 12 Income Taxes.

Comparison with the valuation in the financial statements

Measurement of deferred taxes for the Solvency II EBS is generally consistent with IFRS, the difference being the fact that the deferred tax asset or liability is established based on the difference between the values ascribed to assets and liabilities recognized in the EBS and their values recognized for tax purposes (instead of the differences between the asset or liability carrying amount in the IFRS balance sheet and its tax base).

For the purpose of the EBS, the appropriate deferred tax effect of all adjustments between the IFRS balance sheet and the EBS is recognized using the applicable local tax rates. Deferred tax balances are adjusted for the impacts of the differences between the IFRS and Solvency II valuation bases – the main difference being driven by revaluation of technical provisions, but also for other differences like property at amortized cost restated to fair value.

For further details on IFRS balances and the valuation method applied to deferred taxes, please refer to the 2019 Universal Registration Document, Section 4.6 – Notes to the consolidated financial statements, Note 17 – Income taxes.

D.1.7. PENSION BENEFIT SURPLUS

Valuation for solvency purposes and comparison with the valuation in the financial statements

On December 31, 2019 SCOR, did not recognize any pension benefit surplus related to employee pension schemes. See Section D.3.1 – Pension benefit obligations.

D.1.8. OWN SHARES

Valuation for solvency purposes and comparison with the valuation in the financial statements

Own shares (EUR 53 million) held by SCOR have been acquired in the context of anticipated awards to employees and officers as part of a share allotment plan, and to a lesser extent, as part of a liquidity contract with an external financial intermediary that ensures the liquidity of trades in SCOR shares on the market.

On July 27, 2017, SCOR announced its intention to buy-back own shares on the basis of robust underlying fundamentals and strong solvency. From that date, SCOR started buying back its own shares with an amount up to EUR 200 million, subject to market conditions. The buy-back has been conducted within the framework approved by the Annual Shareholders' Meeting held on April 27, 2017, renewed by the 2018 Annual Shareholders' Meeting, which authorizes a share buy-back program capped at 10% of the Group's share capital.

As part of this program, SCOR purchased 5,440,081 shares at an average purchase price of EUR 36.76 for an aggregated amount of EUR 200 million. All shares repurchased were cancelled by SCOR SE's Board of Directors in 2018 and 2019. For further information on the share buy-back program, please refer to Section E.1.1.1 – Own funds structure.

In the consolidated financial statements, own (treasury) shares are valued at cost and presented as a deduction from shareholders' equity. In the EBS, own shares have been reclassified from shareholders' equity to assets. In the Solvency II EBS, own shares are stated at market value.

For further details on IFRS balances and the valuation method applied to own shares, please refer to the 2019 Universal Registration Document, Section 4.6 – Notes to the consolidated financial statements, Note 12 – Information on share capital, capital management, regulatory framework and consolidated reserves.

D.1.9. OTHER ASSETS, INCLUDING LOANS RECEIVABLES AND TRADE RECEIVABLES

SCOR Group

In EUR thousands	As at December 31, 2019		
	EBS	Consolidated – IFRS	Difference
Loans and mortgages	2,119,305	1,069,177	1,050,128
Loans on policies	24,622	24,622	-
Loans and mortgages to individuals	-	-	-
Other loans and mortgages	2,094,683	1,044,555	1,050,128
Receivables (trade, not insurance)	290,151	272,007	18,144
Any other assets	26,600	26,600	-
TOTAL OTHER ASSETS	2,436,056	1,367,784	1,068,272

Valuation for solvency purposes

This section covers all other assets recognized in the EBS, including loans and mortgages, trade receivables and any other assets. Most of these assets are carried at amortized cost using the effective interest rate method, as it is a good approximation of their market value.

Loans and mortgages in the EBS represent loans on policies and other loans and mortgages.

Trade receivables include amounts receivable from employees, various business partners and the sovereign states (e.g. current tax) that are not insurance or reinsurance related.

Any other assets consist primarily of accruals.

Comparison with the valuation in the financial statements

Other assets are carried at a value that is not materially different from market value and hence there is no valuation difference between the consolidated financial statements and the EBS. The difference in the table above is presentational and reflects a reclassification from the investment categories – see Section D.1.4 – Cash and investments, other than property and participations. For further details on IFRS balances and the valuation methods applied to loans, trade receivables and other assets, please refer to the 2019 Universal Registration Document, Section 4.6 – Notes to the consolidated financial statements, Note 7.8 – Loans and receivables.

D.1.10. SCOR SE – ADDITIONAL INFORMATION ON THE VALUATION OF ASSETS

The table below presents the assets of SCOR SE as per the EBS together with references to the relevant section within this chapter explaining the valuation bases and methods used for Solvency II purposes.

The valuation principles applied by SCOR SE in its EBS are the same as those applied by SCOR Group and explained in Sections D.1.1 – Goodwill and other intangible assets to D.1.9 – Other assets, including loans receivables and trade receivables above. Any additional information on assets specific to SCOR SE is included in the relevant sub-sections below.

SCOR SE

In EUR thousands	Assets as at December 31, 2019	
	EBS Solvency II	Sections
Goodwill	-	D.1.1 D.1.10.1
Deferred acquisition costs	-	D.1.5 D.1.10.5
Intangible assets	-	D.1.1 D.1.10.1
Deferred tax assets	424,799	D.1.6 D.1.10.6
Pension benefit surplus	-	D.1.7
Property, plant and equipment held for own use	262,616	D.1.2 D.1.10.2
Investments	17,357,681	
Property (other than for own use)	-	D.1.2 D.1.10.2
Participations and related undertakings	10,464,335	D.1.3 D.1.10.3
Equities	157,010	D.1.4 D.1.10.4
Bonds	3,643,001	D.1.4 D.1.10.4
Collective Investments Undertakings	2,775,664	D.1.4 D.1.10.4
Derivatives	201,019	D.1.4 D.1.10.4
Deposits other than cash equivalents	116,613	D.1.4 D.1.10.4
Other investments	39	D.1.4 D.1.10.4
Assets held for index-linked and unit-linked contracts	-	D.1.4
Loans and mortgages	948,574	D.1.9 D.1.10.8
Loans on policies	-	
Loans and mortgages to individuals	-	
Other loans and mortgages	948,574	
Reinsurance recoverables	801,615	D.1.5 D.1.10.5
Non-Life and Health similar to Non-Life	2,099,224	
Non-Life excluding Health	2,079,211	
Health similar to Non-Life	20,013	
Life and Health similar to Life, excluding Health and index-linked and unit-linked	(1,297,609)	
Health similar to Life	59,530	
Life excluding Health and index-linked and unit-linked	(1,357,139)	
Life index-linked and unit-linked	-	
Deposits to cedents	7,933,409	D.1.5 D.1.10.5
Insurance and intermediaries receivables	258,577	D.1.5 D.1.10.5
Reinsurance receivables	113,081	D.1.5 D.1.10.5
Receivables (trade, not insurance)	135,150	D.1.9 D.1.10.8
Own shares	52,571	D.1.8 D.1.10.7
Cash and cash equivalents	388,026	D.1.4 D.1.10.4
Any other assets, not elsewhere shown	34,668	D.1.9 D.1.10.8
TOTAL ASSETS	28,710,767	

D.1.10.1. Goodwill and other intangible assets

SCOR SE

<i>In EUR thousands</i>	As at December 31, 2019		
	EBS	Statutory French GAAP	Difference
Goodwill	-	306,578	(306,578)
Intangible assets	-	352,060	(352,060)
TOTAL INTANGIBLE ASSETS	-	658,638	(658,638)

The statutory balance sheet of SCOR SE includes goodwill and renewal rights (EUR 658 million) recognized under French GAAP. These assets have a value of nil in the EBS (see Section D.1.1 – Goodwill and other intangible assets).

For further details on French GAAP balances and valuation methods applied to intangibles, please refer to the 2019 Universal Registration Document, Appendix C – 5. Notes to the corporate financial statements, Section 5.1.1 – Intangible assets, for accounting principles and methods and Section 5.2.2 – Other assets, for other disclosures.

D.1.10.2. Property, plant and equipment

SCOR SE does not own any investment properties directly, investments in real estate companies are recognized as participations.

Equipment for own use held by SCOR SE is carried in the financial statements at cost, net of accumulated depreciation and impairment losses.

For further details on French GAAP balances and valuation methods applied to property, plant and equipment, please refer to the 2019 Universal Registration Document, Appendix C – 5. Notes to the corporate financial statements, Section 5.1.3 – Property,

plant and equipment, for accounting principles and methods and Section 5.2.2 – Other assets, for other disclosures.

D.1.10.3. Participations

The participations value in the EBS represents SCOR SE's share in related companies.

For the purpose of its solo EBS, SCOR SE values its holdings in related undertakings (subsidiaries and other) using the adjusted equity method. The value of the participation reflects the solo entity's share of the excess of assets over liabilities of the related undertaking valued in accordance with Solvency II rules.

The participations are recognized in the financial statements of SCOR SE at cost less accumulated impairment charges. The difference between the EBS and the statutory value is therefore driven by the revaluation to market value, as explained above, and the different treatment of acquisition costs.

For further details on French GAAP balances and valuation methods applied to investments in associates, please refer to the 2019 Universal Registration Document, Appendix C – 5. Notes to the corporate financial statements, Section 5.1.2 – Investments, for accounting principles and methods and Section 5.2.1 – Investments, for other disclosures.

D.1.10.4. Cash and investments, other than property and participations

SCOR SE

<i>In EUR thousands</i>	As at December 31, 2019		
	EBS	Statutory French GAAP	Difference
Equities	157,010	190,575	(33,565)
Bonds	3,643,001	3,621,447	21,554
Collective investments undertakings	2,775,664	2,312,681	462,983
Derivatives	201,019	190,192	10,827
Deposits	116,613	116,452	161
Other investments	39	76	(37)
Cash	388,026	333,370	54,656
TOTAL INVESTMENTS AND CASH	7,281,372	6,764,793	516,579

In the financial statements, equities held by SCOR SE are carried at cost less impairment charges. Bonds are carried at amortized cost.

The difference between the value of investments in the EBS and in the statutory financial statements is mainly driven by the revaluation to market value. Information on valuation principles used in the EBS is provided in Section D.1.4 – Cash and investments, other than property and participations. In addition, some reclassifications occur between the EBS and the statutory financial statements, particularly, for equities and cash, where short terms investments are reclassified due to their high liquidity.

For further details on French GAAP balances and valuation methods applied to investments, please refer to the 2019 Universal Registration Document, Appendix C – 5. Notes to the corporate financial statements, Section 5.1.2 – Investments, for accounting principles and methods and Section 5.2.1 – Investments, for other disclosures.

D.1.10.5. Insurance technical assets

SCOR SE

In EUR thousands	As at December 31, 2019		
	EBS	Statutory French GAAP	Difference
Deferred acquisition costs (DAC)	-	335,283	(335,283)
Reinsurance recoverables	801,615	1,183,260	(381,645)
Non-Life	2,099,224	2,877,574	(778,350)
Life	(1,297,609)	(1,694,314)	396,705
Deposits to cedents	7,933,409	6,708,652	1,224,757
Insurance and intermediaries receivables	258,577	3,888,647	(3,630,070)
Reinsurance receivables	113,081	113,086	(5)
TOTAL INSURANCE TECHNICAL ASSETS	9,106,682	12,228,928	(3,122,246)

Insurance technical assets relate to assumed and retroceded reinsurance contracts.

As explained in Section D.1.5 – Insurance technical assets, technical cash flows are taken into account within Solvency II best estimate liabilities. As a result, acquisition costs and insurance receivables that are included in the projected cash flows used for the calculation of technical provisions are not recognized separately in the EBS. The same principles apply to retrocession operations through the assessment of reinsurance recoverables.

Adjustments to the value of deposits to cedents are consistent with the adjustments to the best estimate liabilities.

For the remaining insurance technical assets (insurance and reinsurance receivables), the method of valuation applied in the Solvency II EBS does not differ from statutory financial statements.

For further details on French GAAP balances and valuation methods applied to insurance technical assets, please refer to the 2019 Universal Registration Document, Appendix C – 5. Notes to the corporate financial statements, Sections 5.1.7 – Recording of reinsurance transactions, 5.1.8 – Underwriting reserves and 5.1.9 – Acquisition costs of reinsurance transactions, for accounting principles and methods and Section 5.2.9 – Transactions with subsidiaries, affiliates and others, for other disclosures.

D.1.10.6. Deferred tax assets

SCOR SE

In EUR thousands	As at December 31, 2019		
	EBS	Statutory French GAAP	Difference
Deferred tax assets	424,799	-	424,799
Deferred tax liabilities	15,968	-	15,968
NET DEFERRED TAX ASSETS/(LIABILITIES)	440,767	-	440,767

Deferred taxes in the EBS are recognized using the balance sheet liability method for all temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying value in the EBS. In addition, deferred tax assets are recognized on net operating losses carried forward by SCOR SE, to the extent that it is probable that future taxable profit will be available to utilize those net operating losses carried forward.

No deferred tax is recognized under French GAAP, therefore the difference between the EBS and the statutory value is driven by the recognition of deferred tax in line with Solvency II rules (as described in Sections D.1.6 – Deferred tax assets and D.3.3 – Deferred tax liabilities).

D.1.10.7. Own shares

Own shares in the EBS (EUR 53 million) represent treasury shares held by SCOR SE, acquired in the context of anticipated awards to employees and officers as part of a share allotment plan; as part of a planned capital reduction through share cancellation; and to a lesser extent, as part of a liquidity contract with an external financial intermediary that ensures the liquidity of trades in SCOR shares on the market. In the statutory financial statements own shares are valued at cost. Own shares are classified as assets in the EBS and stated at market value.

For further details on French GAAP balances and valuation methods applied to own shares, please refer to the 2019 Universal Registration Document, Appendix C – 5. Notes to the corporate financial statements, Section 5.2.2 – Other assets.

D.1.10.8. Other assets

SCOR SE

<i>In EUR thousands</i>	As at December 31, 2019		
	EBS	Statutory French GAAP	Difference
Loans and mortgages	948,574	942,240	6,334
Receivables (trade, not insurance)	135,150	139,349	(4,199)
Any other assets	34,668	34,684	(16)
TOTAL OTHER ASSETS	1,118,392	1,116,273	2,119

Other assets are generally carried at amortized cost as it is a good approximation of their market value. The difference between the value of other assets in the EBS and in the statutory financial statements is mostly driven by the different presentation of certain assets in line with the Solvency II definitions than those used in the SCOR SE statutory financial statements.

For further details on French GAAP balances and valuation methods and balances applied to loans, trade receivables and other assets, please refer to the 2019 Universal Registration Document, Appendix C – 5. Notes to the corporate financial statements, Section 5.1.2 – Investments, for accounting principles and methods and Sections 5.2.1 – Investments and 5.2.2 – Other assets, for other disclosures.

D.2. TECHNICAL PROVISIONS

SCOR's technical provisions are calculated as the sum of best estimate liabilities (BEL) and risk margin (RM). BEL is valued as the net present value of future cash-flows. SCOR determines the risk margin under Solvency II according to the specified cost-of-capital method, using the risk-free rate for discounting and the cost of capital rate. In order to estimate future SCRs, SCOR uses its internal model for its main subsidiaries. Consistent with the prescribed transfer scenarios, separate capital charges are estimated for underwriting, credit and operational risk.

A business unit specific methodology then allocates the calculated risk margin to the underlying lines of business. All entities carrying reinsurance contracts are in scope. EEA entities are modelled consistently with Solvency II methodology and represent the majority of the Group's business. The model aggregates the

smaller non-EEA entities outside the EEA, and this provides a non-material additional diversification benefit.

This chapter provides an overview of the technical provisions at year-end 2019. In addition, the bases, methods and assumptions used for the calculations are described including an analysis of significant simplifications and the related uncertainties. Where deemed appropriate, the valuation of deposits to cedents and from retrocessionaires are commented on as they are closely linked to the BEL calculation.

The risk-free interest rates used are those provided by EIOPA. For some minor currencies, no risk-free rate is provided by EIOPA, and SCOR derives risk-free rates using the methodology specified by EIOPA. Unadjusted risk-free rates are used with no transitional or long-term guarantee measures (e.g. volatility adjustments).

D.2.1. NON-LIFE TECHNICAL PROVISIONS

The table below presents the Non-Life technical provisions of SCOR Group.

SCOR Group

As at December 31, 2019

In EUR thousands

	EBS
Non-Life technical provisions (TPs)	12,635,625
TPs – Non-Life (excl. Health)	12,392,580
Best estimate	11,981,303
Risk margin	411,277
TPs – Health similar to Non-Life (NSLT)	243,045
Best estimate	231,182
Risk margin	11,863
Non-Life reinsurance recoverables	(1,119,223)
Non-Life (excl. Health)	(1,113,483)
Health NSLT	(5,740)
NET NON-LIFE TECHNICAL PROVISIONS	11,516,402

D.2.1.1. Segmentation by lines of Business

The table below shows the valuation of P&C net technical provisions of SCOR Group as at December 31, 2019, presented by line of business (LoB) as defined for Solvency II reporting purposes.

SCOR Group

As at December 31, 2019 In EUR thousands	Best estimates liabilities (BEL)	Reinsurance recoverables	Risk margin	Total net technical provisions
Income protection insurance	65,863	(5,625)	1,679	61,917
Workers' compensation insurance	44,765	(1)	3,524	48,288
Motor vehicle liability insurance	546,811	(7,158)	31,259	570,912
Marine, aviation and transport insurance	683,281	(174,061)	17,434	526,654
Fire and other damage to property insurance	2,834,911	(470,247)	95,536	2,460,200
General liability insurance	1,890,486	(76,122)	106,435	1,920,799
Credit and suretyship insurance	491,922	(20,291)	23,645	495,276
Miscellaneous financial loss	46,255	(177)	4,353	50,431
Non-proportional Health reinsurance	120,554	(114)	6,660	127,100
Non-proportional casualty reinsurance	3,619,862	(14,801)	69,302	3,674,363
Non-proportional marine, aviation, transport reinsurance	110,872	(25,467)	1,908	87,313
Non-proportional property reinsurance	1,756,903	(325,159)	61,405	1,493,149
TOTAL	12,212,485	(1,119,223)	423,140	11,516,402

The P&C net technical provisions of EUR 11,516 million correspond to the sum of P&C best estimate liabilities net of reinsurance recoverables of EUR 11,093 million and a risk margin of EUR 423 million.

The P&C net best estimate liabilities of EUR 11,093 million (comprising gross best estimate liabilities of 12,212 million and reinsurance recoverables of EUR (1,119) million, as presented

in the above table) are composed of two parts: net claims provisions (EUR 11,902 million) and net premiums provisions (EUR (809) million). The expected future premiums and premium estimates net of commissions are not shown on the assets side of the EBS but are netted down from the future claims on the liability side.

D.2.1.2. Best estimate liability

Claims provisions methodology and assumptions

The elements of claims provisions (EUR 11,902 million) recognized within best estimate liabilities in the SCOR Group EBS are described below.

- IBNR corresponds to the reserves for claims incurred but not yet reported and not sufficiently reserved. It is calculated in the SCOR system at actuarial segment/underwriting year level using Best Estimate Ultimate Loss Ratios which are based on an annual analysis conducted each year by the local actuaries.
- Outstanding claims are the same as under IFRS with the following exceptions: SCOR US with the cancellation of the workers' compensation discount (specifically recognized under US GAAP and IFRS), French motor liability and a specific medical malpractice program written in France with cancellation of the discount on loss reserves. The impact on the final BEL number is minimal because the discount cancellation on case reserves is compensated by a longer payment pattern.
- Claims estimates mainly correspond to the loss corridor clause, which is a feature of the contract defining a range of loss ratios between which the reinsurer will pay a percentage defined in the contract. An estimation of the amounts to be paid is computed according to the best estimate loss ratios.
- In calculating the unallocated loss adjustment expenses (ULAE) and overhead expenses, SCOR takes into account all cash flows arising from expenses that will be incurred in servicing the recognized insurance and reinsurance obligations over the lifetime thereof. This includes administrative expenses, investment management expenses and claims management handling expenses.
- Claims discount represents the adjustment for the time value of money linked to claims estimates, outstanding claims, IBNR and ULAE reserves. The discount on claims reserves is calculated using underwriting years' claims patterns calculated by SCOR and risk-free rates yield curves published by EIOPA.
- The underwriting claims patterns gross of retrocession are estimated each year by local actuaries at actuarial segment level. In most cases, patterns are calculated using the Chain-Ladder method, derived from the claims paid triangles.
- Each and every year, relevant assumptions made in the calculation of best estimates are reviewed and updated, especially for the annuities discount. SCOR considers market exogenous information such as medical inflation and interest rates.

Premium provisions methodology and assumptions

The elements of Solvency II premium provisions are described below:

- Future premiums correspond to the part of the premiums not yet written and relate to the difference between EGPI and written premiums for bound contracts only.
- Future commissions correspond to commissions on future premiums.
- Future claims are the claims reserves related to future premiums and IFRS unearned premium reserves. The best loss ratio used for future claims calculation is derived by P&C reserving actuaries from either pricing loss ratios or experience loss ratios.
- The premium estimates correspond to the portion of written premiums not yet received in cash. Premium estimates include reinstatement and burning cost premiums which are calculated using the projected claims ultimate (so including IBNR). Given that IBNR under IFRS and EBS are not necessarily the same, reinstatement premiums and burning cost premiums will also vary.
- The commission estimates correspond to the commissions on premium estimates. Commission estimates include sliding scale commissions and profit commissions, which are calculated using the projected claims ultimate.
- ULAE on future claims is calculated in the same way as ULAE for Claims Provisions.
- Discount: claims discount principles apply to the premium discount.

Comparison to prior period

Compared to last year, some changes have been made to the methods used or primary assumptions.

On the French Motor liability and French medical malpractice segments, we update economic parameters on an annual basis to reflect the current economic environment. For these two lines the discount on IFRS booked reserves is canceled, compensated by a longer payout pattern applied to the undiscounted reserves. The impact on the BEL is minimal.

List of the most commonly used methods

To assess the IFRS and Solvency II Best Estimate, the Group uses generally accepted actuarial methods, which take into account quantitative loss experience data, together with qualitative factors and exogenous data, where appropriate. The reserves are also adjusted to reflect reinsurance treaty terms and conditions, and the variety of claims processing that may potentially affect the Group's commitment over time.

SCOR uses in particular:

- deterministic methods (e.g. Chain Ladder, Bornhuetter-Ferguson, Average cost or Loss ratio methods) for Best Estimate and patterns assessment;
- stochastic approaches (e.g. Mack model, Bootstrap) for reserves' volatility estimates;
- experts' judgments (e.g. exogenous *a priori* loss ratios provided by SCOR Global P&C pricing or underwriting, market benchmark such as Reinsurance Association of America patterns);
- tailor made solutions: depending on data availability and portfolio complexity, SCOR develops tailor made solutions. Some parameters used in these models can be subject to dedicated studies. These parameters include, but are not limited to, interest rates, legal development and inflation.

D.2.1.3. Level of uncertainty

In the P&C business, the uncertainty arises primarily from:

- the level of ultimate loss ratios used to compute the reserves. Some reserving methods require the use of *a priori* ultimate loss ratios. Pricing loss ratios are often used; sensitivities around these ratios are tested;
- the level of the case reserves which is tested through two tests: the first tests the tail development and the second tests outstanding claims reserves;
- the legal precedent. For some contracts (especially bodily injuries), the level of uncertainty arises from the annuities payment parameters such as mortality table and capitalization rate. These parameters can vary over time due to the economic environment, market changes and legal precedents.

The results of the above stress tests fall within a reasonable range of potential loss deviations from the best estimate and are absorbable by usual reserve volatility.

D.2.1.4. Reinsurance recoverables

SCOR transfers part of its risks to retrocessionaires *via* retrocession programs. The retrocessionaires then assume, in exchange for the payment of a premium by SCOR, the losses related to claims covered by the retrocession contracts.

Retrocession IBNR

For proportional retrocession, the cession rate is applied to assumed best estimate IBNRs and retrocession IBNR amounts are automatically calculated.

For non-proportional retrocession under the Solvency II framework, it is considered that the retrocession IBNRs booked under IFRS reflect the best estimates position.

Retrocession discount

For proportional retrocession, the pattern of the corresponding assumed segments is used for proportional retrocession.

For non-proportional retrocession, the pattern linked to the LoB retrocession is used to calculate the cash flows of the retrocession contract.

Adjustment for expected losses due to counterparty default (bad debts)

Reinsurance Bad Debt is estimated at contract/section/underwriting year/retrocessionaire level using the rating of its retrocessionaires. The rating is associated with an expected default probability and a recovery rate provided by EIOPA in Article 199 of the delegated acts.

Retrocession segmentation

For proportional retrocession, the allocation by line of business follows the assumed segmentation.

For non-proportional retrocession, rules starting from the retrocession contract criteria are used.

D.2.1.5. Risk margin

The general risk margin methodology is described in Section D.2 – Technical provisions.

D.2.1.6. Comparison with the valuation in the financial statements

The main differences between IFRS and EBS reserves (excluding risk margin) as at December 31, 2019 are shown in the following tables, which are split between claims and premium reserves:

SCOR Group

As at December 31, 2019 In EUR thousands	EBS Claims provisions	IFRS claims provisions	Difference
Income protection	58,234	57,743	491
Workers' compensation	45,582	51,160	(5,578)
Motor vehicle liability	525,017	535,608	(10,591)
Marine, aviation and transport	548,021	551,844	(3,823)
Fire and other damage to property	2,542,672	2,591,315	(48,643)
General liability	1,958,279	2,009,259	(50,980)
Credit and suretyship	586,458	625,282	(38,824)
Miscellaneous financial loss	48,750	45,352	3,398
Non-proportional Health	124,142	103,233	20,909
Non-proportional casualty	3,738,697	3,635,711	102,986
Non-proportional marine, aviation and transport	108,988	109,992	(1,004)
Non-proportional property	1,617,261	1,635,433	(18,172)
TOTAL	11,902,101	11,951,932	(49,831)

The main differences between IFRS and Solvency II best estimate liabilities arise from the reserve adequacy amount, the claims discount as well as a broader scope of the ULAE definition.

Regarding ULAE, the IFRS definition includes only claims expenses, whereas the EBS definition also includes administrative and investment expenses.

SCOR Group

As at December 31, 2019 In EUR thousands	EBS Premium provisions	IFRS Premium provisions	Difference
Income protection	2,004	14,811	(12,807)
Workers' compensation	(818)	2,365	(3,183)
Motor vehicle liability	14,636	230,937	(216,301)
Marine, aviation and transport	(38,801)	215,283	(254,084)
Fire and other damage to property	(178,008)	915,157	(1,093,165)
General liability	(143,915)	531,197	(675,112)
Credit and suretyship	(114,827)	306,054	(420,881)
Miscellaneous financial loss	(2,672)	20,485	(23,157)
Non-proportional Health	(3,702)	143	(3,845)
Non-proportional casualty	(133,636)	142,878	(276,514)
Non-proportional marine, aviation and transport	(23,583)	28,149	(51,732)
Non-proportional property	(185,517)	297,768	(483,285)
TOTAL	(808,839)	2,705,227	(3,514,066)

The main differences between IFRS and Solvency II best estimate liabilities arise from the inclusion of premium/commission estimates within technical provisions and future positions. Regarding the premium estimates, it is due to a difference of position in the balance sheet: the premium estimates are included in assets under IFRS whereas they are included in technical provisions in a Solvency II view.

The future positions do not exist in the IFRS balance sheet but replace the Unearned Premium Reserves and DAC (booked on the assets side under IFRS). They also include future cash flows relating to contract boundaries, which are not integrated into the consolidated financial statements (see Section D.2.1.2 – Best Estimate Liability).

D.2.2. LIFE TECHNICAL PROVISIONS

The table below presents the Life technical provisions of SCOR Group.

SCOR Group

As at December 31, 2019

In EUR thousands

	EBS
Life technical provisions	7,504,197
TPs – Life (excl. Health and unit linked)	3,776,631
Best estimate	520,722
Risk margin	3,255,909
TPs – Health SLT	3,727,566
Best estimate	3,323,969
Risk margin	403,597
Life reinsurance recoverables	425,455
Life (excl. Health and unit linked)	548,677
Health SLT	(123,222)
NET LIFE TECHNICAL PROVISIONS	7,929,652

D.2.2.1. Segmentation by lines of business

Life technical provisions are segmented in the economic balance sheet into life (excl. health and unit-linked) and health similar to life (SLT). These correspond to the assumed reinsurance life and assumed reinsurance health lines of business as required under Solvency II.

SCOR Group

As at December 31, 2019

In EUR thousands

	Best estimates liabilities (BEL)	Reinsurance recoverables	Risk margin	Total net technical provisions
Reinsurance Life	520,722	548,677	3,255,909	4,325,308
Reinsurance Health	3,323,969	(123,222)	403,597	3,604,344
TOTAL	3,844,691	425,455	3,659,506	7,929,652

D.2.2.2. Best estimate liability

Life best estimate liabilities (BEL) are calculated as the net present value of future cash flows in respect of assumed reinsurance contracts (*i.e.* gross of retrocession), projected deterministically using best estimate assumptions. Amounts recoverable from reinsurance contracts are projected separately and follow the same valuation methodology as Life BEL.

The cash flows considered for the BEL cover all liability cash flows related to premiums, benefits and expenses including the time value of options and guarantees. In general, cash flows are projected using actuarial valuation models that reflect the specific contractual conditions.

Actuarial bases and methodologies

Cash flows are projected using SCOR's best estimate assumptions. For the vast majority of SCOR's exposure, projections are based on recent data of individual policyholders reinsured under the reinsurance contracts, with modeling either at an individual policyholder level (*seriatim* models) or based on aggregated model points derived from individual policyholder data.

The term of the projection usually corresponds to the projected run-off of the block of business until natural expiry of the policies (subject to contract boundaries), or 65 years if shorter.

All technical cash flows arising from the reinsurance contracts are projected with an allowance for relevant expenses.

Cash flows are generally calculated and reported in the relevant original currency, with some minor exposures mapped to similar currencies and discounted at the assumed risk-free rate for the relevant currency.

Best estimate assumptions

The main categories for best estimate assumptions are related to biometric risks, policyholder behavioral risks, expenses associated with the management of reinsurance contracts including investment management expenses and economic assumptions. Assumptions are regularly reviewed and updated, where appropriate, based on the best available information at the date of valuation, including both internal and publicly available information. The information and data used to set assumptions for material portfolios are re-evaluated annually. Assumptions are derived by actuarial modeling teams and relevant experts, and are subject to independent reviews.

The main biometric assumptions are for mortality (e.g. mortality rates, mortality improvement, impact of selection and anti-selection), longevity and morbidity (e.g. claims incidence rates, recovery rates).

Policyholder behavior is modeled by the use of assumptions related to lapse, surrender and premium payment patterns.

Expected future cedent actions that would impact SCOR's future cash flows are also considered.

SCOR's total actual expenses are subdivided between maintenance, covering administrative and claims management expenses, acquisition, investment and one-off expenses based on the related activities. Projected cash flows include projected maintenance expenses, with an allowance for future inflation, and projected investment expenses.

Collateral costs are projected using assumptions based on the characteristics of the relevant collateral.

Economic assumptions (inflation rates, exchange rates, interest rates, implied volatility rates) have been calibrated to the prices of relevant financial market instruments observable at the date of valuation.

Foreign exchange rates used at the valuation date are consistent with IFRS closing rates, assuring consistency with the IFRS balance sheet, which forms the basis for the EBS as of that date.

Comparison to prior period

Compared to last year, the main changes were the impact of management actions by SCOR and an update to the assumptions for US mortality and UK longevity to reflect recent experience.

D.2.2.3. Significant simplified methods used

SCOR uses simplified methods to value about 10% of its Life and Health portfolio, measured in terms of the present value of projected future claims. These simplified methods either rely on model policies which are not derived from recent seriatim policy data; or are purely based on the historic aggregate accounting data of a treaty, extrapolating existing accounting data history under a duration and run-off assumption; or are models with other simplifications. Adjustments may be made to better reflect treaty conditions.

D.2.2.4. Level of uncertainty – sensitivities

The key area of uncertainty associated with the value of the technical provisions arises from the setting of best estimate assumptions. Assumptions are therefore reviewed on a regular basis, updated based on the best available information and are subject to independent reviews. In particular, while some assumptions can be reliably observed from market information or derived from recent experience data, other assumptions must be set for periods far in the future and so must allow for the development of trends and external influences, or for exposures for which less experience data are available. In these cases, SCOR applies expert judgment to enrich data, derive parameters for the forecast, and reduce uncertainty in estimations. SCOR applies expert judgment within a framework to make sure that its application is proportionate to the quantity and quality of data available, and to its potential impact.

The sensitivity of the BEL to the best estimate assumptions is analyzed through sensitivity tests. Their impacts are described below.

Mortality sensitivity

The most significant set of parameters in determining SCOR's Life portfolio technical provisions are those for the projection of current and future mortality rates. A deterioration of expected mortality would cause a significant increase in Life technical provisions, as mortality risk is a core element of SCOR's Life risk appetite.

Some reduction in technical provisions would be observable on the annuity business in the case of a mortality increase. However, this is less material compared to the potential impact from the mortality business for the comparable scenario.

Morbidity sensitivity

A deterioration of expected morbidity would increase Life and Health technical provisions. The impact would be far lower than a comparable change to expected mortality, as the exposure of the Life business unit portfolio to morbidity risk is lower.

Lapse sensitivity

Technical provisions for Life business would increase and the market value of deposits would decrease with an increase in assumed future lapse rates. Lapse rates can change due to the influence of external factors.

Interest rate sensitivity

A parallel upward shift in the yield curve would reduce the Life business unit technical provisions. This would be partly offset by a decrease in the market value of deposits.

A parallel downward shift would have the opposite impact.

D.2.2.5. Reinsurance recoverables

SCOR transfers part of its risks to retrocessionaires via retrocession programs. The reinsurance recoverables associated with these programs are calculated using the same methodology, systems and processes as the underlying BEL of assumed reinsurance treaties. Special purpose vehicles are not in place for SCOR's life portfolio retroceded. The exposure to default risk on the retrocession recoverables is minor, as in most Life retrocessions, positive cash flows are expected to be ceded.

D.2.2.6. Risk margin

The general risk margin methodology is described in Section D.2 – Technical provisions.

D.2.2.7. Comparison with the valuation in the financial statements

This section presents the main differences between the Life Solvency II net technical balances and the corresponding IFRS balances for SCOR Group reported as at December 31, 2019, which are shown in the table below.

SCOR Group

As at December 31, 2019

In EUR thousands

	EBS	Consolidated – IFRS	Difference
VoBA	-	1,302,486	(1,302,486)
Net deferred acquisition costs	-	1,498,503	(1,498,503)
Net deposits	8,890,261	7,449,788	1,440,473
Reinsurance recoverables	(425,455)	220,260	(645,715)
(Re)insurance receivables/payables	700,300	3,225,806	(2,525,506)
Technical provisions/BEL	(3,844,691)	(12,062,846)	8,218,155
Risk margin	(3,659,506)	-	(3,659,506)
TOTAL NET LIFE TECHNICAL BALANCES	1,660,909	1,633,997	26,912

The analysis of valuation differences between economic valuation and IFRS in the table above considers BEL, risk margin and market value adjustment on deposits in comparison to the corresponding consolidated IFRS amounts. A neutral element is the difference in (re)insurance receivables/payables, which represents a reclassification of the IFRS technical provision component, which is not modeled in BEL. As mentioned in Sections D.1.1 – Goodwill and other intangible assets and D.1.5 – Insurance technical assets, VOBA (value of business acquired) and DAC (deferred acquisition costs) recognized in IFRS are eliminated for the purpose of EBS, as underlying cash-flow projections are already considered in best estimate liabilities and reinsurance recoverables.

In addition to the above, valuation differences are due to prudence margins, both implicit and explicit, allowed for under IFRS but not under Solvency II, but also from differences:

- between best estimate and static non-economic assumptions;
- in interest rate assumptions;
- in allowances for specific fees;
- in allowances for internal administration expenses; and
- in the methodology for assessing the reserves,

of which the main sources of valuation difference are the methodology used and the difference in non-economic assumptions.

At the level of reserves recognized in IFRS balance sheet and EBS, the following table provides a view by line of business.

SCOR Group

As at December 31, 2019 <i>In EUR thousands</i>	IFRS net contract liabilities	IFRS claims estimates paid	IFRS net contract liabilities excl. CEP	EBS net BEL	EBS RM	EBS net Technical Provision	Difference
Assumed reinsurance Life	8,979,044	1,086,839	7,892,205	1,069,399	3,255,909	4,325,308	3,566,897
Assumed reinsurance Health	5,049,050	1,098,670	3,950,380	3,200,747	403,597	3,604,344	346,036
TOTAL	14,028,094	2,185,509	11,842,586	4,270,146	3,659,506	7,929,651	3,912,935

IFRS contract liabilities are eliminated and replaced by technical provisions. In that process, IFRS claims estimates paid are reclassified to payables and receivables without any revaluation. The remaining differences by line of business are as explained above.

For further details on IFRS valuation methods and balances please refer to the 2019 Universal Registration Document, Section 4 – Notes to the consolidated financial statements, Note 15 – Net contract liabilities.

D.2.3. SCOR SE – ADDITIONAL INFORMATION ON THE VALUATION OF TECHNICAL PROVISIONS

The table below presents the technical provisions of SCOR SE.

SCOR SE

As at December 31, 2019 <i>In EUR thousands</i>	EBS
Non-Life technical provisions	7,765,158
TPs – Non-Life (excl. Health)	7,710,725
Best estimate	7,615,773
Risk margin	94,952
TPs – Health similar to Non-Life (NSLT)	54,433
Best estimate	53,928
Risk margin	505
Life technical provisions	7,120,265
TPs – Health SLT	3,691,964
Best estimate	3,441,610
Risk margin	250,354
TPs – Life (excl. Health and unit linked)	3,428,301
Best estimate	2,893,968
Risk margin	534,333
Reinsurance recoverables	(801,615)
Non-Life	(2,099,224)
Life	1,297,609
Net technical provisions	14,083,808

D.2.3.1. Segmentation by lines of business

The valuation of technical provisions corresponds to the approach described for SCOR Group above (Sections D.2.1 – Non-Life technical provisions and D.2.2 – Life technical provisions).

SCOR SE – Non-Life

As at December 31, 2019 In EUR thousands	Best estimates liabilities (BEL)	Reinsurance recoverables	Risk margin	Total net technical provisions
Income protection insurance	24,283	(9,128)	217	15,372
Workers' compensation insurance	6,213	(2,929)	45	3,329
Motor vehicle liability insurance	346,223	(154,022)	3,356	195,557
Marine, aviation and transport insurance	400,959	(191,719)	4,188	213,428
Fire and other damage to property insurance	1,344,765	(526,826)	13,631	831,570
General liability insurance	774,634	(88,308)	13,949	700,275
Credit and suretyship insurance	310,470	(138,989)	4,513	175,994
Miscellaneous financial loss	43,769	(3,722)	712	40,759
Non-proportional Health reinsurance	23,432	(7,956)	243	15,719
Non-proportional casualty reinsurance	2,942,227	(486,397)	31,884	2,487,714
Non-proportional marine, aviation, transport reinsurance	90,103	(46,256)	1,337	45,184
Non-proportional property reinsurance	1,362,623	(442,972)	21,382	941,033
TOTAL	7,669,701	(2,099,224)	95,457	5,665,934

SCOR SE – Life

As at December 31, 2019 In EUR thousands	Best estimates liabilities (BEL)	Reinsurance recoverables	Risk margin	Total net technical provisions
Reinsurance Life	2,893,968	1,357,139	534,333	4,785,440
Reinsurance Health	3,441,610	(59,530)	250,354	3,632,434
TOTAL	6,335,578	1,297,609	784,687	8,417,874

D.2.3.2. Level of uncertainty – sensitivities

Due to the relatively comparable nature of the risks carried by SCOR Group and SCOR SE, sensitivity tests performed on SCOR SE follow a similar approach as for the Group's Non-Life technical provisions (see Section D.2.1.3 – Level of uncertainty) and the Group's Life technical provisions (see Section D.2.2.4 – Level of uncertainty – sensitivities).

D.2.3.3. Comparison with the valuation in the financial statements

This section presents the main differences between the Solvency II net technical balances and the corresponding French GAAP balances for SCOR SE reported as at December 31, 2019, which are shown in the table below.

SCOR SE

As at December 31, 2019 In EUR thousands	EBS	Statutory French GAAP	Difference
Net deferred acquisition costs	-	193,249	(193,249)
Net deposits	6,865,718	5,646,363	1,219,355
Reinsurance recoverables	801,615	1,183,260	(381,645)
(Re)insurance receivables/payables	40,143	3,110,094	(3,069,951)
Technical provisions/BEL	(14,005,279)	(17,770,087)	3,764,808
Non-Life	(7,669,701)	(9,815,416)	2,145,715
Life	(6,335,578)	(7,954,671)	1,619,093
Risk margin	(880,143)	-	(880,143)
TOTAL NET TECHNICAL BALANCES	(7,177,946)	(7,637,121)	459,175

The total amount of difference between French GAAP and Solvency II net technical balances is EUR 459 million, including EUR (880) million of risk margin. The differences between French GAAP and Solvency II net technical provisions are related to the same drivers as outlined in Sections D.2.1 – Non-Life technical provisions and D.2.2 – Life technical provisions as the majority of SCOR SE business is comparable in nature to the business carried by SCOR Group.

The differences between EBS and French GAAP⁽¹⁾ Non-Life technical provisions include all the adjustments already mentioned in Section D.2.1 – Non-Life technical provisions for the Group with regards to IFRS.

In addition to this, the difference with statutory valuation comparing to EBS technical provisions include the equalization reserves (considered in French GAAP but not in line with best estimates principles) and a reclassification of the claims estimates account (described in Section D.2.1.2 – Best estimate liability) in the debtor/creditor accounts of the French GAAP balance sheet instead of technical provisions.

(1) For further detail on French GAAP valuation, method and balances please refer to the 2019 Universal Registration Document, Appendix C – 5. Notes to the corporate financial statements, Section 5.1.8 – Technical/Underwriting reserves, for accounting principles and methods and Section 5.2.9 – Transactions with subsidiaries, affiliates and others, for other disclosures.

The main differences between French GAAP and EBS reserves (excluding risk margin) as at December 31, 2019 are shown in the following tables, which are split between claims and premium reserves:

SCOR SE

As at December 31, 2019 In EUR thousands	EBS Claims provisions	French GAAP claims provisions	Difference
Income protection	13,522	13,712	(190)
Workers' compensation	3,195	2,961	234
Motor vehicle liability	179,601	184,533	(4,932)
Marine, aviation and transport	209,039	206,112	2,927
Fire and other damage to property	888,031	911,203	(23,172)
General liability	738,487	742,843	(4,356)
Credit and suretyship	215,986	225,515	(9,529)
Miscellaneous financial loss	41,380	37,749	3,631
Non-proportional Health	17,401	17,234	167
Non-proportional casualty	2,525,344	2,445,371	79,973
Non-proportional marine, aviation and transport	60,832	59,196	1,636
Non-proportional property	982,111	1,007,989	(25,878)
TOTAL	5,874,929	5,854,418	20,511

The main differences between French GAAP and Solvency II best estimate liabilities come from the reserve adequacy amount, the claims discount as well as a broader scope of the ULAE definition. Regarding ULAE, the French GAAP definition includes only claims expenses, whereas the EBS definition also includes administrative and investment expenses.

SCOR SE

As at December 31, 2019 In EUR thousands	EBS Premium provisions	French GAAP Premium provisions	Difference
Income protection	1,633	3,919	(2,286)
Workers' compensation	89	23	66
Motor vehicle liability	12,600	85,763	(73,163)
Marine, aviation and transport	201	98,698	(98,497)
Fire and other damage to property	(70,092)	214,937	(285,029)
General liability	(52,161)	88,282	(140,443)
Credit and suretyship	(44,505)	154,507	(199,012)
Miscellaneous financial loss	(1,333)	14,055	(15,388)
Non-proportional Health	(1,925)	2	(1,927)
Non-proportional casualty	(69,514)	51,029	(120,543)
Non-proportional marine, aviation and transport	(16,985)	23,262	(40,247)
Non-proportional property	(62,460)	125,022	(187,482)
TOTAL	(304,452)	859,499	(1,163,951)

The main differences between French GAAP and Solvency II best estimate liabilities arise from the inclusion of premium/commission estimates within technical provisions and future positions. Regarding the premium estimates, it is due to a difference of position in the balance sheet: the premium estimates are included in assets under French GAAP whereas they are included in technical provisions in a Solvency II view.

The future positions do not exist in the French GAAP balance sheet but replace the Unearned Premium Reserves and DAC (booked on the assets side under French GAAP). They also include future cash flows relating to contract boundaries, which are not integrated into the French GAAP financial statements (see Section D.2.1.2 – Best estimate liability).

D.3. OTHER LIABILITIES

The table below presents the liabilities of SCOR Group as per the EBS together with references to the relevant sections within this chapter explaining the valuation bases and methods used for Solvency II purposes.

SCOR Group

Liabilities as at December 31, 2019 <i>In EUR thousands</i>	EBS Solvency II	Section
Technical provisions – Non-Life	12,635,625	D.2.1
Technical provisions – Life (excluding index-linked and unit-linked)	7,504,197	D.2.2
Other technical provisions	-	D.3.2
Contingent liabilities	-	D.2.5
Provisions other than technical provisions	26,849	D.3.5
Pension benefit obligations	240,751	D.3.1
Deposits from reinsurers	601,858	D.3.2
Deferred tax liabilities	789,812	D.3.3
Derivatives	27,275	D.3.4
Debts owed to credit institutions	506,703	D.3.4
Financial liabilities other than debts owed to credit institutions	419,344	D.3.4
Insurance and intermediaries payables	910,396	D.3.2
Reinsurance payables	(16,752)	D.3.2
Payables (trade, not insurance)	3,103,371	D.3.5
Subordinated liabilities	2,540,050	D.3.4
Subordinated liabilities not in basic own funds	-	
Subordinated liabilities in basic own funds	2,540,050	
Any other liabilities, not elsewhere shown	281,404	D.3.5
TOTAL LIABILITIES	29,570,883	

D.3.1. PENSION BENEFIT OBLIGATIONS

SCOR Group

<i>In EUR thousands</i>	As at December 31, 2019		
	EBS	Consolidated – IFRS	Difference
Pension benefit surplus	-	-	-
Pension benefit obligations	240,751	240,751	-
TOTAL PENSION BENEFIT OBLIGATIONS	240,751	240,751	-

Valuation for solvency purposes

Pension benefit obligations are split between retirement provisions (EUR 233 million) and long-term service award provisions (EUR 4 million). They represent the net obligation in relation to defined benefit employee pension plans operated by SCOR. No surplus was recognized across the plans operated by SCOR as at December 31, 2019.

The Group provides retirement benefits to its employees, in accordance with the laws and practices of each country. The main plans are in France, Switzerland, the UK, the US and Germany.

Defined benefit plans are those where a sum is paid to the employee upon retirement, which is dependent upon one or several factors such as age, years of service and salary. Defined benefit obligations and contributions are calculated annually by independent qualified actuaries using the projected unit credit method, taking into consideration actuarial assumptions, salary increases, retirement age, mortality, turnover and discount rates.

The assumptions are based on the macroeconomic environment of each country in which the Group operates. In assessing its liability for these plans, the Group uses external actuarial valuations which involve critical judgments and estimates of mortality rates, rates of employee turnover, disability, early retirement, discount rates, future salary increases and future pension increases. These assumptions may differ from actual results due to changing economic conditions, higher or lower departure rates or longer or shorter life spans of the participants. These differences may result in the variability of pension income or expenses recorded in future years. Actuarial gains and losses arising from experience adjustments and the effects of changes in actuarial assumptions are reflected in shareholders' equity.

The obligation recognized in the EBS (EUR 237 million) represents the present value of the defined benefit obligation (EUR 503 million) at the reporting date, less the market value of any plan assets (EUR 266 million), where appropriate, both adjusted for actuarial gains and losses and unrecognized past service costs.

The following table includes the allocation of plan assets as at December 31, 2019:

SCOR Group

As at December 31, 2019
In EUR thousands

	Amount by class of assets	% by class of assets
Equities	85,790	32%
Debt securities	124,159	47%
Property	28,068	11%
Insurance contracts	12,111	4%
Other	15,507	6%
TOTAL	265,635	100%

Comparison with the valuation in the financial statements

The valuation method applied to defined benefit pension plans in the EBS does not differ from IFRS.

For further details on IFRS balances and valuation methods applied to pension benefit obligations, please refer to the 2019 Universal Registration Document, Section 4.6 – Notes to the consolidated financial statements, Note 14 – Employee benefits and other provisions.

D.3.2. INSURANCE TECHNICAL LIABILITIES

SCOR Group

In EUR thousands	As at December 31, 2019		
	EBS	Consolidated – IFRS	Difference
Deposits from reinsurers	601,858	596,456	5,402
Insurance and intermediaries payables	910,396	910,396	-
Reinsurance payables	(16,752)	322,152	(338,904)
Other technical provisions	-	98,431	(98,431)
TOTAL INSURANCE TECHNICAL LIABILITIES	1,495,502	1,927,435	(431,933)

Valuation for solvency purposes

Insurance technical liabilities are balances that are related to the reinsurance and direct insurance contracts, other than technical provisions.

In the EBS, assumed and ceded technical provisions are recognized in line with Solvency II methodology (see Section D.2 – Technical provisions). The calculation of the Solvency II best estimate liabilities and risk margin takes into account all cash flow projections related to existing insurance and reinsurance contracts, including premium, benefit and expenses payments. As a result, some liability balances that exist in the IFRS balance sheet are either cancelled or adjusted on transition to the EBS.

Deposits from reinsurers

Deposits from reinsurers are deposits received from or deducted by a reinsurer as collateral in relation to SCOR's outwards reinsurance (retrocession) contracts. SCOR measures its deposits from retrocessionaires (or ceded funds held) at fair value by discounting the future cash flows of the funds (further explained in Section D.2 – Technical provisions).

Insurance, intermediaries and reinsurance payables

Most payables related to insurance and reinsurance contracts are taken into account in the net best estimate liabilities as Solvency II requires the transfer of future cash flows from (re)insurance receivables/payables to technical provisions.

The insurance and intermediaries payable balances included separately in the EBS represent amounts linked to insurance business due to policyholders, intermediaries and other insurers, but that are not included in the cash flows of technical provisions.

The reinsurance payables are amounts linked to retrocession costs which have been invoiced, but not yet settled and therefore cash flows are still due to the reinsurer or the broker.

The payables are carried at amortized cost as it is a good approximation of their market value.

Other technical provisions

DAC assets are not recognized in the EBS (see D.1.5 – Insurance technical assets) and the same applies to the reinsurers' share of these costs as all acquisition costs and related reinsurance recoveries are covered in the calculation of net technical provisions. This non-recognition drives the decrease in other technical provisions as ceded DAC is included in the IFRS balance.

Comparison with the valuation in the financial statements

As explained above, technical cash flows that are taken into account in Solvency II net best estimate liabilities are not recognized separately in the EBS. Adjustments to the value of deposits from reinsurers follow the corresponding adjustments to reinsurance recoverables.

For the remaining insurance technical liabilities the valuation method applied in the Solvency II EBS does not differ from IFRS.

For further details on IFRS balances and valuation methods applied to insurance technical liabilities, please refer to the 2019 Universal Registration Document, Section 4.6 – Notes to the consolidated financial statements, Note 8 – Accounts receivable from and payable on assumed and ceded insurance and reinsurance transactions and Note 15 – Net contract liabilities.

D.3.3. DEFERRED TAX LIABILITIES

SCOR Group

In EUR thousands	As at December 31, 2019		
	EBS	Consolidated – IFRS	Difference
DEFERRED TAX LIABILITIES	789,812	219,992	569,820

Valuation for solvency purposes and comparison with the valuation in the financial statements

Deferred tax liabilities are recognized on taxable temporary differences arising from investments in subsidiaries, associates and joint ventures, except where it is probable that the difference will not reverse in the foreseeable future.

For further information on the valuation of deferred tax liabilities, see Section D.1.6 – Deferred tax assets.

D.3.4. FINANCIAL LIABILITIES, INCLUDING SUBORDINATED LIABILITIES

SCOR Group

In EUR thousands	As at December 31, 2019		
	EBS	Consolidated – IFRS	Difference
Derivatives	27,275	27,275	-
Debts owed to credit institutions	506,703	477,391	29,312
Financial liabilities other than debts owed to credit institutions	419,344	419,344	-
Subordinated liabilities	2,540,050	2,408,645	131,405
Subordinated liabilities not in BOF	-	-	-
Subordinated liabilities in BOF	2,540,050	2,408,645	131,405
TOTAL FINANCIAL LIABILITIES	3,493,372	3,332,655	160,717

Valuation for solvency purposes

Financial liabilities in the EBS include derivatives, debts owed to credit institutions (incl. overdrafts) and other financial liabilities, as well as subordinated liabilities. Lease liabilities are recognized under financial liabilities following the first time application of the IFRS 16 standard on lease contracts (refer to the 2019 Universal Registration Document, Note 1.3 – IFRS standards applies for the first time and IFRS standards published but not yet effective).

Derivative instruments are carried as liabilities when the economic values are negative. The Group uses the following derivative instruments to reduce its exposure to various risks: swaps on interest rates, mortality indices and real estate indices, foreign currency forward purchase and sale contracts, caps and floors, and puts and calls on insurance linked securities (ILS).

Subordinated liabilities are debts which rank after other debts when the company is liquidated. Those subordinated liabilities that are classified as basic own funds (BOF) are presented separately in the EBS.

The economic value of financial liabilities that are traded in active financial markets is determined by reference to quoted market bid prices, at the close of business on the reporting date. Quotations are considered as active market prices if the quoted prices or rates represent actual and regularly occurring transactions that are available from a stock exchange, dealer or broker.

Financial liabilities valued using quoted prices include derivatives. If quoted prices in active markets for identical liabilities are not available, the alternative valuation methods are used to arrive at market value.

All borrowings, except for subordinated debt, are measured at amortized cost using the effective interest rate method which approximates their fair value.

Some financial liabilities, in particular subordinated debts, are measured at fair value that is determined on the valuation date and then corrected to neutralize the impact of changes in the credit spread between the issue date and the valuation date of each instrument. The revised valuation is provided by a model which uses the initial credit spread. The valuation of quoted external debts is performed using a Bloomberg valuation tool for structured products which uses the initial credit spread and considers the term structure dynamics from available market data: (i) the yield curve and its volatility, (ii) adjusted option spreads and their volatility, and (iii) convexity adjustments.

Comparison with the valuation in the financial statements

Generally, the valuation method applied to financial liabilities in the Solvency II EBS does not differ from IFRS, except for the change from amortized cost to fair value for subordinated debt and the elimination of changes in the Group's own credit standing.

For further details on IFRS balances, classification and valuation methods applied to financial liabilities, please refer to the 2019 Universal Registration Document, Section 4.6 – Notes to the consolidated financial statements, Note 13 – Financial liabilities.

D.3.5. OTHER LIABILITIES

SCOR Group

In EUR thousands	As at December 31, 2019		
	EBS	Consolidated – IFRS	Difference
Provisions (other than technical)	26,849	26,849	-
Payables (trade, not insurance)	3,103,371	3,036,167	67,204
Any other liabilities	281,404	280,104	1,300
TOTAL OTHER LIABILITIES	3,411,624	3,343,120	68,504

Valuation for solvency purposes

This section covers all other liabilities recognized in the EBS, including provisions, trade payables and any other liabilities.

Trade payables include amounts due to employees, suppliers, and sovereign states (e.g. current tax) that are not insurance or reinsurance related.

Operating lease commitments exist primarily in the form of rental obligations for offices and business premises of the Group. They include extension options as well as restrictions regarding subleases. Any other liabilities primarily include accruals. Trade and other liabilities are carried at amortized cost as it is a good approximation of their market value.

Provisions are recognized when the Group has a present legal, contractual or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions related to pension benefits are presented separately (see D.3.1 Pension benefit obligations). Provisions are measured at the expected present value of future cash flows required to settle the obligation.

Contingent liabilities are also recognized if there is a possible future obligation as a result of a past event, or if there is a present obligation as a result of a past event but either a payment is

not probable or the amount cannot be reliably estimated. As at December 31, 2019, SCOR had no material contingent liabilities that could be recognized in the EBS.

Management assesses provisions, contingent assets and contingent liabilities and the likely outcome of pending or probable events, for example from lawsuits or tax disputes, on an ongoing basis. The outcome depends on future events that are by nature uncertain. In assessing the likely outcome of events, management bases its assessment on external legal assistance and established precedents.

Comparison with the valuation in the financial statements

Provisions and other liabilities are carried at their fair value for IFRS and there is no valuation difference between the IFRS financial statements and the EBS.

For further details on IFRS balances and valuation methods applied to other liabilities, please refer to the 2019 Universal Registration Document, Section 4.6 – Notes to the consolidated financial statements, Note 14 – Employee benefits and other provisions. Note 14 provides information about the nature of the provisions, expected timing of any outflows of economic benefits and on uncertainties surrounding the amount or timing of the outflows.

D.3.6. SCOR SE – ADDITIONAL INFORMATION ON THE VALUATION OF OTHER LIABILITIES

The table below presents the liabilities of SCOR SE as per the EBS together with references to the relevant sections within this chapter explaining the valuation bases and methods used for Solvency II purposes.

The valuation principles applied by SCOR SE in its EBS are the same as those applied by SCOR Group and explained in Sections D.3.1

– Pension benefit obligations to D.3.5 – Other liabilities above. Any additional information on other liabilities specific to SCOR SE is included in the relevant sub-sections below. For details on technical provisions see Sections D.2.1 – Non-life technical provisions, D.2.2 – Life technical provisions and D.2.3 – SCOR SE – Additional information on the valuation of technical provisions.

SCOR SE

Liabilities as at December 31, 2019 <i>In EUR thousands</i>	EBS Solvency II	Sections	
Technical Provisions – Non-Life	7,765,158	D.2.1	D.2.3
Technical Provisions – Life (Excl. Index-Linked And Unit-Linked)	7,120,265	D.2.2	D.2.3
Other Technical Provisions	-	D.3.2	D.3.6.2
Contingent Liabilities	-	D.3.5	
Provisions Other Than Technical Provisions	20,919	D.3.5	D.3.6.4
Pension Benefit Obligations	149,265	D.3.1	D.3.6.1
Deposits From Reinsurers	1,067,691	D.3.2	D.3.6.2
Deferred Tax Liabilities	(15,968)	D.3.3	D.3.6.3
Derivatives	15,052	D.3.4	D.3.6.4
Debts Owed To Credit Institutions	32,592	D.3.4	D.3.6.4
Financial Liabilities Other Than Debts Owed To Credit Institutions	543,867	D.3.4	D.3.6.4
Insurance And Intermediaries Payables	382,935	D.3.2	D.3.6.2
Reinsurance Payables	(51,420)	D.3.2	D.3.6.2
Payables (Trade, Not Insurance)	259,205	D.3.5	D.3.6.4
Subordinated Liabilities	2,984,604	D.3.4	D.3.6.4
Subordinated liabilities not in in basic own funds	444,554		
Subordinated liabilities in basic own funds	2,540,050		
Any other liabilities, not elsewhere shown	178,672	D.3.5	D.3.6.4
TOTAL LIABILITIES	20,452,837		

D.3.6.1. Pension benefit obligations

Pension benefit obligations are split between retirement provisions (EUR 61 million), supplementary retirement benefits (EUR 87 million).

SCOR SE provides retirement benefits to its employees, in accordance with the laws and practices of each country. The main plans are in France, the UK and Germany.

The valuation method applied to defined benefit pension schemes in the EBS (see Section D.3.1 – Pension benefit obligations) does not differ from that used in the statutory financial statements. Defined

benefit obligations and contributions are calculated annually by independent qualified actuaries using the projected unit credit method, taking into consideration actuarial assumptions, salary increases, retirement age, mortality, turnover and discount rates. The assumptions are based on the macroeconomic environment of each country in which SCOR SE operates.

The obligation recognized in the EBS (EUR 149 million) represents the present value of the defined benefit obligation (EUR 183 million) at the reporting date, less the market value of any plan assets (EUR 34 million), where appropriate, both adjusted for actuarial gains and losses and unrecognized past service costs.

The following table includes the allocation of plan assets as at December 31, 2019:

SCOR SE

As at December 31, 2019

In EUR thousands

	Amount by class of assets	% by class of assets
Equities	16,060	47%
Debt securities	3,499	10%
Corporate bonds	-	0%
Property	-	0%
Insurance contracts	12,111	36%
Other	2,407	7%
TOTAL	34,077	100%

For further details on French GAAP balances and valuation methods applied to pension benefits, please refer to the 2019 Universal Registration Document, Appendix C – 5. Notes to the corporate financial statements, Section 5.1.5 – Retirement

commitments and similar benefits, for accounting principles and methods and Section 5.2.6 – Contingency reserves, for other disclosures.

D.3.6.2. Insurance technical liabilities

SCOR SE

As at December 31, 2019

In EUR thousands	EBS	Statutory French GAAP	Difference
Deposits from reinsurers	1,067,691	1,062,289	5,402
Insurance and intermediaries payables	382,935	388,038	(5,103)
Reinsurance payables	(51,420)	503,601	(555,021)
Other technical provisions	-	142,034	(142,034)
TOTAL INSURANCE TECHNICAL LIABILITIES	1,399,206	2,095,962	(696,756)

Insurance technical liabilities are balances that relate to reinsurance and retrocession contracts.

As explained in Section D.3.2 – Insurance technical liabilities, technical cash flows are taken into account in Solvency II best estimate liabilities. As a result, ceded deferred acquisition costs (shown in Other technical provisions in the above table) are included in the projected cash flow used for the calculation of technical provisions in the EBS while they are included in other technical provisions in the financial statements. Adjustments to the value of deposits from cedents and reinsurers follow the corresponding adjustments to the best estimate liabilities. For the

remaining insurance technical liabilities, the method of valuation applied in the Solvency II EBS does not differ from the statutory financial statements.

For further details on French GAAP balances and valuation methods applied to insurance technical liabilities, please refer to the 2019 Universal Registration Document, Appendix C – 5. Notes to the corporate financial statements, Sections 5.1.7 – Recording of reinsurance transactions, 5.1.8 – Underwriting reserves and 5.1.9 – Acquisition costs of reinsurance operations, for accounting principles and methods and Section 5.2.9 – Transactions with subsidiaries, affiliates and others, for other disclosures.

D.3.6.3. Deferred tax liabilities

SCOR SE

In EUR thousands	As at December 31, 2019		
	EBS	Statutory French GAAP	Difference
DEFERRED TAX LIABILITIES	(15,968)	-	(15,968)

Deferred taxes in the EBS are recognized using the balance sheet liability method, for all temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying value in the EBS.

No deferred tax is recognized under French GAAP, therefore the difference between the EBS and the statutory financial statements is driven by the recognition of deferred tax assets and liabilities in line with Solvency II rules as described in Sections D.3.3 – Deferred tax liabilities and D.1.6 – Deferred tax assets.

D.3.6.4. Financial and other liabilities

SCOR SE

In EUR thousands	As at December 31, 2019		
	EBS	Statutory French GAAP	Difference
Provisions other than technical provisions	20,919	143,045	(122,126)
Derivatives	15,052	14,470	582
Debts owed to credit institutions	32,592	210,091	(177,499)
Financial liabilities other than debts owed to credit institutions	543,867	183,908	359,959
Payables (trade, not insurance)	259,205	264,964	(5,759)
Subordinated liabilities	2,984,604	2,840,903	143,701
Any other liabilities, not elsewhere shown	178,672	176,375	2,297
TOTAL FINANCIAL AND OTHER LIABILITIES	4,034,911	3,833,756	201,155

Financial liabilities

The EBS valuation of quoted external debts and internal loans between SCOR entities that mirror external debt terms and conditions is performed using a Bloomberg valuation tool for structured products which uses the initial credit spread and considers the term structure dynamics from available market data: (i) the yield curve and its volatility, (ii) adjusted option spreads and their volatility, and (iii) convexity adjustments.

As the Bloomberg tool is only available for quoted instruments, for other internal loans, SCOR uses a simple cash flow modeling approach that discounts future cash flows using the swap rate yield curve as at December 31, 2019 plus the frozen credit spread at issuance. This cash flow valuation approach has been validated for external debt instruments by benchmarking it with the valuation performed using the Bloomberg model, leading to non-material differences.

Financial liabilities, including derivatives, intragroup and external debts, are measured at cost less amortized issue costs under French GAAP. The difference between the value of financial liabilities in the EBS and in the statutory financial statements is therefore driven by the revaluation to market value.

For further details on French GAAP balances and valuation methods applied to financial liabilities, please refer to the 2019 Universal Registration Document, Appendix C – 5. Notes to the corporate financial statements, Section 5.1.6 – Financial liabilities, for accounting principles and methods and Section 5.2.9 – Transactions with subsidiaries, affiliates and others, for other disclosures.

Other liabilities

Other liabilities are generally carried at amortized cost as it is a good approximation of their market value.

While provisions for ongoing tax audits include the expected impact on deferred tax assets under IFRS, provisions for ongoing tax audits under French GAAP encompass current income tax impacts only, since no deferred tax assets are recognized under French GAAP (see section D.3.5 – Other liabilities).

For further details on French GAAP balances and valuation methods applied to other liabilities, please refer to the 2019 Universal Registration Document, Appendix C – 5. Notes to the corporate financial statements, Section 5.2.9 – Transactions with subsidiaries, affiliates and others.

D.4. ALTERNATIVE METHODS FOR VALUATION

As noted in Sections D.1 – Assets and D.3 – Other liabilities, in certain circumstances for some assets and liabilities, SCOR uses alternative valuation methods (including models) to estimate the market value. These methods are applied where the valuation is not possible using the default method (valuation based on quoted prices in active markets for the same assets or liabilities)

or using quoted market prices in active markets for similar assets and liabilities with adjustments to allow for specific differences. All valuation methodologies applied by SCOR are explained within the relevant sections: in Sections D.1 for assets, D.2 for technical provisions and D.3 for other liabilities.

D.4.1. SCOR GROUP

Please see Sections D.1 – Assets and D.3 – Other liabilities for information on the alternative valuation methods used by SCOR Group.

D.4.2. SCOR SE – ADDITIONAL INFORMATION ON ALTERNATIVE METHODS OF VALUATION

Please see Sections D.1.10 – Additional information on the valuation of assets and D.3.6 – Additional information on the

valuation of other liabilities for information on the alternative valuation methods used by SCOR SE.

D.5. ANY OTHER INFORMATION

SCOR SE has collateral arrangements with a total value below 60% of total assets. The threshold of 60% is defined in Art. 192(2) of the delegated regulation 2015/35. This information is relevant to calculate the counterparty risk with respect to SCOR SE in the Solvency II standard formula.

No other material information was identified by SCOR over the reporting period other than the valuation of assets and liabilities presented in Sections D.1 – Assets to D.4 – Alternative methods for valuation.

E

CAPITAL MANAGEMENT

E.1.	SCOR GROUP	134	E.2.	SCOR SE	143
E.1.1.	Own funds	134	E.2.1.	Own funds	143
E.1.2.	Solvency Capital Requirement	138	E.2.2.	Solvency Capital Requirement and Minimum Capital Requirement	146
E.1.3.	Use of the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement	139	E.2.3.	Use of the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement	146
E.1.4.	Differences between the standard formula and any internal model used	139	E.2.4.	Differences between the standard formula and any internal model used	146
E.1.5.	Non-compliance with the Solvency Capital Requirement	143	E.2.5.	Non-compliance with the Minimum Capital Requirement and non-compliance with the Solvency Capital Requirement	147
E.1.6.	Any other information	143	E.2.6.	Any other information	147

E.1. SCOR GROUP

This section provides an overview of the year-end 2019 capital position for the SCOR Group.

The table below includes the key results as at December 31, 2019 and December 31, 2018, respectively.

SCOR Group

<i>In EUR thousands</i>	2019	2018	Variance
Eligible Own Funds (EOF)	10,336,851	9,061,569	1,275,282
Solvency Capital Requirement (SCR) Internal Model	4,579,614	4,213,271	366,343
Excess Capital (EOF – SCR)	5,757,237	4,848,298	908,939
SOLVENCY RATIO	226%	215%	11%

The Solvency ratio increased from 215% at year-end 2018 to 226% at year-end 2019. This increase of 11 percentage points is the result of the growth in the Eligible Own Funds (+14% compared to December 31, 2018) exceeding the increase in the

SCR (+9% compared to December 31, 2018). Further details on the contributors to these changes are given in Section E.1.1.1 – Own funds structure and E.1.2.1 – SCR by risk components below.

E.1.1. OWN FUNDS

Capital management is at the core of SCOR's strategy. SCOR's goal is to manage its capital in order to maximize its profitability, while maintaining solvency in its "optimal" target range, being between 185% and 220% in line with its risk/return strategy as defined in SCOR's current strategic plan "Quantum Leap" and the previous strategic plan "Vision in Action".

SCOR has had strong capital management governance and processes in place with integrated supervision of regulatory constraints at Group level for many years, ensuring an optimized use of capital and fungibility of capital within the Group. On a quarterly basis, SCOR monitors and updates all Group and legal entity capital and regulatory solvency positions (actuals and one-year projections) to detect any material changes over each quarter and to anticipate necessary actions to maintain adequate solvency. This detailed capital planning exercise is based

on the Group's bi-annual financial operating plan and is broken down at legal entity level. SCOR also performs three-year capital projections, including IFRS, regulatory capital, and rating capital projections, in the context of its three-year strategic planning exercise.

For more information on own funds please also refer to Quantitative Reporting Template S.23.01.22 – Own funds, presented in Appendix A.

E.1.1.1. Own funds structure

SCOR Group own funds eligible to cover the SCR amounted to EUR 10,337 million as at December 31, 2019 (December 31, 2018: EUR 9,062 million).

SCOR Group own funds

In EUR thousands	As at December 31, 2019			
	Tier 1	Tier 2	Tier 3	Total
Basic own funds	8,902,435	1,434,416	-	10,336,851
Ordinary share capital	1,473,384	-	-	1,473,384
Share premium	624,085	-	-	624,085
Reconciliation reserve ⁽¹⁾	5,699,332	-	-	5,699,332
Revaluation reserves	1,997,854	-	-	1,997,854
Consolidation reserves	3,612,726	-	-	3,612,726
Net income for the year	421,643	-	-	421,643
Equity based instruments	55,167	-	-	55,167
Own shares	(52,571)	-	-	(52,571)
Foreseeable dividends	(335,487)	-	-	(335,487)
Subordinated liabilities	1,105,634	1,434,416	-	2,540,050
Total available own funds	8,902,435	1,434,416	-	10,336,851
Total eligible own funds to cover the Group SCR (after limits deductions)	8,902,435	1,434,416	-	10,336,851
Total eligible own funds to cover the minimum to the Group SCR	8,902,435	693,336	-	9,595,771

(1) Includes a deduction of non-available minority interest of EUR 26 million.

SCOR Group own funds

In EUR thousands	As at December 31, 2018			
	Tier 1	Tier 2	Tier 3	Total
Basic own funds	7,677,498	1,384,071	-	9,061,569
Ordinary share capital	1,520,931	-	-	1,520,931
Share premium	814,943	-	-	814,943
Reconciliation reserve ⁽¹⁾	4,407,880	-	-	4,407,880
Revaluation reserves	1,142,314	-	-	1,142,314
Consolidation reserves	3,551,674	-	-	3,551,674
Net income for the year	326,549	-	-	326,549
Equity based instruments	69,262	-	-	69,262
Own shares	(360,009)	-	-	(360,009)
Foreseeable dividends	(321,910)	-	-	(321,910)
Subordinated liabilities	933,744	1,384,071	-	2,317,815
Total available own funds	7,677,498	1,384,071	-	9,061,569
Total eligible own funds to cover the Group SCR (after limits deductions)	7,677,498	1,384,071	-	9,061,569
Total eligible own funds to cover the minimum to the Group SCR	7,677,498	743,666	-	8,421,164

(1) Includes a deduction of non-available minority interest of EUR 28 million.

SCOR Group considers that there is no significant restriction affecting fungibility and transferability of its basic own funds for covering the Group SCR.

Solvency II own funds are classified into three tiers depending on whether it is a basic or ancillary own funds item, and on whether it is permanently available to absorb losses on a going concern basis and/or is subordinated such that it is available to absorb losses in the event of a winding-up, and as described in Articles 71, 73, 75 and 77 of the Delegated Acts.

The table above presents the components of basic own funds. SCOR Group does not recognize any ancillary own funds.

Ordinary paid-in share capital and the related share premium of SCOR SE are classified as tier 1 basic own funds. The components of the reconciliation reserve are also classified as tier 1 basic own funds.

The reconciliation reserve includes revaluation reserves as presented in the SCOR Group's IFRS consolidated financial statements, net of any adjustments, and economic valuation differences. The reserve is adjusted for foreseeable dividends and own shares. The economic valuation differences result from adjustments made to the Group IFRS balance sheet to arrive at economic value of all assets and liabilities recognized in the Solvency II EBS. The foreseeable 2019 dividend is based on the proposed dividend level to be made by the Board of SCOR SE to the Annual Shareholders' Meeting held in 2020 of EUR 1.80 per share (total of EUR 335 million). The dividend paid in 2019 was EUR 1.75 per share (EUR 325 million).

Total Eligible Own Funds as at December 31, 2019 (EUR 10,337 million) increased by EUR 1,275 million compared to the balance as at December 31, 2018 (EUR 9,062 million). The main contributors of this increase of Group own funds during 2019 relate to increases in the revaluation reserves (EUR 856 million), a net income for the year (EUR 422 million) offset by the foreseeable dividend (EUR 335 million), and the issuance of subordinated notes eligible as Tier 1 Own-funds in the amount of USD 125 million.

The increase in the revaluation reserves is mainly due to the positive asset revaluation reserve movements, and by an increase in SII adjustments.

On March 31, 2019, SCOR SE merged with SCOR Global P&C SE and SCOR Global Life SE, its main two operating entities to form a single operating entity. This merger allows to reduce the Group risk margin by approximately EUR 200 million contributing to the increase in SII adjustments. Refer to Section 1.3.3 – Significant events of the year – Completion of the merger of the three SE legal entities of the Group of the 2019 Universal Registration Document for details.

On July 26, 2017, SCOR launched a share buy-back program commencing on July 27, 2017, for an amount of up to EUR 200 million, which has been completed in 2018. For more information on the share buy-back program, see Registration Document Section 4.6 – Notes to the consolidated financial statements, Note 12 – Information on share capital, capital management, regulatory framework and consolidated reserves. As part of this program, SCOR purchased 5,440,081 shares for an aggregated amount of EUR 200 million. All shares repurchased were cancelled by SCOR SE's Board or Directors in 2018 and 2019.

The consolidation reserves correspond to the consolidated reserves as reported in the SCOR Group's IFRS consolidated financial statements.

Subordinated liabilities represent debt issued by SCOR Group that meet the own funds recognition criteria. Subordinated liabilities are classified into tiers based on terms and conditions as specified in each debt instrument's prospectus. All two subordinated debts of SCOR SE, issued in 2014 and earlier, could be used to meet up to 50% of the solvency margin under Solvency I rules. Therefore, they can be classified as tier 1 capital under Solvency II until 2025. Subordinated debt issued in 2015 and 2016 meet Solvency II tier 2 criteria as defined by Article 73 of the Delegated Acts. The deeply subordinated debt issued in 2018 meets Solvency II tier 1 criteria as defined by Article 71 of the Delegated Acts.

The table below presents the subordinated debt issued and included in basic own funds.

SCOR Group

As at December 31, 2019 <i>In thousands</i>	Outstanding amount in local currency	Issue date	Maturity date	Tier	Optional redemption	
					First call date	Call dates thereafter ⁽²⁾
CHF 125 million Perpetual Subordinated Debt	125,000	10/20/2014	Perpetuity	1 ⁽¹⁾	10/20/2020	Yearly
EUR 250 million Perpetual Subordinated Debt	250,000	10/01/2014	Perpetuity	1 ⁽¹⁾	10/01/2025	Yearly
EUR 250 million Dated Subordinated Debt	250,000	06/05/2015	06/05/2047	2	06/05/2027	Yearly
EUR 600 million Dated Subordinated Debt	600,000	12/07/2015	06/08/2046	2	06/08/2026	Yearly
EUR 500 million Dated Subordinated Debt	500,000	05/27/2016	05/27/2048	2	05/27/2028	Yearly
USD 625 million Perpetual Subordinated Debt	625,000	03/13/2018	Perpetuity	1	03/13/2029	Bi-annually
USD 125 million Perpetual Subordinated Debt	124,800	12/17/2019	Perpetuity	1	03/13/2029	Bi-annually

(1) Benefiting from transitional measures for Tiering of Subordinated liabilities until 2025.

(2) At any interest payment date.

On March 13, 2018, SCOR SE issued perpetual deeply subordinated notes in the amount of USD 625 million eligible as Tier 1 own funds.

On June 8 and November 30, 2018 respectively, SCOR completed the calls of its CHF 315 million and CHF 250 million perpetual subordinated note lines.

The redemption of these two debts was already pre-financed through the successful issuance of USD 625 million Tier 1 perpetual subordinated debt referred to above.

On December 17, 2019, SCOR SE issued perpetual deeply subordinated notes in the amount of USD 125 million. These new notes are assimilated and form a single series with the existing USD 625 million perpetual deeply subordinated notes issued on March 13, 2018. The new issued notes bear the same terms and conditions as the original notes and as a consequence are eligible as Tier 1 Own funds. It is SCOR's current intention, subject to market conditions and regulatory approval, to use the proceeds of these notes to exercise the call option on its Swiss franc (CHF) 125 million eligible debt callable in October 2020.

E.1.1.2. Eligibility of own funds

For the purposes of compliance with the SCR, tier 1 capital must account for at least half of the required capital (50% of the

SCR), the sum of eligible tier 2 and tier 3 capital must account for a maximum of 50% of the SCR, and eligible amount of tier 3 capital must account for less than 15% of the SCR.

Within those limits, the total of subordinated liabilities (with or without benefiting from the transitional measures) eligible as tier 1 capital must be less than 20% of total tier 1 capital.

The application of the above limits determines SCOR Group's Eligible Own Funds. As at December 31, 2019, none of these limits are exceeded by the SCOR Group.

E.1.1.3. Reconciliation with shareholders' equity

The table below presents the differences between SCOR's consolidated shareholders' equity presented in accordance with IFRS and the net assets over liabilities as calculated for solvency purposes and presented in the Group EBS.

The differences represent revaluations necessary to remeasure all of SCOR Group's assets and liabilities calculated in accordance with IFRS as economic values under Solvency II rules. For further details on valuation principles and differences, see Chapter D – Valuation for solvency purposes.

SCOR Group

As at December 31, 2019

In EUR thousands

IFRS – Shareholders' equity⁽¹⁾	6,427,027
Economic adjustments	1,783,354
Goodwill	(798,006)
Other intangible assets	(175,547)
Investments	341,923
Net technical balances	3,186,279
Net technical balances, excluding risk margin – Life	6,931,219
Net technical balances, excluding risk margin – Non-Life	337,706
Risk margin – Life	(3,659,506)
Risk margin – Non-Life	(423,140)
Financial liabilities	(131,405)
Deferred taxes	(569,820)
Own shares	(1,466)
Other assets and liabilities	(68,604)
Excess of assets over liabilities in the Solvency II EBS	8,210,381
Subordinated liabilities	2,540,050
Own shares	(52,571)
Deductions for foreseeable dividends	(335,487)
Non controlling interest	(25,522)
TOTAL AVAILABLE OWN FUNDS	10,336,851

(1) IFRS shareholders' equity after reclassification of own shares to the asset side of the balance sheet.

E.1.1.4. Group Consolidation

SCOR Group's EBS and consequently own funds have been derived from consolidated data, as prepared for the Group's IFRS consolidated financial statements, with additional valuation adjustments applied. Any intragroup transactions between entities within the SCOR Group have been eliminated to present a consolidated EBS.

As a result, data used in the calculation of Group own funds consist of the fully consolidated data of subsidiary insurance and reinsurance undertakings, holding companies and ancillary service undertakings and adjusted equity method data of other participations; net of any intragroup transactions.

The Group own funds calculation process ensures that all relevant rules have been followed. Thus, the Group net assets reflect the economic value of assets and liabilities established in accordance with Solvency II valuation rules (Article L. 351-1 of the French Insurance Code). Appropriate procedures and controls are in place to confirm that SCOR Group own funds as calculated are free from encumbrances, any use of subscribed but not paid-up capital, any own funds item which has not been duly authorized; whereas any solvency deficits recorded by a subsidiary is duly taken into account in the Group and legal entity own funds calculation.

E.1.1.5. Group Considerations

The Group structure has been optimized over time to maximize fungibility of capital through:

- a reduced number of subsidiaries enhancing fungibility while supporting local business presence. This is facilitated by the "Societas Europaea" ("SE") structure that allows an efficient branch set-up in Europe, enabling integrated supervision at Group parent company level through SCOR SE, focusing on communication with a limited number of supervisors with whom SCOR can share its global strategy, while mutualizing diversification benefits;
- an integrated supervision of regulatory constraints at Group level and an optimal capital allocation through three pools of capital; and
- efficient management of its capital allocation between subsidiaries, and the fungibility of the capital. SCOR is continuously leveraging, in its day-to-day activity, on various tools that are core to the reinsurance activity (such as intragroup reinsurance, intragroup financing, portfolio transfer, VIF (Value in Force) securitization, or collateral posting) demonstrating its ability to transfer own funds within the Group. In case a fungibility issue is identified SCOR would be able to implement a mitigation plan, leveraging on these tools, to make the necessary own funds available to the Group within an acceptable timeframe.

E.1.2. SOLVENCY CAPITAL REQUIREMENT

The solvency capital requirement (SCR) of the SCOR Group is calculated using its approved internal model. This section provides a breakdown of the SCR by risk category. This is followed by an overview of the internal model, including a description of the risk categories.

This section is linked to the Quantitative Reporting Template S.25.03.22 – SCR – for groups on full internal models in Appendix A.

E.1.2.1. SCR by risk components

The Group SCR is EUR 4,580 million as at December 31, 2019 and has increased by 9% or EUR 366 million over the year from EUR 4,213 million as at December 31, 2018.

The table below shows the standalone 0.5% Value-at-Risk (VaR) for each risk category, and the diversification and tax components. Risk categories are described in Section E.1.4.1 – Overview of the internal model.

SCOR Group

<i>In EUR thousands</i>	0.5% VaR As at December 31, 2019	0.5% VaR As at December 31, 2018	Changes from 2018 to 2019
P&C underwriting	3,577,713	3,203,209	374,504
Life underwriting	3,601,814	3,439,849	161,965
Market	1,837,375	2,018,648	(181,273)
Credit	697,231	477,532	219,699
Operational	398,435	235,275	163,160
Required capital before diversification	10,112,567	9,374,513	738,054
Diversification	(4,903,653)	(4,662,173)	(241,480)
Taxes	(629,299)	(499,069)	(130,230)
SCR	4,579,614	4,213,271	366,343

The standalone required capital, before diversification between risk categories and tax, has increased by EUR 738 million compared to December 31, 2018 as a result of the following:

- P&C underwriting standalone risk has increased by EUR 375 million from December 31, 2018. This increase is mainly due to economic developments (adverse effect from fall in interest rates and stronger USD), and the net impact of P&C underwriting portfolio management actions (planned and taken). There is a small offsetting reduction due to model refinements.
- Life underwriting standalone risk has increased by EUR 162 million from December 31, 2018. This increase is the net effect of increases from adverse economic developments (as noted in the point above), combined with decreases as a result of favorable model refinements and business updates.
- Market standalone risk includes invested assets, FX, interest rate, and credit spread risk. It has decreased by EUR (181) million compared to December 31, 2018. This decrease is mainly due to the de-risking of the investment portfolio.

- Credit standalone risk includes default risk and credit rating migration risk on assets. It has increased by EUR 220 million from December 31, 2018, due to model refinements. Despite this increase of the standalone capital, the impact on the SCR after diversification is much less because credit risk diversifies well with other risk categories.
- Operational standalone risk has increased by EUR 163 million from December 31, 2018, mainly due to scenario refinements and data updates.

The loss absorbency benefit of taxes has increased and lowered the SCR by an additional EUR (130) million compared to December 31, 2018.

The merger of SCOR SE, SGL SE and SGPC SE did not have a significant impact on the SCR.

The minimum of the consolidated Group Solvency Capital Requirement referred to in Article 230(2) of Directive 2009/138/EC amounts to EUR 3,467 million as at December 31, 2019, which is a decrease of EUR (251) million from the prior year-end.

E.1.3. USE OF THE DURATION-BASED EQUITY RISK SUB-MODULE IN THE CALCULATION OF THE SOLVENCY CAPITAL REQUIREMENT

SCOR does not use a duration-based equity risk sub-module in the calculation of the SCR for the Group.

E.1.4. DIFFERENCES BETWEEN THE STANDARD FORMULA AND ANY INTERNAL MODEL USED

The following sections describe SCOR's internal model and show how it is used within SCOR.

E.1.4.1. Overview of the internal model

SCOR developed its internal model to ensure that its solvency is properly measured: the model is part of a comprehensive solvency framework which seeks to ensure that SCOR is solvent now and will continue to be solvent in the future. It is deeply embedded in SCOR's Risk Management system and used extensively for strategic purposes and business steering. The model is materially complete in its coverage of risk and entities. For this purpose, "material" is defined as being at a level above which information could influence the decision-making or judgment of the intended users of that information.

Since 2003 SCOR has used its experience and knowledge to develop an internal model which accurately reflects SCOR's risk profile as a global reinsurer. SCOR received approval from relevant supervisors to use its internal model for the calculation of its Solvency II SCR from the effective in-force date of Solvency II (January 1, 2016).

This section gives an overview of the internal model. Section E.1.4.2 – Consolidation approach describes the global nature of the internal model. Section E.1.4.3 – Uses of the internal model gives examples of how SCOR utilizes the internal model. Section E.1.4.4 – Probability distribution forecasts provides more details on the operation of the internal model, describing how SCOR forecasts the probability distributions for its risks. Section E.1.4.5 – Diversification shows how SCOR captures the capital benefits of being a global and diversified group and Section E.1.4.6 describes the key differences between the standard formula and SCOR's internal model.

Summary of the approach

The internal model produces a probability distribution of SCOR's economic balance sheet at a date one year in the future. It does this by calculating, for many thousands of scenarios, the value of the balance sheet items exposed to risk. SCOR leverages its experience to forecast a probability distribution for each of these risks and to determine how the different risks interact. SCOR then uses this to produce a single probability distribution of the change in economic value. See Section E.1.4.4 – Probability distribution forecasts for more details. The model allows for diversification (see Section E.1.4.5 – Diversification) and for the loss absorbing effect of deferred taxes.

Scope of the internal model

Business units

The internal model is a global model and operates under the same standards across the Group, within and outside the Solvency II regime. SCOR manages its business using a Group and business unit approach as described in Section A.1.1.5 – Governance, organizational and legal structure of the Group, under which the activities of the Life and P&C business units are represented alongside SCOR Global Investments.

The internal model covers the entirety of SCOR's worldwide (re) insurance activities. It is therefore designed to include all known material quantifiable risks to which the Group is exposed and SCOR has robust processes in place to ensure the continued adequacy of the internal model to its risk profile.

The internal model is used to calculate the Solvency II SCR of the Group and the following Solvency II regulated entities: SCOR SE, SGLRI and SLI.

Risk measure and time period

The risk measure used to determine the Solvency Capital Requirement is the Value-at-Risk (VaR) of the change in basic own funds over a one-year period with a confidence level of 99.5% (i.e. VaR 0.5%).

Risk categories

SCOR groups the risks modeled into five categories, Property & Casualty (P&C) underwriting, Life underwriting, market, credit and operational risks. The definitions of the risk categories are as follows:

- **P&C underwriting** risk is the risk of change in the value of non-life liabilities. It also includes related risks such as those associated with expenses, deposits to cedents, reinsurance recoverables and reinsurance payables.
- **Life underwriting** risk is the risk of change in the value of life and health liabilities. It also includes related risks such as those associated with deposits to cedents, reinsurance recoverables and reinsurance payables, and interest income on funds withheld.
- **Market risk** is the risk of loss to balance sheet items (for instance provisions, payables, investments and debt) from changes in the level of market prices.
- **Credit** risk is the risk resulting from the default or changes in the rating of insurance or investment counterparties;
- **Operational** risk is the risk of loss from inadequate or failed internal processes, personnel or systems or from external events. Operational risk includes legal risks, and excludes risks arising from strategic decisions and reputational risks.

Underwriting risks cover risks from business written to date and business planned to be written over the next year.

The risk categories are reported before tax and diversification. In addition, the following items are shown:

- **Diversification.** This is the impact of determining the joint capital requirements of the five risk categories. The aggregated capital requirement is less than the sum of the individual capital requirements because of SCOR's diversified portfolio which significantly reduces the likelihood of simultaneous occurrence of adverse experience, and because losses in one area are offset by gains in another. See Section E.1.4.5 – Diversification for more details.
- **Taxes.** For each modeled scenario, the internal model calculates the tax impact of the change in economic value.

Data used in the internal model

The probability distribution forecast of SCOR's economic balance sheet requires forecasts to be made for the economic background, for each risk factor, and for the dependencies between the various risk factors. These forecasts rely on actuarial, economic, financial and business portfolio assumptions and data. Because the accuracy and appropriateness of this data are important, SCOR carefully manages data to ensure its proper and structured storage, reliability and accessibility. SCOR applies a data quality management framework to identify key data affecting internal model results, in particular the SCR, and data quality criteria to all of this data. Section E.1.4.4 – Probability distribution forecasts describes in more detail the data used for each risk category and how SCOR ensures that the data is appropriate.

In some areas, there is little data available or the data lacks credibility. In these cases, SCOR applies expert judgment to enrich data, derive parameters for the forecast, and reduce uncertainty in internal model estimations – see for example the approach to supplementing data on extreme events for P&C underwriting described in Section E.1.4.4 – Probability distribution forecasts.

E.1.4.2. Consolidation approach

SCOR follows Solvency II standards for the uses of the internal model described below, whether within the Solvency II regime, for internal management reporting purposes, or for externally presenting the business results.

SCOR determines its Group solvency position using consolidated data. Both the own funds and SCR are calculated using the accounting consolidation-based method (method 1).

SCOR consolidates small non-insurance companies where SCOR has significant influence but no control, other small non-controlled related (re)insurance undertakings and participations in investment firms. This consolidation is based on their net asset value (the "adjusted equity method"). The SCR does not include any additional amounts for these entities as such amounts would be immaterial.

E.1.4.3. Uses of the internal model

The internal model is used to support the Group's business initiatives and to provide input for management decisions. See for example Sections B.3.1.3 – Risk tolerances, B.3.2.3 – Identification and assessment of risks and C.2.3 – Risks related to technical provisions. Other examples are as follows:

- SCOR uses the internal model to determine solvency and profitability and for economic and solvency capital assessment. The internal model is used to produce distributions of scenarios for changes in basic own funds over the coming year for SCOR Group and material Group entities, in accordance with Solvency II principles.
- SCOR uses the internal model for strategic solvency management. The internal model is the core tool for setting and maintaining SCOR's strategic solvency target to align shareholder returns, business growth, profitability and solvency protection for clients.
- The internal model plays an important role in SCOR's System of Governance and Risk Management System and helps to optimize shareholder return. SCOR designed and developed the model specifically for its own risks, so the internal model provides a better understanding of its risk profile than an industry-standard or standard formula approach.
- SCOR's Capital Shield strategy, see Section C.2.4 – Retrocession and other risk mitigation techniques, uses a range of protection mechanisms to ensure that the retained risk profile remains in line with the risk appetite framework and risk tolerances.
- SCOR's SCR is mainly driven by its underwriting risks, with high diversification through well-balanced Life and P&C portfolios. Full distribution modeling and capital allocation steer SCOR's risk return profile to the optimum allocation of economic capital to business units and lines of business, and to new business. Thus, the pricing of new business with an understanding of the resulting capital allocation assists SCOR in targeting business which is expected to provide an attractive return on capital.
- SCOR uses the internal model for risk analysis to support acquisitions and other major decisions and to assess the impact on the Group's (and relevant entity's) solvency.

E.1.4.4. Probability distribution forecasts

This section describes how SCOR forecasts the probability distribution for each risk category. The approach can be summarized as follows:

- SCOR determines the exposure of the economic balance sheet items exposed to risk using the economic characteristics of its portfolio;
- SCOR analyses each risk category into a number of risk factors and generates probability distributions for each of these risk factors, using its own experience and expertise applied to internal, external and market data;
- SCOR uses Monte-Carlo simulation techniques to produce the full probability distribution forecast for each risk category.

P&C Underwriting Risk

The business covered by the P&C risk category is all external and internal non-life re/insurance and retrocession contracts from both in force business and new business within the one-year time period. The forecasts are determined for three categories of business (Treaty, Facultative and Natural Catastrophe) and for reserve risk.

SCOR leverages its own experience to understand its P&C risks and to derive observed statistical characteristics of these risks, particularly probability distributions, the nature of the dependencies between them and their expected behavior over the next year. Particular attention is paid to extreme events and SCOR uses a statistical (Bayesian) method to supplement the data on these. This method (Probex), combines expert judgment with existing industry and economic data, both internal and external, and improves SCOR's understanding of adverse scenarios.

Probability distributions are generated for each of the three different categories of business and for reserve risk, based on the nature of the underlying risks and forecast using claim inflation curves and economic trends.

Life Underwriting Risk

To model its life and health risks SCOR combines global expertise and significant amounts of experience, including data from acquisitions. It uses this to derive the statistical characteristics of these risks, particularly their current probability distributions, the nature of the dependencies between them and their expected behavior over the next year.

Probability distribution functions are chosen to model the underlying risk factors such as mortality, longevity and policyholder behavior. SCOR applies expert judgment and scenario analyses where experience data are relatively scarce, for example lapse and morbidity risks.

The internal model takes future management actions into account, reflecting the optionality available to SCOR on certain blocks of business in the event of adverse mortality or critical illness experience.

Market Risk

The market risk category comprises a number of risk factors, including interest rates, credit spreads, inflation and currency exchange rates (FX).

SCOR applies probability distributions for these risk factors to the values of economic balance sheet items. Within this risk category SCOR also applies probability distributions for interest rates to the modeled values of discounted best estimate liabilities and deposits to cedents.

SCOR forecasts the probability distributions of the risk factors, and the dependencies between them, using economic scenarios for a number of major currencies. These economic scenarios are created by SCOR's Economic Scenario Generator (ESG), which produces scenarios representing various plausible states of the economy specified in terms of economic risk factors, to determine how the economic balance sheet would react under these various scenarios.

The internal model determines, for each ESG scenario, the impact on the underlying economic balance sheet item. Repeating this

exercise many times for different future economic scenarios gives the full probability distribution forecast for market risk.

Credit Risk

The probability distribution forecast for credit risk includes migration and default risk and is determined in three stages.

Firstly, using historical data, the risks of counterparty rating migration (including default) are forecasted. Secondly, the impact of the rating migration or default is determined from the exposure to the counterparty. Finally, this exercise is repeated many times for different future economic scenarios to arrive at the probability distribution forecast for credit risk.

Operational Risk

SCOR models annual losses at the entity level and by key operational areas. There are two main data sources for modeling operational risk: scenario analyses from experts and historical losses. The methodology for modeling losses for each operational risk area is based on a Bayesian approach. This allows for the combination of several input data sources for each modeled operational risk area to obtain credible data.

Other

The modeled economic balance sheet includes actual deferred tax assets and deferred tax liabilities recognized at the beginning of the year. For each modeled scenario, the internal model calculates the tax impact of the change in economic value (i.e. economic profit or loss). The internal model determines this item by modeled entity and by scenario. The Group tax effects represent the aggregated tax effects of the modeled legal entities.

Minor balance sheet items, such as intangible assets or debt, are assumed to carry a low intrinsic risk. These are modeled in a simplified way and included in the relevant risk category.

E.1.4.5. Diversification

SCOR is a global Group with significant presence in the Americas, EMEA (Europe, Middle East and Africa) and Asia-Pacific regions. Its portfolio is diversified with a balanced mix of life and property and casualty business. Diversification benefit arises because the risks from different parts of the portfolio are independent of, weakly correlated or negatively correlated with the risks from other parts. This is particularly important for the interaction between the Life and P&C risk categories, but there are further areas where SCOR benefits from diversification. SCOR benefits from a geographical spread of risks. Major adverse events are unlikely to occur simultaneously on a global scale. Within Life underwriting, long-term risks such as trend risks are largely independent of shock risks such as pandemics, and longevity risk is negatively correlated with mortality risk.

At December 31, 2019, the sum of the capital requirements before diversification was EUR 10,113 million. Allowing for

diversification between risk categories, the capital requirement decreased by EUR (4,904) million. SCOR can achieve this level of diversification thanks to its specific business mix. The majority of the diversification benefit derives from the balance between the P&C and Life portfolios.

E.1.4.6. Key differences between the standard formula and the internal model

SCOR uses its approved internal model to calculate its SII SCR (see Section E.1.4.1), as opposed to the Solvency II standard formula. SCOR designed and developed the internal model specifically for its own risks, so it provides a better understanding of its risk profile than an industry-standard or standard formula approach.

SCOR's internal model is similar to the standard formula in that both use a risk category approach, apply diversification between the risk categories, and calculate the SCR at a 99.5% VaR. However, in contrast to the simplified factor approach of the standard formula, the full distribution is modeled in the internal model.

SCOR's internal model structure reflects geographical market specificity by use of appropriate risk factor calibration. The standard formula uses generic diversification factors for all (re) insurers, whereas the SCOR internal model reflects the benefits of risk diversification specific to a global reinsurer as compared to a less diversified local insurance undertaking.

Additional key differences are summarized below by risk category:

- For P&C underwriting, SCOR determines the probability distributions, and models natural catastrophe risk using sophisticated proprietary tools applied to SCOR's own portfolio. The internal model also captures the specific characteristics of non-proportional reinsurance.
- For Life underwriting, a wider range of risk factors than considered in the standard formula is modeled. In addition, for Life underwriting the standard formula only covers risks from business in force, whereas the SCOR internal model also includes risks from future business expected to be written over the next year according to the business plan.
- For Market risk, SCOR uses its own ESG which reflects dependencies over the full range of outcomes (not just those at the 99.5th percentile) between the different components of market risk modeled.
- For Credit risk, SCOR models migration and default risk comprehensively for marketable securities and covers default of future profits from cedents. Migration risk reflects a potential loss in the book value of assets due to changes in the credit quality of counterparties, despite no actual default.
- For Operational risk, SCOR adopts a granular approach, which reflects actual historical operational loss data from key operating areas.

E.1.5. NON-COMPLIANCE WITH THE SOLVENCY CAPITAL REQUIREMENT

SCOR Group and all its legal entities subject to Solvency II have complied with the MCR and the SCR requirement throughout the periods covered by this report.

E.1.6. ANY OTHER INFORMATION

No other material information is reported regarding SCOR Group's capital management other than that presented above in Section E.1 – SCOR Group.

E.2. SCOR SE

This section provides an overview of the year-end 2019 internal model capital position for SCOR SE.

The table below includes the key results as at December 31, 2019 and December 31, 2018, respectively.

SCOR SE

<i>In EUR thousands</i>	2019	2018	Variance
Eligible Own Funds (EOF)	10,409,922	8,855,741	1,554,181
Solvency Capital Requirement (SCR) Internal Model	4,579,614	4,213,271	366,343
Excess Capital (EOF – SCR)	5,830,308	4,642,470	1,187,838
SOLVENCY RATIO	227%	210%	17%

The Solvency ratio increased from 210% at year-end 2018 to 227% at year-end 2019. This increase of 17 percentage points is the result of the growth in the Eligible Own Funds (+18% compared to December 31, 2018) exceeding the increase in the

SCR (+9% compared to December 31, 2018). Further details on the contributors to these changes are given in Sections E.2.1.1 – Own funds structure and E.2.2.1 – SCR by risk category below.

E.2.1. OWN FUNDS

This section is linked to Quantitative Reporting Template S.23.01.01 – Own funds, presented in Appendix B.

E.2.1.1. Own funds structure

SCOR SE is the holding company of the SCOR Group. The structure of its own funds is similar to that of the Group, as described above. SCOR SE's own funds structure is presented in the table below.

SCOR SE own funds eligible to cover the SCR amounted to EUR 10,410 million at December 31, 2019 (December 31, 2018: EUR 8,856 million).

SCOR SE

<i>In EUR thousands</i>	As at December 31, 2019			
	Tier 1	Tier 2	Tier 3	Total
Basic own funds	8,534,739	1,434,416	440,767	10,409,922
Ordinary share capital	1,473,384	-	-	1,473,384
Share premium	624,085	-	-	624,085
Reconciliation reserve	5,331,636	-	-	5,331,636
Revaluation reserves	4,812,107	-	-	4,812,107
Net income for the year	907,587	-	-	907,587
Own shares	(52,571)	-	-	(52,571)
Foreseeable dividends	(335,487)	-	-	(335,487)
Subordinated liabilities	1,105,634	1,434,416	-	2,540,050
Net deferred tax assets	-	-	440,767	440,767
Total available own funds	8,534,739	1,434,416	440,767	10,409,922
Total eligible own funds to cover the SCR (after limit deductions)	8,534,739	1,434,416	440,767	10,409,922
Total eligible own funds to cover the MCR (after limit deductions)	8,534,739	368,752	-	8,903,491

SCOR SE

<i>In EUR thousands</i>	As at December 31, 2018			
	Tier 1	Tier 2	Tier 3	Total
Basic own funds	7,357,698	1,384,072	113,971	8,855,741
Ordinary share capital	1,520,931	-	-	1,520,931
Share premium	814,943	-	-	814,943
Reconciliation reserve	4,088,081	-	-	4,088,081
Revaluation reserves	4,218,614	-	-	4,218,614
Net income for the year	551,386	-	-	551,386
Own shares	(360,009)	-	-	(360,009)
Foreseeable dividends	(321,910)	-	-	(321,910)
Subordinated liabilities	933,743	1,384,072	-	2,317,815
Net deferred tax assets	-	-	113,971	113,971
Total available own funds	7,357,698	1,384,072	113,971	8,855,741
Total eligible own funds to cover the SCR (after limit deductions)	7,357,698	1,384,072	113,971	8,855,741
Total eligible own funds to cover the MCR (after limit deductions)	7,357,698	210,664	-	7,568,362

Total Eligible Own Funds as at December 31, 2019 (EUR 10,410 million) increased by EUR 1,554 million compared to the balance as at December 31, 2018 (EUR 8,856 million). The main changes in the composition of own funds during 2019 are described in the Group Section E.1.1.1 – Own funds structure. Movements of SCOR SE Own-funds are largely similar to the Group Own-funds movements (EUR 1,275 million), notably through the net income of the year and indirectly through the change in revaluation reserves from SCOR SE's participations.

SCOR SE considers all its basic own funds, identified in line with Solvency II rules and resulting from economic adjustments made to SCOR SE's equity under IFRS, as available and eligible to cover the SCR.

For details on each own fund item's classification by tier, the change in capital instruments, subordinated liabilities and dividend assumptions, see the Group Section E.1.1.1 – Own funds structure. Compared to the SCOR Group EBS, SCOR SE has positive net deferred tax assets recognized in the EBS and classified as tier 3 basic own funds.

E.2.1.2. Eligibility of own funds

Regulatory capital under Solvency II is classified into three tiers as described in the Group Section E.1.1.1 – Own funds structure.

The application of certain limits (as described in the Group Section E.1.1.2 – Eligibility of own funds) determines SCOR SE's Eligible Own Funds.

For the purposes of compliance with the SCR, as at December 31, 2019 and 2018 respectively, none of the limits applied to SCOR SE.

For the purposes of compliance with the MCR, tier 1 capital must account for at least 80% of the minimum required capital. The sum of eligible tier 2 and tier 3 capital must account for a maximum of 20% of the MCR. As at December 31, 2019, this limit was

exceeded and therefore EUR 1,507 million was not eligible to cover the MCR (December 31, 2018: EUR 1,287 million).

E.2.1.3. Reconciliation with shareholders' equity

The table below presents the differences between shareholders' equity in the financial statements of SCOR SE prepared under French GAAP and the net assets over liabilities as calculated for solvency purposes and presented in the EBS (see Appendix A presenting the SCOR Group EBS in QRT S.02.01.02).

SCOR SE

As at December 31, 2019

In EUR thousands

Statutory French GAAP – Shareholders' equity⁽¹⁾	4,009,878
Economic adjustments	4,248,052
Goodwill	(306,578)
Other intangible assets	(352,060)
Investments	4,214,072
Net technical balances	459,176
Net technical balances, excluding risk margin – Life	1,047,483
Net technical balances, excluding risk margin – Non-Life	291,836
Risk margin – Life	(784,687)
Risk margin – Non-Life	(95,457)
Financial liabilities	(326,161)
Deferred taxes	440,767
Own shares	(1,466)
Other assets and liabilities	120,302
Excess of assets over liabilities in the Solvency II EBS	8,257,930
Subordinated liabilities	2,540,050
Own shares	(52,571)
Deductions for foreseeable dividends	(335,487)
TOTAL AVAILABLE OWN FUNDS	10,409,922

(1) IFRS shareholders' equity considering reclassification of own shares to the asset side of the balance sheet.

The economic adjustments represent revaluations necessary to restate all the assets and liabilities of SCOR SE calculated in accordance with French GAAP to the economic values required

under Solvency II rules. For further details on valuation principles and differences, please see chapter D – Valuation for solvency purposes for SCOR SE.

E.2.2. SOLVENCY CAPITAL REQUIREMENT AND MINIMUM CAPITAL REQUIREMENT

E.2.2.1. SCR by risk category

SCOR SE's total SCR is the same as that of SCOR Group and the split of SCOR SE's SCR by risk category on a look-through basis⁽¹⁾ is the same as for SCOR Group, as set out in Section E.1.2.1 – SCR by risk category of this report.

As for the Group, the merger of SCOR SE, SGL SE and SGPC SE did not have a significant impact on the total SCOR SE SCR.

E.2.2.2. Minimum Capital Requirement

The table below presents the MCR calculations as at December 31, 2019 and 2018, respectively:

SCOR SE

<i>In EUR thousands</i>	December 31, 2019	December 31, 2018	Variation	% Variation
MCR Minimum (25% of SCR)	1,144,904	1,053,318	91,586	9%
MCR Linear	1,843,760	419,662	1,424,098	339%
MCR Maximum (45% of SCR)	2,060,826	1,895,972	164,854	9%
MCR WITH INTERNAL MODEL CAP & FLOOR	1,843,760	1,053,318	790,442	75%

Minimum capital requirement (MCR) calculations include non-life and life exposures. The non-life exposures used for the MCR calculation are the net premium amounts written in the previous 12 months and the net best estimate technical provisions, both split by line of business. Predefined regulatory factors are applied to the premium and technical provision elements and added up

to obtain the non-life linear MCR. Similarly, the life linear MCR is obtained by applying predefined factors to the net best estimate technical provisions classified by product type as well as to the capital at risk for all life exposures. The MCR is the result of this prescribed linear formula subject to a floor of 25% and a cap of 45% of the SCR. For SCOR SE, the MCR is equal to the linear MCR.

E.2.3. USE OF THE DURATION-BASED EQUITY RISK SUB-MODULE IN THE CALCULATION OF THE SOLVENCY CAPITAL REQUIREMENT

SCOR SE does not use the duration-based equity risk sub-module in the calculation of the solvency capital requirement.

E.2.4. DIFFERENCES BETWEEN THE STANDARD FORMULA AND ANY INTERNAL MODEL USED

SCOR applies the same internal model across the Group. The description of the internal model and differences compared to the standard formula are provided in the Group Section E.1.4

– Differences between the standard formula and any internal model used, and applies to the entire Group, including SCOR SE.

(1) A look-through basis is where risk exposures arising from SCOR SE's participations are allocated to the underlying risk categories.

E.2.5. NON-COMPLIANCE WITH THE MINIMUM CAPITAL REQUIREMENT AND NON-COMPLIANCE WITH THE SOLVENCY CAPITAL REQUIREMENT

SCOR SE and all its legal entities subject to Solvency II have complied with the MCR and the SCR requirement throughout the periods covered by this report.

E.2.6. ANY OTHER INFORMATION

SCOR SE is the ultimate parent entity for the SCOR Group. In order to support a global credit rating and to provide the same level of security to all clients globally, SCOR SE issues direct and indirect parental guarantees to all legal entities and economically carries the full risk and obligations of the subsidiaries. This is fully reflected in the internal model and the capital requirements disclosed. As described in Section E.1.4.2 – Consolidation approach, SCOR calculates the SCR at both group and individual entity level using the same model, data and standards.

APPENDIX

A

SCOR GROUP PUBLIC DISCLOSURE QRTS

S.02.01.02 – Balance sheet	149	S.32.01.22 – Undertakings in the scope of Group	160
S.05.01.02 – Non-Life premiums, claims and expenses by line of business	151	S.32.01.22 – Undertakings in the scope of Group (continued)	161
S.05.01.02 – Non-Life premiums, claims and expenses by line of business (continued)	152	S.32.01.22 – Undertakings in the scope of Group (continued)	162
S.05.01.02 – Life premiums, claims and expenses by line of business	153	S.32.01.22 – Undertakings in the scope of Group (continued)	163
S.05.02.01 – Non-Life premiums, claims and expenses by country	154	S.32.01.22 – Undertakings in the scope of Group (continued)	164
S.05.02.01 – Life premiums, claims and expenses by country	155	S.32.01.22 – Undertakings in the scope of Group (continued)	165
S.23.01.22 – Own funds	156	S.32.01.22 – Undertakings in the scope of Group (continued)	166
S.23.01.22 – Own funds (continued)	157	S.32.01.22 – Undertakings in the scope of Group (continued)	167
S.23.01.22 – Own funds (continued)	158		
S.25.03.22 – Solvency Capital Requirement – for groups on Full Internal Models	159		

S.02.01.02 – Balance sheet

— SCOR Group

Assets as at December 31, 2019

In EUR thousands

Solvency II value

Intangible assets	82,811
Deferred tax assets	531,406
Pension benefit surplus	-
Property, plant and equipment held for own use	886,514
Investments	20,636,150
Property (other than for own use)	809,029
Participations and related undertakings	1,384
Equities	522,609
Equities – listed	151,346
Equities – unlisted	371,263
Bonds	17,162,017
Government bonds	5,601,023
Corporate bonds	10,244,750
Structured notes	18,453
Collateralised securities	1,297,791
Collective Investments Undertakings	1,696,226
Derivatives	208,087
Deposits other than cash equivalents	238,117
Other investments	(1,319)
Assets held for index-linked and unit-linked contracts	-
Loans and mortgages	2,119,305
Loans on policies	24,622
Loans and mortgages to individuals	-
Other loans and mortgages	2,094,683
Reinsurance recoverables	693,768
Non-life and Health similar to Non-life	1,119,223
Non-life excluding Health	1,113,483
Health similar to Non-life	5,740
Life and Health similar to Life, excluding Health and index-linked and unit-linked	(425,455)
Health similar to Life	123,222
Life excluding Health and index-linked and unit-linked	(548,677)
Life index-linked and unit-linked	-
Deposits to cedents	9,492,119
Insurance and intermediaries receivables	1,242,669
Reinsurance receivables	351,275
Receivables (trade, not insurance)	290,151
Own shares	52,571
Amounts due in respect of own fund items or initial fund called up but not yet paid in	-
Cash and cash equivalents	1,375,924
Any other assets, not elsewhere shown	26,600
TOTAL ASSETS	37,781,263

— SCOR Group

Liabilities as at December 31, 2019

In EUR thousands

Solvency II value

	Solvency II value
Technical provisions – Non-life	12,635,625
Technical provisions – Non-life (excluding Health)	12,392,580
TP calculated as a whole	-
Best estimate	11,981,303
Risk margin	411,277
Technical provisions – Health (similar to Non-life)	243,045
TP calculated as a whole	-
Best estimate	231,182
Risk margin	11,863
Technical provisions – Life (excluding index-linked and unit-linked)	7,504,197
Technical provisions – Health (similar to Life)	3,727,566
TP calculated as a whole	-
Best estimate	3,323,969
Risk margin	403,597
Technical provisions – Life (excluding Health and index-linked and unit-linked)	3,776,631
TP calculated as a whole	-
Best estimate	520,722
Risk margin	3,255,909
Technical provisions – index-linked and unit-linked funds	-
TP calculated as a whole	-
Best estimate	-
Risk margin	-
Other technical provisions	-
Contingent liabilities	-
Provisions other than technical provisions	26,849
Pension benefit obligations	240,751
Deposits from reinsurers	601,858
Deferred tax liabilities	789,812
Derivatives	27,275
Debts owed to credit institutions	506,703
Financial liabilities other than debts owed to credit institutions	419,344
Insurance and intermediaries payables	910,396
Reinsurance payables	(16,752)
Payables (trade, not insurance)	3,103,371
Subordinated liabilities	2,540,050
Subordinated liabilities not in basic own funds	-
Subordinated liabilities in basic own funds	2,540,050
Any other liabilities, not elsewhere shown	281,404
TOTAL LIABILITIES	29,570,883
EXCESS OF ASSETS OVER LIABILITIES	8,210,380

S.05.01.02 – Non-Life premiums, claims and expenses by line of business

— SCOR Group

As at December 31, 2019 <i>In EUR thousands</i>	Line of business* for Non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)							
	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Miscellaneous financial loss
Premiums written								
Gross – Direct business	17,556	-	84,723	202,931	794,099	278,667	83,670	954
Gross – Proportional reinsurance accepted	22,019	7,272	418,267	216,541	1,643,201	745,270	412,274	41,113
Gross – Non-proportional reinsurance accepted								
Reinsurers' share	7,249	-	4,584	103,681	483,425	31,782	20,729	259
Net	32,326	7,272	498,406	315,791	1,953,875	992,155	475,215	41,808
Premiums earned								
Gross – Direct business	20,713	-	81,971	199,866	715,893	213,718	46,992	411
Gross – Proportional reinsurance accepted	20,314	6,908	388,495	190,093	1,598,546	666,092	371,990	51,603
Gross – Non-proportional reinsurance accepted								
Reinsurers' share	8,229	-	4,876	94,437	460,356	26,403	3,163	(648)
Net	32,798	6,908	465,590	295,522	1,854,083	853,407	415,819	52,662
Claims incurred								
Gross – Direct business	16,402	127	49,747	212,840	538,909	102,833	34,006	(12,991)
Gross – Proportional reinsurance accepted	5,966	4,337	262,905	168,192	1,243,171	385,463	199,045	17,422
Gross – Non-proportional reinsurance accepted								
Reinsurers' share	5,357	(15)	(1,323)	147,356	323,952	15,492	23,141	(11,891)
Net	17,011	4,479	313,975	233,676	1,458,128	472,804	209,910	16,322
Changes in other technical provisions								
Gross – Direct business	-	-	-	-	-	-	-	-
Gross – Proportional reinsurance accepted	-	-	-	-	-	-	-	-
Gross – Non-proportional reinsurance accepted								
Reinsurers' share	-	-	-	-	-	-	-	-
Net	-	-	-	-	-	-	-	-
Expenses incurred	15,575	3,515	160,106	110,214	650,067	314,583	177,161	20,069
Other expenses								
TOTAL EXPENSES								

* The table above presents lines of business applicable to SCOR.

S.05.01.02 – Non-Life premiums, claims and expenses by line of business (continued)

— SCOR Group

As at December 31, 2019 <i>In EUR thousands</i>	Line of business for accepted non-proportional reinsurance				Total
	Health reinsurance	Casualty reinsurance	Marine, aviation, transport reinsurance	Property reinsurance	
Premiums written					
Gross – Direct business					1,462,600
Gross – Proportional reinsurance accepted					3,505,957
Gross – Non-proportional reinsurance accepted	12,759	517,730	93,142	1,554,923	2,178,554
Reinsurers' share	-	4,806	11,175	383,824	1,051,514
Net	12,759	512,924	81,967	1,171,099	6,095,597
Premiums earned					
Gross – Direct business					1,279,564
Gross – Proportional reinsurance accepted					3,294,041
Gross – Non-proportional reinsurance accepted	12,722	498,666	88,667	1,538,192	2,138,247
Reinsurers' share	-	5,034	8,235	380,890	990,975
Net	12,722	493,632	80,432	1,157,302	5,720,877
Claims incurred					
Gross – Direct business					941,873
Gross – Proportional reinsurance accepted					2,286,501
Gross – Non-proportional reinsurance accepted	(5,555)	216,341	22,369	1,072,143	1,305,298
Reinsurers' share	(33)	4,307	(15,837)	192,608	683,114
Net	(5,522)	212,034	38,206	879,535	3,850,558
Changes in other technical provisions					
Gross – Direct business					-
Gross – Proportional reinsurance accepted					-
Gross – Non-proportional reinsurance accepted	-	-	-	-	-
Reinsurers' share	-	-	-	-	-
Net	-	-	-	-	-
Expenses incurred	3,593	121,179	19,155	278,585	1,873,802
Other expenses					80,432
TOTAL EXPENSES					1,954,234

S.05.01.02 – Life premiums, claims and expenses by line of business

— SCOR Group

As at December 31, 2019 In EUR thousands	Line of business* for Life reinsurance obligations		Total
	Health reinsurance	Life reinsurance	
Premiums written			
Gross	2,128,046	7,065,606	9,193,652
Reinsurers' share	122,001	724,396	846,397
Net	2,006,045	6,341,210	8,347,255
Premiums earned			
Gross	2,119,979	7,062,457	9,182,436
Reinsurers' share	121,597	724,396	845,993
Net	1,998,382	6,338,061	8,336,443
Claims incurred			
Gross	1,535,287	5,657,899	7,193,186
Reinsurers' share	77,532	492,775	570,307
Net	1,457,755	5,165,124	6,622,879
Changes in other technical provisions			
Gross	-	-	-
Reinsurers' share	-	-	-
Net	-	-	-
Expenses incurred	567,278	1,011,881	1,579,159
Other expenses			97,314
TOTAL EXPENSES			1,676,473

* The table above presents lines of business applicable to SCOR.

S.05.02.01 – Non-Life premiums, claims and expenses by country

— SCOR Group

As at December 31, 2019 In EUR thousands	Home country*	Top 5 countries (by amount of gross premiums written) – Non-life obligations					Total Top 5 and home country
		(US) United States	(GB) United Kingdom	(CN) China	(DE) Germany	(IT) Italy	
Premiums written							
Gross – Direct business	144,920	467,573	609,035	547	19,573	2,654	1,244,302
Gross – Proportional reinsurance accepted	127,028	1,153,337	175,659	396,526	192,254	152,822	2,197,626
Gross – Non-proportional reinsurance accepted	206,521	608,626	152,206	31,217	95,777	68,055	1,162,402
Reinsurers' share	262,674	327,788	192,533	304	53,002	17,132	853,433
Net	215,795	1,901,748	744,367	427,986	254,602	206,399	3,750,897
Premiums earned							
Gross – Direct business	112,349	407,245	551,909	240	13,666	2,757	1,088,166
Gross – Proportional reinsurance accepted	124,076	1,033,093	128,683	386,203	192,275	124,579	1,988,909
Gross – Non-proportional reinsurance accepted	198,528	582,044	148,564	33,732	94,652	69,021	1,126,541
Reinsurers' share	249,752	305,404	171,675	182	52,607	15,904	795,524
Net	185,201	1,716,978	657,481	419,993	247,986	180,453	3,408,092
Claims incurred							
Gross – Direct business	122,492	335,287	360,410	192	(207)	3,968	822,142
Gross – Proportional reinsurance accepted	33,330	767,888	111,255	270,506	157,627	58,363	1,398,969
Gross – Non-proportional reinsurance accepted	(8,566)	241,741	65,948	27,350	2,400	66,266	395,139
Reinsurers' share	134,919	166,564	150,740	1,704	29,700	9,947	493,574
Net	12,337	1,178,352	386,873	296,344	130,120	118,650	2,122,676
Changes in other technical provisions							
Gross – Direct business	-	-	-	-	-	-	-
Gross – Proportional reinsurance accepted	-	-	-	-	-	-	-
Gross – Non-proportional reinsurance accepted	-	-	-	-	-	-	-
Reinsurers' share	-	-	-	-	-	-	-
Net	-	-	-	-	-	-	-
Expenses incurred	123,051	549,608	257,612	161,363	70,935	57,852	1,220,421
Other expenses							-
TOTAL EXPENSES							1,220,421

* France.

S.05.02.01 – Life premiums, claims and expenses by country

— SCOR Group

	Home country*	Top 5 countries (by amount of gross premiums written) – Life obligations					Total Top 5 and home country
		(US) United States	(GB) United Kingdom	(CN) China	(KR) Korea, Republic of	(DE) Germany	
As at December 31, 2019							
<i>In EUR thousands</i>							
Premiums written							
Gross	656,562	4,292,824	1,137,176	430,725	393,168	254,547	7,165,002
Reinsurers' share	47,313	432,526	228,758	1	22,169	8,849	739,616
Net	609,249	3,860,298	908,418	430,724	370,999	245,698	6,425,386
Premiums earned							
Gross	656,534	4,292,811	1,137,176	428,660	389,497	262,853	7,167,531
Reinsurers' share	47,313	432,526	228,758	1	22,169	8,857	739,624
Net	609,221	3,860,285	908,418	428,659	367,328	253,996	6,427,907
Claims incurred							
Gross	450,383	3,503,228	1,102,701	292,584	292,075	246,533	5,887,504
Reinsurers' share	33,265	260,654	223,145	-	16,222	1,680	534,966
Net	417,118	3,242,574	879,556	292,584	275,853	244,853	5,352,538
Changes in other technical provisions							
Gross	-	-	-	-	-	-	-
Reinsurers' share	-	-	-	-	-	-	-
Net	-	-	-	-	-	-	-
Expenses incurred	224,685	520,928	72,056	128,710	73,567	71,503	1,091,449
Other expenses							76,908
TOTAL EXPENSES							1,168,357

* France.

S.23.01.22 – Own funds

— SCOR Group

<i>As at December 31, 2019</i> <i>In EUR thousands</i>	Total	Tier 1 – unrestricted	Tier 1 – restricted	Tier 2	Tier 3
Basic own funds before deduction for participations in other financial sector					
Ordinary share capital (gross of own shares)	1,473,384	1,473,384	X	-	X
Non-available called but not paid in ordinary share capital at Group level	-	-	X	-	X
Share premium account related to ordinary share capital	624,085	624,085	X	-	X
Initial funds, members' contributions or the equivalent basic own – fund item for mutual and mutual-type undertakings	-	-	X	-	X
Subordinated mutual member accounts	-	X	-	-	-
Non-available subordinated mutual member accounts at Group level	-	X	-	-	-
Surplus funds	-	-	X	X	X
Non-available surplus funds at Group level	-	-	X	X	X
Preference shares	-	X	-	-	-
Non-available preference shares at Group level	-	X	-	-	-
Share premium account related to preference shares	-	X	-	-	-
Non-available share premium account related to preference shares at Group level	-	X	-	-	-
Reconciliation reserve	5,699,332	5,699,332			
Subordinated liabilities	2,540,050	X	1,105,634	1,434,416	-
Non-available subordinated liabilities at Group level	-	X	-	-	-
An amount equal to the value of net deferred tax assets	-	X	X	X	-
The amount equal to the value of net deferred tax assets not available at the Group level	-	X	X	X	-
Other items approved by supervisory authority as basic own funds not specified above	-	-	-	-	-
Non available own funds related to other own funds items approved by supervisory authority	-	-	-	-	-
Minority interests (if not reported as part of a specific own fund item)	-	-	-	-	-
Non-available minority interests at Group level	-	-	-	-	-
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	-	-	X	X	X
Deductions					
Deductions for participations in other financial undertakings, including non-regulated undertakings carrying out financial activities	-	-	-	-	X
Whereof deducted according to art 228 of the Directive 2009/138/EC	-	-	-	-	-
Deductions for participations where there is non-availability of information (Article 229)	-	-	-	-	-
Deduction for participations included by using D&A when a combination of methods is used	-	-	-	-	-
Total of non-available own fund items	-	-	-	-	-
Total deductions	-	-	-	-	-
TOTAL BASIC OWN FUNDS AFTER DEDUCTIONS	10,336,851	7,796,801	1,105,634	1,434,416	-

S.23.01.22 – Own funds (continued)

— SCOR Group

As at December 31, 2019 In EUR thousands	Total	Tier 1 – unrestricted	Tier 1 – restricted	Tier 2	Tier 3
Ancillary own funds					
Unpaid and uncalled ordinary share capital callable on demand	-			-	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual – type undertakings, callable on demand	-			-	
Unpaid and uncalled preference shares callable on demand	-			-	-
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	-				
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	-			-	
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	-			-	-
Supplementary members calls – other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	-			-	-
Non available ancillary own funds at Group level	-			-	-
Other ancillary own funds	-			-	-
Total ancillary own funds	-			-	-
Own funds of other financial sectors					
Reconciliation reserve	-	-	-	-	-
Institutions for occupational retirement provision	-	-	-	-	-
Non regulated entities carrying out financial activities	-	-	-	-	-
Total own funds of other financial sectors	-	-	-	-	-
Own funds when using the D&A, exclusively or in combination of method 1					
Own funds aggregated when using the D&A and combination of method	-	-	-	-	-
Own funds aggregated when using the D&A and a combination of method net of IGT	-	-	-	-	-
Total available own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	10,336,851	7,796,801	1,105,634	1,434,416	-
Total available own funds to meet the minimum consolidated group SCR	10,336,851	7,796,801	1,105,634	1,434,416	
Total eligible own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	10,336,851	7,796,801	1,105,634	1,434,416	-
Total eligible own funds to meet the minimum consolidated group SCR	9,595,771	7,796,801	1,105,634	693,336	
Minimum consolidated group SCR	3,466,674				
Ratio of eligible own funds to minimum consolidated group SCR	276.80%				
Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the undertakings included via D&A)	10,336,851	7,796,801	1,105,634	1,434,416	-
Group SCR	4,579,614				
RATIO OF ELIGIBLE OWN FUNDS TO GROUP SCR INCLUDING OTHER FINANCIAL SECTORS AND THE UNDERTAKINGS INCLUDED VIA D&A	225.71%				

S.23.01.22 – Own funds (continued)

— SCOR Group

As at December 31, 2019

In EUR thousands

	Total
Reconciliation reserve	
Excess of assets over liabilities	8,210,380
Own shares (held directly or indirectly)	52,571
Foreseeable dividends, distributions and charges	335,487
Other basic own fund items	2,097,469
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	-
Other non available own funds	25,521
Reconciliation reserve before deduction for participations in other financial sector	5,699,332
Expected profits	
Expected profits included in future premiums (EPIFP) – Life business	6,101,175
Expected profits included in future premiums (EPIFP) – Non-life business	334,242
TOTAL EXPECTED PROFITS INCLUDED IN FUTURE PREMIUMS (EPIFP)	6,435,417

S.25.03.22 – Solvency Capital Requirement – for groups on Full Internal Models

Unique number of component	Components description	Calculation of the Solvency Capital Requirement
P&C underwriting	Non-Life	3,577,713
Life underwriting	Life	3,601,814
Market	Credit	1,837,375
Credit	Asset	697,231
Operational		398,435
Calculation of Solvency Capital Requirement (SCR)		
Total undiversified components		10,112,567
Diversification		(4,903,653)
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC (transitional)		-
Solvency Capital Requirement excluding capital add-on		4,579,614
Capital add-ons already set		-
Solvency Capital Requirement		4,579,614
Other information on SCR		
Amount/estimate of the overall loss-absorbing capacity of technical provisions		-
Amount/estimate of the overall loss-absorbing capacity of deferred taxes		(629,299)
Total amount of Notional Solvency Capital Requirements for remaining part		-
Total amount of Notional Solvency Capital Requirements for ring fenced funds (other than those related to business operated in accordance with Art. 4 of Directive 2003/41/EC (transitional))		-
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios		-
Diversification effects due to RFF nSCR aggregation for Article 304		-
Minimum consolidated group Solvency Capital Requirement		3,466,674
Information on other entities		
Capital requirement for other financial sectors (Non-insurance capital requirements)		-
Capital requirement for other financial sectors (Non-insurance capital requirements) – Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies		-
Capital requirement for other financial sectors (Non-insurance capital requirements) – Institutions for occupational retirement provisions		-
Capital requirement for other financial sectors (Non-insurance capital requirements) – Capital requirement for non-regulated entities carrying out financial activities		-
Capital requirement for non-controlled participation requirements		-
Capital requirement for residual undertakings		-

S.32.01.22 – Undertakings in the scope of Group

#	Country	Identification code of the undertaking	Type of code	Legal name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority
1	FRANCE	96950056ULJ4J17V3752	LEI	SCOR SE	4 – Composite undertaking	Société européenne	2 – Non-mutual	ACPR
2	UNITED KINGDOM	213800W8TBPHBJUGG71	LEI	SCOR UK COMPANY LIMITED	3 – Reinsurance undertaking	Private limited company	2 – Non-mutual	PRA & FCA
3	UNITED KINGDOM	213800JN6NCZQPESY30	LEI	SCOR UK GROUP LTD	5 – Insurance holding company	Private limited company	2 – Non-mutual	Not required
4	UNITED KINGDOM	213800A1PT5R11FGW746	LEI	SCOR UNDERWRITING LIMITED	3 – Reinsurance undertaking	Private limited company	2 – Non-mutual	Not required
5	IRELAND	5493004I0CZG2UGXX055	LEI	SCOR Management Services Ireland Ltd	99 – Other	Designated Activity Company	2 – Non-mutual	Not required
6	SWITZERLAND	549300MVEPZ34PA36027	LEI	AH Real Estate Switzerland AG	99 – Other	AG – Aktiengesellschaft	2 – Non-mutual	Not required
7	BRAZIL	13.270.050/0001-30	Specific code	M&S Brasil Participacoes Ltda	5 – Insurance holding company	Sociedade a responsabilidade Limitada	2 – Non-mutual	Not required
8	FRANCE	969500BUR3L9PILX3R47	LEI	SCOR Capital Partners	99 – Other	Société par Actions Simplifiées Unipersonnelles	2 – Non-mutual	Not required
9	SINGAPORE	201541770C	Specific code	SCOR Realty Singapore Pte Ltd	99 – Other	Private limited company	2 – Non-mutual	Not required
10	FRANCE	815210877	Specific code	SCOR PROPERTIES II	99 – Other	Société de placement à prépondérance immobilière et à capital variable	2 – Non-mutual	Not required
11	FRANCE	820924553	Specific code	50 rue La Perouse SAS	99 – Other	Société par Actions Simplifiées Unipersonnelles	2 – Non-mutual	Not required
12	FRANCE	821740735	Specific code	SAS Euclide	99 – Other	Société par Actions Simplifiées Unipersonnelles	2 – Non-mutual	Not required
13	UNITED STATES	549300IH5PLDE0Z82O22	LEI	Scor Advantage LLC	99 – Other	Limited Liability Company	2 – Non-mutual	Not required
14	FRANCE	830853867	Specific code	MARBOT REAL ESTATE MANAGEMENT SAS	99 – Other	Société par Actions Simplifiées Unipersonnelles	2 – Non-mutual	Not required
15	FRANCE	830942355	Specific code	MARBOT MANAGEMENT SAS	99 – Other	Société par Actions Simplifiées Unipersonnelles	2 – Non-mutual	Not required
16	FRANCE	969500PB3BNOWIF01B32	LEI	SCOR Europe SE	3 – Reinsurance undertaking	Société européenne	2 – Non-mutual	ACPR
17	SWITZERLAND	549300AHPGPA66UED667	LEI	SCOR Switzerland Asset Services AG	99 – Other	AG – Aktiengesellschaft	2 – Non-mutual	Not required
18	SWITZERLAND	549300513226S1CFM291	LEI	SCOR Services Switzerlang AG	10 – Ancillary services undertaking	AG – Aktiengesellschaft	2 – Non-mutual	Not required
19	UNITED KINGDOM	213800JMLIIG1GCXVZ36	LEI	SCOR Services UK Limited	5 – Insurance holding company	Private limited company	2 – Non-mutual	Not required
20	GUERNSEY	19141	Specific code	SCOR CHANNEL LIMITED	3 – Reinsurance undertaking	Private limited company	2 – Non-mutual	Guernsey Financial Services Commission

S.32.01.22 – Undertakings in the scope of Group (continued)

	Legal name of the undertaking	Criteria of influence				Proportional share used for Group solvency calculation	Inclusion in the scope of Group supervision	Group solvency calculation	
		% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria		Level of influence	Yes/no	Date of decision if art. 214 is applied
1	SCOR SE	100.00%	100.00%	100.00%					Method 2: Solvency II
2	SCOR UK COMPANY LIMITED	100.00%	100.00%	100.00%		100.00%			Method 2: Solvency II
3	SCOR UK GROUP LTD	100.00%	100.00%	100.00%		100.00%			Method 1: Full consolidation
4	SCOR UNDERWRITING LIMITED	100.00%	100.00%	100.00%		100.00%			Method 1: Full consolidation
5	SCOR Management Services Ireland Ltd	100.00%	100.00%	100.00%		100.00%			Method 1: Full consolidation
6	AH Real Estate Switzerland AG	100.00%	100.00%	100.00%		100.00%			Method 1: Full consolidation
7	M&S Brasil Participacoes Ltda	100.00%	100.00%	100.00%		100.00%			Method 1: Full consolidation
8	SCOR Capital Partners	100.00%	100.00%	100.00%		100.00%			Method 1: Full consolidation
9	SCOR Realty Singapore Pte Ltd	100.00%	100.00%	100.00%		100.00%			Method 1: Full consolidation
10	SCOR PROPERTIES II	100.00%	100.00%	100.00%		100.00%			Method 1: Full consolidation
11	50 rue La Perouse SAS	100.00%	100.00%	100.00%		100.00%			Method 1: Full consolidation
12	SAS Euclide	100.00%	100.00%	100.00%		100.00%			Method 1: Full consolidation
13	Scor Advantage LLC	100.00%	100.00%	100.00%		100.00%			Method 1: Full consolidation
14	MARBOT REAL ESTATE MANAGEMENT SAS	100.00%	100.00%	100.00%		100.00%			Method 1: Full consolidation
15	MARBOT MANAGEMENT SAS	100.00%	100.00%	100.00%		100.00%			Method 1: Full consolidation
16	SCOR Europe SE	100.00%	100.00%	100.00%		100.00%			Method 2: Solvency II
17	SCOR Switzerland Asset Services AG	100.00%	100.00%	100.00%		100.00%			Method 1: Full consolidation
18	SCOR Services Switzerland AG	100.00%	100.00%	100.00%		100.00%			Method 1: Full consolidation
19	SCOR Services UK Limited	100.00%	100.00%	100.00%		100.00%			Method 1: Full consolidation
20	SCOR CHANNEL LIMITED	100.00%	100.00%	100.00%		100.00%			Method 1: Adjusted equity method

S.32.01.22 – Undertakings in the scope of Group (continued)

Country	Identification code of the undertaking	Type of code	Legal name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority
21 SOUTH AFRICA	2008/010172/06	Specific code	SCOR AFRICA LIMITED	4 – Composite undertaking	(Proprietary) limited company	2 – Non-mutual	The Prudential Authority
22 FRANCE	969500BBLUW1LJDZ3R87	LEI	IMMOSCOR	99 – Other	Société Civile Immobilière	2 – Non-mutual	Not required
23 FRANCE	879902716	Specific code	Scor Capital Partners 2 BV	99 – Other	Besloten Vennoost (comparable à une Private Limited Liability Company)	2 – Non-mutual	Not required
24 FRANCE	880039235	Specific code	Scor Capital Partners 3	99 – Other	Société par Actions Simplifiées Unipersonnelles	2 – Non-mutual	Not required
25 FRANCE	969500MMT8KY705B3S38	LEI	SCI LE BARJAC	99 – Other	Société Civile Immobilière	2 – Non-mutual	Not required
26 FRANCE	969500V0NZO2NQ7KM425	LEI	5 AVENUE KLEBER S.A.S.	10 – Ancillary services undertaking	Société par Actions Simplifiées Unipersonnelles	2 – Non-mutual	Not required
27 UNITED KINGDOM	213800PVZ898LL2YPT61	LEI	SCOR Lime Street Ltd	10 – Ancillary services undertaking	Private limited company	2 – Non-mutual	Not required
28 FRANCE	382 778 975	Specific code	S.C.I LEON EYROLLES CACHAN SCOR	99 – Other	Société Civile Immobilière	2 – Non-mutual	Not required
29 UNITED KINGDOM	8461305	Specific code	SCOR ASIA HOUSE LP	10 – Ancillary services undertaking	Limited Partnership	2 – Non-mutual	Not required
30 FRANCE	969500O239Q7517M7V49	LEI	SCOR AUBER	99 – Other	Société par Actions Simplifiées Unipersonnelles	2 – Non-mutual	Not required
31 FRANCE	969500P17CYK25RRAR44	LEI	SCI MARCO SPADA	99 – Other	Société Civile Immobilière	2 – Non-mutual	Not required
32 IRELAND	54930034DJLAVAGB456	LEI	SCOR GLOBAL P&C IRELAND LIMITED	10 – Ancillary services undertaking	Designated Activity Company	2 – Non-mutual	Not required
33 IRELAND	549300MJBW3JUHL89O66	LEI	SCOR P&C IRELAND HOLDING LIMITED	5 – Insurance holding company	Designated Activity Company	2 – Non-mutual	Not required
34 FRANCE	784 698 631	Specific code	COMPAGNIE PARISIENNE DE PARKINGS	99 – Other	Limited Company	2 – Non-mutual	Not required
35 FRANCE	969500BJLZOGFUSE3D73	LEI	SCOR INVESTMENTS PARTNERS SE	8 – Credit institution, investment firm and financial institution	Société européenne	2 – Non-mutual	AMF
36 RUSSIAN FEDERATION	508774666 4 814	Specific code	SCOR PERESTRAKHOVANIYE	4 – Composite undertaking	Общества с ограниченной ответственностью (Limited Liability Company)	2 – Non-mutual	Central Bank of Russia
37 FRANCE	549300DNW09YL97XAJ73	LEI	DB CARAVELLE	99 – Other	Société par Actions Simplifiées Unipersonnelles	2 – Non-mutual	Not required
38 FRANCE	5493003NKIV4184YYE90	LEI	SCI MONTROUGE BRR	99 – Other	Société Civile Immobilière	2 – Non-mutual	Not required
39 FRANCE	533136016	Specific code	SCOR PROPERTIES	99 – Other	Société de placement à prépondérance immobilière et à capital variable	2 – Non-mutual	Not required
40 FRANCE	969500VXO91LDR3LBV25	LEI	Société Immobilière Coligny SAS	99 – Other	Société par Actions Simplifiées Unipersonnelles	2 – Non-mutual	Not required

S.32.01.22 – Undertakings in the scope of Group (continued)

	Legal name of the undertaking	Criteria of influence				Proportional share used for Group solvency calculation	Inclusion in the scope of Group supervision	Date of decision if art. 214 is applied	Group solvency calculation
		% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria		Level of influence		Yes/no
21	SCOR AFRICA LIMITED	100.00%	100.00%	100.00%				100.00%	Method 2: Solvency II
22	IMMOSCOR	100.00%	100.00%	100.00%				100.00%	Method 1: Full consolidation
23	Scor Capital Partners 2 BV	100.00%	100.00%	100.00%				100.00%	Method 1: Full consolidation
24	Scor Capital Partners 3	100.00%	100.00%	100.00%				100.00%	Method 1: Full consolidation
25	SCI LE BARJAC	100.00%	100.00%	100.00%				100.00%	Method 1: Full consolidation
26	5 AVENUE KLEBER S.A.S.	100.00%	100.00%	100.00%				100.00%	Method 1: Full consolidation
27	SCOR Lime Street Ltd	100.00%	100.00%	100.00%				100.00%	Method 1: Full consolidation
28	S.C.I LEON EYROLLES CACHAN SCOR	100.00%	100.00%	100.00%				100.00%	Method 1: Full consolidation
29	SCOR ASIA HOUSE LP	100.00%	100.00%	100.00%				100.00%	Method 1: Full consolidation
30	SCOR AUBER	100.00%	100.00%	100.00%				100.00%	Method 1: Full consolidation
31	SCI MARCO SPADA	100.00%	100.00%	100.00%				100.00%	Method 1: Full consolidation
32	SCOR GLOBAL P&C IRELAND LIMITED	100.00%	100.00%	100.00%				100.00%	Method 1: Full consolidation
33	SCOR P&C IRELAND HOLDING LIMITED	100.00%	100.00%	100.00%				100.00%	Method 1: Full consolidation
34	COMPAGNIE PARISIENNE DE PARKINGS	75.00%	100.00%	75.00%				100.00%	Method 1: Full consolidation
35	SCOR INVESTMENTS PARTNERS SE	100.00%	100.00%	100.00%				100.00%	Method 1: Full consolidation
36	SCOR PERESTRAKHOVANIYE	100.00%	100.00%	100.00%				100.00%	Method 1: Full consolidation
37	DB CARAVELLE	100.00%	100.00%	100.00%				100.00%	Method 1: Full consolidation
38	SCI MONTROUGE BRR	100.00%	100.00%	100.00%				100.00%	Method 1: Full consolidation
39	SCOR PROPERTIES	100.00%	100.00%	100.00%				100.00%	Method 1: Full consolidation
40	Société Immobilière Coligny SAS	100.00%	100.00%	100.00%				100.00%	Method 1: Full consolidation

S.32.01.22 – Undertakings in the scope of Group (continued)

	Country	Identification code of the undertaking	Type of code	Legal name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority
41	FRANCE	96950077LDS3ZNXLGQ42	LEI	Société Immobilière Pershing SAS	99 – Other	Société par Actions Simplifiées Unipersonnelles	2 – Non-mutual	Not required
42	FRANCE	96950047J5JOCUPMHI30	LEI	M.R.M.	99 – Other	Société anonyme/sociedad cooperativa/aktsiaselts	2 – Non-mutual	Not required
43	FRANCE	833701261	Specific code	Mondot Immobilier SAS	99 – Other	Société par Actions Simplifiées Unipersonnelles	2 – Non-mutual	Not required
44	IRELAND	549300H7R6KPWD38L370	LEI	SCOR Life Ireland DAC	10 – Ancillary services undertaking	Designated Activity Company	2 – Non-mutual	Central Bank of Ireland
45	FRANCE	969500H9H379A2KWOB47	LEI	SCI GARIGLIANO	99 – Other	Société Civile Immobilière	2 – Non-mutual	Not required
46	FRANCE	969500BV6G26NSETHR33	LEI	SCOR IP HOLDCO SAS	10 – Ancillary services undertaking	Société par Actions Simplifiées Unipersonnelles	2 – Non-mutual	Not required
47	FRANCE	879904845	Specific code	Scor Operations	99 – Other	Société par Actions Simplifiées Unipersonnelles	2 – Non-mutual	Not required
48	UNITED KINGDOM	549300ASTBZZ4FP3SU63	LEI	CORIOLIS CAPITAL LIMITED	8 – Credit institution, investment firm and financial institution	Private limited company	2 – Non-mutual	Financial Conduct Authority
49	FRANCE	9695006HPCIPF2J98806	LEI	MARBOT MANAGEMENT 2 SAS	99 – Other	Société par Actions Simplifiées Unipersonnelles	2 – Non-mutual	Not required
50	NETHERLANDS	33106831	Specific code	REMARK GROUP BV	10 – Ancillary services undertaking	Besloten Vennoost (comparable à une Private Limited Liability Company)	2 – Non-mutual	Not required
51	IRELAND	549300KCPG3666EE4546	LEI	SCOR GLOBAL LIFE REINSURANCE IRELAND DAC	3 – Reinsurance undertaking	Designated Activity Company	2 – Non-mutual	Central Bank of Ireland
52	AUSTRALIA	549300U6TCJE8M4VQD28	LEI	SCOR GLOBAL LIFE AUSTRALIA PTY LTD	3 – Reinsurance undertaking	(Proprietary) limited company	2 – Non-mutual	APRA
53	UNITED STATES	5493003NKWLHE2RODN39	LEI	SCOR FINANCIAL LIFE INSURANCE COMPANY (SFLIC)	3 – Reinsurance undertaking	Corporation	2 – Non-mutual	Delaware Insurance Department
54	SWITZERLAND	549300AED21O61ZMTH91	LEI	SCOR SWITZERLAND AG	3 – Reinsurance undertaking	AG – Aktiengesellschaft	2 – Non-mutual	FINMA
55	UNITED STATES	549300BX1ZDU6Y793Z89	LEI	SCOR REINSURANCE COMPANY	3 – Reinsurance undertaking	Corporation	2 – Non-mutual	NYDFS
56	UNITED STATES	549300706EDP0DBM6R10	LEI	SCOR U.S. CORPORATION	99 – Other	Corporation	2 – Non-mutual	Not required
57	UNITED STATES	5493007HTE8SZYSOZJ43	LEI	GENERAL SECURITY NATIONAL INSURANCE COMPANY	2 – Non life insurance undertaking	Corporation	2 – Non-mutual	NYDFS
58	UNITED STATES	549300KYQSLWSEO2RR36	LEI	GENERAL SECURITY INDEMNITY COMPANY OF ARIZONA	2 – Non life insurance undertaking	Corporation	2 – Non-mutual	Arizona Department of Insurance
59	CANADA	549300O1A1JWA1USJL37	LEI	SCOR CANADA REINSURANCE COMPANY	3 – Reinsurance undertaking	Corporation	2 – Non-mutual	OSFI
60	BRAZIL	5493000HMAZ5DP3DUY68	LEI	ESSOR SEGUROS S.A.	2 – Non life insurance undertaking	Sociedade Anônima	2 – Non-mutual	SUSEP – Brazil Insurance Regulator

S.32.01.22 – Undertakings in the scope of Group (continued)

	Legal name of the undertaking	Criteria of influence				Proportional share used for Group solvency calculation	Inclusion in the scope of Group supervision	Date of decision if art. 214 is applied	Group solvency calculation
		% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria		Level of influence		Yes/no
41	Société Immobilière Pershing SAS	100.00%	100.00%	100.00%				Method 1: Full consolidation	
42	M.R.M.	60.00%	100.00%	60.00%				Method 1: Full consolidation	
43	Mondot Immobilier SAS	100.00%	100.00%	100.00%				Method 2: Solvency II	
44	SCOR Life Ireland DAC	100.00%	100.00%	100.00%				Method 1: Full consolidation	
45	SCI GARIGLIANO	100.00%	100.00%	100.00%				Method 2: Solvency II	
46	SCOR IP HOLDCO SAS	100.00%	100.00%	100.00%				Method 1: Full consolidation	
47	Scor Operations	100.00%	100.00%	100.00%				Method 2: Solvency II	
48	CORIOS CAPITAL LIMITED	100.00%	100.00%	100.00%				Method 1: Full consolidation	
49	MARBOT MANAGEMENT 2 SAS	100.00%	100.00%	100.00%				Method 1: Full consolidation	
50	REMARK GROUP BV	100.00%	100.00%	100.00%				Method 1: Full consolidation	
51	SCOR GLOBAL LIFE REINSURANCE IRELAND DAC	100.00%	100.00%	100.00%				Method 1: Full consolidation	
52	SCOR GLOBAL LIFE AUSTRALIA PTY LTD	100.00%	100.00%	100.00%				Method 1: Full consolidation	
53	SCOR FINANCIAL LIFE INSURANCE COMPANY (SFLIC)	100.00%	100.00%	100.00%				Method 1: Full consolidation	
54	SCOR SWITZERLAND AG	100.00%	100.00%	100.00%				Method 1: Full consolidation	
55	SCOR REINSURANCE COMPANY	100.00%	100.00%	100.00%				Method 1: Full consolidation	
56	SCOR U.S. CORPORATION	100.00%	100.00%	100.00%				Method 1: Full consolidation	
57	GENERAL SECURITY NATIONAL INSURANCE COMPANY	100.00%	100.00%	100.00%				Method 1: Full consolidation	
58	GENERAL SECURITY INDEMNITY COMPANY OF ARIZONA	100.00%	100.00%	100.00%				Method 1: Full consolidation	
59	SCOR CANADA REINSURANCE COMPANY	100.00%	100.00%	100.00%				Method 1: Full consolidation	
60	ESSOR SEGUROS S.A.	100.00%	100.00%	100.00%				Method 1: Full consolidation	

S.32.01.22 – Undertakings in the scope of Group (continued)

	Country	Identification code of the undertaking	Type of code	Legal name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority
61	BRAZIL	5493008P41BO4MWZG857	LEI	SCOR Brasil Participações S.A.	99 – Other	Sociedade a responsabilidade Limitada	2 – Non-mutual	Not required
62	BRAZIL	549300YJWNISPOU0I343	LEI	SCOR Brasil Resseguros S.A.	4 – Composite undertaking	Sociedade a responsabilidade Limitada	2 – Non-mutual	SUSEP – Brazil Insurance Regulator
63	CANADA	549300CUNU3K8MC2R460	LEI	REVIOS CANADA LTD.	99 – Other	Corporation	2 – Non-mutual	Not required
64	UNITED STATES	549300YZXF1VIUO2IK19	LEI	SCOR Global Life USA Reinsurance Company	3 – Reinsurance undertaking	Corporation	2 – Non-mutual	Delaware Insurance Department
65	BARBADOS	549300EUI365W1VSHF93	LEI	SCOR GLOBAL LIFE REINSURANCE INTERNATIONAL (BARBADOS) LTD.	3 – Reinsurance undertaking	Private limited company	2 – Non-mutual	FSC (Financial Services Commission)
66	CANADA	549300TK1QWDEBRT539	LEI	REVIOS CANADA HOLDING CORP. LTD.	99 – Other	Corporation	2 – Non-mutual	Not required
67	UNITED STATES	549300TL509R6FPAC224	LEI	SCOR Global Life Americas Holding Inc.	5 – Insurance holding company	Corporation	2 – Non-mutual	Not required
68	UNITED STATES	5493000TWAHWPEF04914	LEI	SCOR LIFE REASSURANCE COMPANY (SLRC)	3 – Reinsurance undertaking	Corporation	2 – Non-mutual	Delaware Insurance Department
69	UNITED STATES	5493004FBBK6PONS3K45	LEI	SCOR LIFE ASSURANCE COMPANY (SLAC)	3 – Reinsurance undertaking	Corporation	2 – Non-mutual	Delaware Insurance Department
70	UNITED STATES	549300QWKNABQNOLEX38	LEI	SCOR GLOBAL LIFE AMERICAS Reinsurance Company (SGLA)	3 – Reinsurance undertaking	Corporation	2 – Non-mutual	Delaware Insurance Department
71	UNITED STATES	549300H2U2C3NB7RYM40	LEI	SCOR GLOBAL LIFE REINSURANCE COMPANY OF DELAWARE	3 – Reinsurance undertaking	Corporation	2 – Non-mutual	Delaware Insurance Department
72	UNITED STATES	549300RQYFY70YSLXV12	LEI	QUANTITATIVE DATA SOLUTIONS (QDS)	99 – Other	Limited Liability Company	2 – Non-mutual	Delaware Insurance Department
73	UNITED STATES	549300BD4H7M90WKT443	LEI	SCOR GLOBAL LIFE USA HOLDINGS, INC.	5 – Insurance holding company	Corporation	2 – Non-mutual	Not required
74	HONG KONG	549300PS9VM2EJ32DV96	LEI	SCOR REINSURANCE COMPANY (ASIA) LTD	4 – Composite undertaking	Private limited company	2 – Non-mutual	Insurance Authority
75	SINGAPORE	549300HJN628XFBXRV51	LEI	SCOR REINSURANCE ASIA-PACIFIC PTE LTD	3 – Reinsurance undertaking	Private limited company	2 – Non-mutual	MAS
76	JAPAN	0199-01-069291	Specific code	SCOR SERVICES JAPAN CO. LTD	10 – Ancillary services undertaking	Kabushiki Kaisha	2 – Non-mutual	Not required
77	SINGAPORE	201008452W	Specific code	SCOR SERVICES ASIA-PACIFIC PTE. LTD	10 – Ancillary services undertaking	Private limited company	2 – Non-mutual	MAS
78	FRANCE	519672844	Specific code	Gutenberg Technologies	99 – Other	Société par Actions Simplifiées	2 – Non-mutual	Not required

S.32.01.22 – Undertakings in the scope of Group (continued)

Legal name of the undertaking	% capital share	Criteria of influence				Proportional share used for Group solvency calculation	Inclusion in the scope of Group supervision		Group solvency calculation
		% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence		Yes/no	Date of decision if art. 214 is applied	
61 SCOR Brasil Participações S.A.	100.00%	100.00%	100.00%			100.00%			Method 1: Full consolidation
62 SCOR Brasil Resseguros S.A.	100.00%	100.00%	100.00%			100.00%			Method 1: Full consolidation
63 REVIOS CANADA LTD.	100.00%	100.00%	100.00%			100.00%			Method 1: Full consolidation
64 SCOR Global Life USA Reinsurance Company	100.00%	100.00%	100.00%			100.00%			Method 1: Full consolidation
65 SCOR GLOBAL LIFE REINSURANCE INTERNATIONAL (BARBADOS) LTD.	100.00%	100.00%	100.00%			100.00%			Method 1: Full consolidation
66 REVIOS CANADA HOLDING CORP. LTD.	100.00%	100.00%	100.00%			100.00%			Method 1: Full consolidation
67 SCOR Global Life Americas Holding Inc.	100.00%	100.00%	100.00%			100.00%			Method 1: Full consolidation
68 SCOR LIFE REASSURANCE COMPANY (SLRC)	100.00%	100.00%	100.00%			100.00%			Method 1: Full consolidation
69 SCOR LIFE ASSURANCE COMPANY (SLAC)	100.00%	100.00%	100.00%			100.00%			Method 1: Full consolidation
70 SCOR GLOBAL LIFE AMERICAS Reinsurance Company (SGLA)	100.00%	100.00%	100.00%			100.00%			Method 1: Full consolidation
71 SCOR GLOBAL LIFE REINSURANCE COMPANY OF DELAWARE	100.00%	100.00%	100.00%			100.00%			Method 1: Full consolidation
72 QUANTITATIVE DATA SOLUTIONS (QDS)	100.00%	100.00%	100.00%			100.00%			Method 1: Full consolidation
73 SCOR GLOBAL LIFE USA HOLDINGS, INC.	100.00%	100.00%	100.00%			100.00%			Method 1: Full consolidation
74 SCOR REINSURANCE COMPANY (ASIA) LTD	100.00%	100.00%	100.00%			100.00%			Method 1: Full consolidation
75 SCOR REINSURANCE ASIA-PACIFIC PTE LTD	100.00%	100.00%	100.00%			100.00%			Method 1: Full consolidation
76 SCOR SERVICES JAPAN CO. LTD	100.00%	100.00%	100.00%			100.00%			Method 1: Full consolidation
77 SCOR SERVICES ASIA-PACIFIC PTE. LTD	100.00%	100.00%	100.00%			100.00%			Method 1: Full consolidation
78 Gutenberg Technologies	53.00%		53.00%						Other method

APPENDIX

B

SCOR SE PUBLIC DISCLOSURE QRTS

S.02.01.02 – Balance sheet	169	S.12.01.02 – Life and Health SLT Technical Provisions	176
S.02.01.02 – Balance sheet (continued)	170	S.17.01.02 – Non-life Technical Provisions	177
S.05.01.02 – Non-Life premiums, claims and expenses by line of business	171	S.17.01.02 – Non-life Technical Provisions (continued)	178
S.05.01.02 – Non-Life premiums, claims and expenses by line of business (continued)	172	S.19.01.21 – Non-life Insurance Claims Information	179
S.05.01.02 – Life premiums, claims and expenses by line of business (continued)	173	S.23.01.01 – Own funds	180
S.05.02.01 – Non-Life premiums, claims and expenses by country	174	S.23.01.01 – Own funds (continued)	181
S.05.02.01 – Life premiums, claims and expenses by country (continued)	175	S.23.01.01 – Own funds (continued)	182
		S.25.03.21 – Solvency Capital Requirement – for undertakings on Full Internal Models	182
		S.28.01.01 – Minimum Capital Requirement – Only life or only non-life insurance or reinsurance activity	183

S.02.01.02 – Balance sheet

— SCOR SE

Assets as at December 31, 2019

In EUR thousands

Solvency II value

Intangible assets	-
Deferred tax assets	424,799
Pension benefit surplus	-
Property, plant and equipment held for own use	262,616
Investments	17,357,681
Property (other than for own use)	-
Participations and related undertakings	10,464,335
Equities	157,010
Equities – listed	93,393
Equities – unlisted	63,617
Bonds	3,643,001
Government bonds	1,878,538
Corporate bonds	1,745,937
Structured notes	18,453
Collateralised securities	73
Collective Investments Undertakings	2,775,664
Derivatives	201,019
Deposits other than cash equivalents	116,613
Other investments	39
Assets held for index-linked and unit-linked contracts	-
Loans and mortgages	948,574
Loans on policies	-
Loans and mortgages to individuals	-
Other loans and mortgages	948,574
Reinsurance recoverables	801,615
Non-life and Health similar to Non-life	2,099,224
Non-life excluding Health	2,079,211
Health similar to Non-life	20,013
Life and Health similar to Life, excluding Health and index-linked and unit-linked	(1,297,609)
Health similar to Life	59,530
Life excluding Health and index-linked and unit-linked	(1,357,139)
Life index-linked and unit-linked	-
Deposits to cedents	7,933,409
Insurance and intermediaries receivables	258,577
Reinsurance receivables	113,081
Receivables (trade, not insurance)	135,150
Own shares	52,571
Amounts due in respect of own fund items or initial fund called up but not yet paid in	-
Cash and cash equivalents	388,026
Any other assets, not elsewhere shown	34,668
TOTAL ASSETS	28,710,767

S.02.01.02 – Balance sheet (continued)

— SCOR SE

Liabilities as at December 31, 2019

In EUR thousands

Solvency II value

	Solvency II value
Technical provisions – Non-life	7,765,158
Technical provisions – Non-life (excl. Health)	7,710,725
TP calculated as a whole	-
Best estimate	7,615,773
Risk margin	94,952
Technical provisions – Health (similar to Non-life)	54,433
TP calculated as a whole	-
Best estimate	53,928
Risk margin	505
Technical provisions – Life (excl. index-linked and unit-linked)	7,120,265
Technical provisions – Health (similar to Life)	3,691,964
TP calculated as a whole	-
Best estimate	3,441,610
Risk margin	250,354
Technical provisions – Life (excl. Health and index-linked and unit-linked)	3,428,301
TP calculated as a whole	-
Best estimate	2,893,968
Risk margin	534,333
Technical provisions – index-linked and unit-linked funds	-
TP calculated as a whole	-
Best estimate	-
Risk margin	-
Other technical provisions	-
Contingent liabilities	-
Provisions other than technical provisions	20,919
Pension benefit obligations	149,265
Deposits from reinsurers	1,067,691
Deferred tax liabilities	(15,968)
Derivatives	15,052
Debts owed to credit institutions	32,592
Financial liabilities other than debts owed to credit institutions	543,867
Insurance and intermediaries payables	382,935
Reinsurance payables	(51,420)
Payables (trade, not insurance)	259,205
Subordinated liabilities	2,984,604
Subordinated liabilities not in basic own funds	444,554
Subordinated liabilities in basic own funds	2,540,050
Any other liabilities, not elsewhere shown	178,672
TOTAL LIABILITIES	20,452,837
EXCESS OF ASSETS OVER LIABILITIES	8,257,930

S.05.01.02 – Non-Life premiums, claims and expenses by line of business

— SCOR SE

As at December 31, 2019 In EUR thousands	Line of business* for Non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)							
	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Miscellaneous financial loss
Premiums written								
Gross – Direct business	-	-	-	-	-	-	-	-
Gross – Proportional reinsurance accepted	20,191	494	326,062	296,916	1,136,649	287,805	341,399	37,276
Gross – Non-proportional reinsurance accepted								
Reinsurers' share	8,684	245	145,644	192,179	422,764	45,538	148,366	3,542
Net	11,507	249	180,418	104,737	713,885	242,267	193,033	33,734
Premiums earned								
Gross – Direct business	-	-	-	-	-	-	-	-
Gross – Proportional reinsurance accepted	18,381	493	312,214	253,224	1,082,323	260,976	291,501	50,797
Gross – Non-proportional reinsurance accepted								
Reinsurers' share	7,624	241	140,804	156,439	365,612	42,483	125,425	3,105
Net	10,757	252	171,410	96,785	716,711	218,493	166,076	47,692
Claims incurred								
Gross – Direct business	(1)	-	-	1	-	-	-	-
Gross – Proportional reinsurance accepted	5,810	(1,545)	183,286	237,884	1,219,828	104,883	168,693	19,317
Gross – Non-proportional reinsurance accepted								
Reinsurers' share	1,962	(1,071)	83,996	155,014	276,362	13,593	89,511	2,188
Net	3,847	(474)	99,290	82,871	943,466	91,290	79,182	17,129
Changes in other technical provisions								
Gross – Direct business	-	-	-	-	-	-	-	-
Gross – Proportional reinsurance accepted	-	-	-	-	-	-	-	-
Gross – Non-proportional reinsurance accepted								
Reinsurers' share	-	-	-	-	-	-	-	-
Net	-	-	-	-	-	-	-	-
Expenses incurred	4,107	381	58,381	33,576	166,293	57,182	71,843	17,738
Other expenses								
TOTAL EXPENSES								

* The table above presents lines of business applicable to SCOR.

S.05.01.02 – Non-Life premiums, claims and expenses by line of business (continued)

— SCOR SE

As at December 31, 2019 <i>In EUR thousands</i>	Line of business for accepted non-proportional reinsurance				TOTAL
	Health reinsurance	Casualty reinsurance	Marine, aviation, transport reinsurance	Property reinsurance	
Premiums written					
Gross – Direct business					-
Gross – Proportional reinsurance accepted					2,446,792
Gross – Non-proportional reinsurance accepted	6,972	319,694	80,566	901,528	1,308,760
Reinsurers' share	2,555	90,290	33,710	581,962	1,675,479
Net	4,417	229,404	46,856	319,566	2,080,073
Premiums earned					
Gross – Direct business					-
Gross – Proportional reinsurance accepted					2,269,909
Gross – Non-proportional reinsurance accepted	6,999	322,841	74,082	905,334	1,309,256
Reinsurers' share	2,568	90,230	29,899	579,358	1,543,788
Net	4,431	232,611	44,183	325,976	2,035,377
Claims incurred					
Gross – Direct business					-
Gross – Proportional reinsurance accepted					1,938,156
Gross – Non-proportional reinsurance accepted	(70)	34,187	18,283	480,478	532,878
Reinsurers' share	1,419	48,266	12,279	273,059	956,578
Net	(1,489)	(14,079)	6,004	207,419	1,514,456
Changes in other technical provisions					
Gross – Direct business					-
Gross – Proportional reinsurance accepted					-
Gross – Non-proportional reinsurance accepted	-	-	-	-	-
Reinsurers' share	-	-	-	-	-
Net	-	-	-	-	-
Expenses incurred	1,416	43,174	11,723	100,085	565,899
Other expenses					60,240
TOTAL EXPENSES					626,139

S.05.01.02 – Life premiums, claims and expenses by line of business (continued)

— SCOR SE

As at December 31, 2019 In EUR thousands	Line of business* for Life reinsurance obligations		TOTAL
	Health reinsurance	Life reinsurance	
Premiums written			
Gross	1,527,322	2,228,185	3,755,507
Reinsurers' share	458,960	330,716	789,676
Net	1,068,362	1,897,469	2,965,831
Premiums earned			
Gross	1,524,688	2,225,095	3,749,783
Reinsurers' share	451,847	330,716	782,563
Net	1,072,841	1,894,379	2,967,220
Claims incurred			
Gross	1,097,853	1,902,813	3,000,666
Reinsurers' share	302,894	245,655	548,549
Net	794,959	1,657,158	2,452,117
Changes in other technical provisions			
Gross	-	-	-
Reinsurers' share	-	-	-
Net	-	-	-
Expenses incurred	344,558	397,296	741,854
Other expenses			50,869
TOTAL EXPENSES			792,723

* The table above presents lines of business applicable to SCOR.

S.05.02.01 – Non-Life premiums, claims and expenses by country

— SCOR SE

As at December 31, 2019 In EUR thousands	Home country*	Top 5 countries (by amount of gross premiums written) – Non-life obligations					Total Top 5 and home country
		(GB) United Kingdom	(CN) China	(US) United States	(DE) Germany	(IT) Italy	
Premiums written							
Gross – Direct business	-	-	-	-	-	-	-
Gross – Proportional reinsurance accepted	358,337	414,441	395,209	85,884	192,757	152,672	1,599,300
Gross – Non-proportional reinsurance accepted	42,404	171,718	28,815	260,810	94,122	67,646	665,515
Reinsurers' share	227,979	239,654	262,631	146,372	180,714	116,539	1,173,889
Net	172,762	346,505	161,393	200,322	106,165	103,779	1,090,926
Premiums earned							
Gross – Direct business	-	-	-	-	-	-	-
Gross – Proportional reinsurance accepted	335,860	302,726	384,772	75,380	192,792	124,430	1,415,960
Gross – Non-proportional reinsurance accepted	41,312	169,705	29,735	259,199	92,463	68,627	661,041
Reinsurers' share	226,209	194,873	256,962	127,843	176,002	101,458	1,083,347
Net	150,963	277,558	157,545	206,736	109,253	91,599	993,654
Claims incurred							
Gross – Direct business	-	-	-	-	-	-	-
Gross – Proportional reinsurance accepted	495,843	219,771	279,669	69,086	158,102	58,847	1,281,318
Gross – Non-proportional reinsurance accepted	(409,927)	98,396	25,614	54,130	1,629	66,469	(163,689)
Reinsurers' share	105,564	170,467	190,225	79,327	107,091	67,730	720,404
Net	(19,648)	147,700	115,058	43,889	52,640	57,586	397,225
Changes in other technical provisions							
Gross – Direct business	-	-	-	-	-	-	-
Gross – Proportional reinsurance accepted	-	-	-	-	-	-	-
Gross – Non-proportional reinsurance accepted	-	-	-	-	-	-	-
Reinsurers' share	-	-	-	-	-	-	-
Net	-	-	-	-	-	-	-
Expenses incurred	61,974	71,800	57,305	46,293	25,470	26,639	289,481
Other expenses							-
TOTAL EXPENSES							289,481

* France.

S.05.02.01 – Life premiums, claims and expenses by country (continued)

— SCOR SE

As at December 31, 2019 In EUR thousands	Home country*	Top 5 countries (by amount of gross premiums written) – Life obligations					Total Top 5 and home country
		(GB) United Kingdom	(CN) China	(DE) Germany	(CA) Canada	(IT) Italy	
Premiums written							
Gross	656,551	858,901	427,227	235,877	214,825	128,186	2,521,567
Reinsurers' share	47,366	257,447	312,348	8,849	4,652	1,306	631,968
Net	609,185	601,454	114,879	227,028	210,173	126,880	1,889,599
Premiums earned							
Gross	656,523	858,901	425,065	244,183	214,825	122,758	2,522,255
Reinsurers' share	47,366	257,447	310,286	8,857	4,653	1,306	629,915
Net	609,157	601,454	114,779	235,326	210,172	121,452	1,892,340
Claims incurred							
Gross	458,770	793,929	289,921	218,048	172,628	81,064	2,014,360
Reinsurers' share	34,607	225,256	222,294	1,680	(2,033)	1,703	483,507
Net	424,163	568,673	67,627	216,368	174,661	79,361	1,530,853
Changes in other technical provisions							
Gross	-	-	-	-	-	-	-
Reinsurers' share	-	-	-	-	-	-	-
Net	-	-	-	-	-	-	-
Expenses incurred	224,287	29,024	42,180	80,026	23,190	41,941	440,648
Other expenses							27,084
TOTAL EXPENSES							467,732

* France.

S.12.01.02 – Life and Health SLT Technical Provisions

— SCOR SE

As at December 31, 2019

In EUR thousands

	Accepted reinsurance (other than health)	Health reinsurance (reinsurance accepted)
Technical provisions calculated as a whole		
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	-	-
Technical provisions calculated as a sum of best estimate (BE) and risk margin (RM)		
Best estimate		
Gross best estimate	2,893,968	3,441,610
Total recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	(1,357,139)	59,530
Best estimate minus recoverables from reinsurance/SPV and Finite Re – total	4,251,107	3,382,080
Risk Margin	534,333	250,354
Amount of the transitional on technical provisions		
Technical provisions calculated as a whole	-	-
Best estimate	-	-
Risk Margin	-	-
TECHNICAL PROVISIONS – TOTAL	3,428,301	3,691,964

The table above presents lines of business applicable to SCOR.

S.17.01.02 – Non-life Technical Provisions

— SCOR SE

As at December 31, 2019 <i>In EUR thousands</i>	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Miscellaneous financial loss
Technical provisions calculated as a whole	-	-	-	-	-	-	-	-
Total recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	-	-	-	-	-	-	-	-
Technical provisions calculated as a sum of BE and RM								
Best estimate								
Premium provisions								
Gross	(2,165)	21	19,797	(24,158)	(216,484)	(68,757)	(89,362)	(2,553)
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	(3,798)	(68)	7,197	(24,359)	(146,392)	(16,596)	(44,857)	(1,220)
Net best estimate of premium provisions	1,633	89	12,600	201	(70,092)	(52,161)	(44,505)	(1,333)
Claims provisions								
Gross	26,448	6,192	326,426	425,116	1,561,249	843,392	399,832	46,322
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	12,926	2,997	146,825	216,077	673,218	104,905	183,846	4,942
Net best estimate of claims provisions	13,522	3,195	179,601	209,039	888,031	738,487	215,986	41,380
Total best estimate – gross	24,283	6,213	346,223	400,958	1,344,765	774,635	310,470	43,769
Total best estimate – net	15,155	3,284	192,201	209,240	817,939	686,326	171,481	40,047
Risk margin	217	45	3,356	4,188	13,631	13,948	4,513	712
Amount of the transitional on technical provisions								
Technical provisions calculated as a whole	-	-	-	-	-	-	-	-
Best estimate	-	-	-	-	-	-	-	-
Risk margin	-	-	-	-	-	-	-	-
TECHNICAL PROVISIONS – TOTAL								
Technical provisions – total	24,500	6,258	349,579	405,146	1,358,396	788,583	314,983	44,481
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default – total	9,128	2,929	154,022	191,718	526,826	88,309	138,989	3,722
Technical provisions minus recoverables from reinsurance/SPV and Finite Re – total	15,372	3,329	195,557	213,428	831,570	700,274	175,994	40,759

The table above presents lines of business applicable to SCOR.

S.17.01.02 – Non-life Technical Provisions (continued)

— SCOR SE

As at December 31, 2019 In EUR thousands	Accepted non-proportional reinsurance				Total Non-life obligation
	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	
Technical provisions calculated as a whole	-	-	-	-	-
Total recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	-	-	-	-	-
Technical provisions calculated as a sum of BE and RM					
Best estimate					
Premium provisions					
Gross	(3,029)	(106,717)	(34,137)	(160,104)	(687,648)
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	(1,104)	(37,203)	(17,152)	(97,644)	(383,196)
Net best estimate of premium provisions	(1,925)	(69,514)	(16,985)	(62,460)	(304,452)
Claims provisions					
Gross	26,461	3,048,944	124,240	1,522,727	8,357,349
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	9,060	523,600	63,408	540,616	2,482,420
Net best estimate of claims provisions	17,401	2,525,344	60,832	982,111	5,874,929
Total best estimate – gross	23,432	2,942,227	90,103	1,362,623	7,669,701
Total best estimate – net	15,476	2,455,830	43,847	919,651	5,570,477
Risk margin	243	31,884	1,337	21,383	95,457
Amount of the transitional on technical provisions					
Technical provisions calculated as a whole	-	-	-	-	-
Best estimate	-	-	-	-	-
Risk margin	-	-	-	-	-
TECHNICAL PROVISIONS – TOTAL					
Technical provisions – total	23,675	2,974,111	91,440	1,384,006	7,765,158
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default – total	7,956	486,397	46,256	442,972	2,099,224
Technical provisions minus recoverables from reinsurance/SPV and Finite Re – total	15,719	2,487,714	45,184	941,034	5,665,934

S.19.01.21 – Non-life Insurance Claims Information

— Total Non-life Business – Underwriting year

<i>Gross Claims Paid (non-cumulative) (absolute amount)</i>												In current year	Sum of years (cumulative)
Development year													
	0	1	2	3	4	5	6	7	8	9	10 & +		
Prior											100,649	100,649	100,649
N-9	70,589	365,515	222,404	116,178	56,941	57,969	28,391	22,927	14,656	28,437		28,437	984,007
N-8	146,512	898,415	547,206	231,106	122,334	60,534	56,213	26,932	28,659			28,659	2,117,911
N-7	41,626	755,628	448,683	189,973	89,754	64,743	44,180	35,159				35,159	1,669,746
N-6	(39,210)	795,582	485,242	204,906	100,793	64,171	48,376					48,376	1,659,860
N-5	63,696	726,658	394,851	214,232	95,371	58,112						58,112	1,552,920
N-4	32,928	634,880	463,678	216,417	119,296							119,296	1,467,199
N-3	(104,696)	682,536	480,853	198,317								198,317	1,257,010
N-2	70,992	1,265,185	521,084									521,084	1,857,261
N-1	33,600	1,160,157										1,160,157	1,193,757
N	44,576											44,576	44,576
TOTAL												2,342,822	13,904,896

<i>Gross undiscounted best estimate Claims Provisions (absolute amount)</i>												Year end (discounted data)
Development year												
	0	1	2	3	4	5	6	7	8	9	10 & +	
Prior											1,914,823	1,710,235
N-9	-	-	-	-	-	-	237,360	208,510	181,774	165,110		157,085
N-8	-	-	-	-	-	370,811	290,172	280,738	223,713			213,267
N-7	-	-	-	-	533,245	817,103	491,125	292,949				281,110
N-6	-	-	-	615,083	441,005	352,724	278,095					264,151
N-5	-	-	997,546	706,555	565,590	393,169						370,736
N-4	-	1,754,950	1,032,554	767,662	517,644							489,840
N-3	1,350,370	1,457,336	978,211	628,714								599,178
N-2	1,344,153	2,071,875	1,171,379									1,130,473
N-1	1,612,193	1,492,603										1,450,383
N	1,726,212											1,690,891
TOTAL												8,357,349

S.23.01.01 – Own funds

— SCOR SE

As at December 31, 2019 <i>In EUR thousands</i>	Total	Tier 1 – unrestricted	Tier 1 – restricted	Tier 2	Tier 3
Basic own funds before deduction for participations in other financial sector					
Ordinary share capital (gross of own shares)	1,473,384	1,473,384		-	
Share premium account related to ordinary share capital	624,085	624,085		-	
Initial funds, members' contributions or the equivalent basic own – fund item for mutual and mutual-type undertakings	-	-		-	
Subordinated mutual member accounts	-		-	-	-
Surplus funds	-	-			
Preference shares	-		-	-	-
Share premium account related to preference shares	-		-	-	-
Reconciliation reserve	5,331,636	5,331,636			
Subordinated liabilities	2,540,050		1,105,634	1,434,416	-
An amount equal to the value of net deferred tax assets	440,767				440,767
Other own fund items approved by the supervisory authority as basic own funds not specified above	-	-	-	-	-
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	-	-			
Deductions					
Deductions for participations in financial and credit institutions	-	-	-	-	
TOTAL BASIC OWN FUNDS AFTER DEDUCTIONS	10,409,922	7,429,105	1,105,634	1,434,416	440,767

S.23.01.01 – Own funds (continued)

— SCOR SE

As at December 31, 2019 In EUR thousands	Total	Tier 1 – unrestricted	Tier 1 – restricted	Tier 2	Tier 3
Ancillary own funds					
Unpaid and uncalled ordinary share capital callable on demand	-			-	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual – type undertakings, callable on demand	-			-	
Unpaid and uncalled preference shares callable on demand	-			-	-
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	-				
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	-			-	
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	-			-	
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	-			-	
Supplementary members calls – other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	-			-	-
Other ancillary own funds	-			-	-
Total ancillary own funds	-			-	-
Available and eligible own funds	-	-	-	-	-
Total available own funds to meet the SCR	10,409,922	7,429,105	1,105,634	1,434,416	440,767
Total available own funds to meet the MCR	9,969,155	7,429,105	1,105,634	1,434,416	
Total eligible own funds to meet the SCR	10,409,922	7,429,105	1,105,634	1,434,416	440,767
Total eligible own funds to meet the MCR	8,903,491	7,429,105	1,105,634	368,752	
SCR	4,579,614				
MCR	1,843,760				
Ratio of Eligible own funds to SCR	227.31%				
Ratio of Eligible own funds to MCR	482.90%				

S.23.01.01 – Own funds (continued)

— SCOR SE

As at December 31, 2019

In EUR thousands

	Total
Reconciliation reserve	
Excess of assets over liabilities	8,257,930
Own shares (held directly or indirectly)	52,571
Foreseeable dividends, distributions and charges	335,487
Other basic own fund items	2,538,236
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	-
Reconciliation reserve	5,331,636
Expected profits	
Expected profits included in future premiums (EPIFP) – Life business	375,757
Expected profits included in future premiums (EPIFP) – Non-life business	103,302
TOTAL EXPECTED PROFITS INCLUDED IN FUTURE PREMIUMS (EPIFP)	479,059

S.25.03.21 – Solvency Capital Requirement – for undertakings on Full Internal Models

See QRT S.25.03.22 – Solvency Capital Requirement – for groups on Full Internal Models in Appendix A.

S.28.01.01 – Minimum Capital Requirement – Only life or only non-life insurance or reinsurance activity

— SCOR SE

As at December 31, 2019

In EUR thousands

LINEAR FORMULA COMPONENT FOR NON-LIFE INSURANCE AND REINSURANCE OBLIGATIONS

MCR _{NL} Result		
	Net (of reinsurance/ SPV) Best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
	1,102,903	
Medical expense insurance and proportional reinsurance	-	-
Income protection insurance and proportional reinsurance	15,155	11,466
Workers' compensation insurance and proportional reinsurance	3,284	249
Motor vehicle liability insurance and proportional reinsurance	192,201	179,776
Other motor insurance and proportional reinsurance	-	-
Marine, aviation and transport insurance and proportional reinsurance	209,240	104,443
Fire and other damage to property insurance and proportional reinsurance	817,939	711,233
General liability insurance and proportional reinsurance	686,326	241,294
Credit and suretyship insurance and proportional reinsurance	171,481	192,341
Legal expenses insurance and proportional reinsurance	-	-
Assistance and proportional reinsurance	-	-
Miscellaneous financial loss insurance and proportional reinsurance	40,047	33,597
Non-proportional health reinsurance	15,476	4,401
Non-proportional casualty reinsurance	2,455,830	228,518
Non-proportional marine, aviation and transport reinsurance	43,847	46,685
Non-proportional property reinsurance	919,651	318,668

LINEAR FORMULA COMPONENT FOR LIFE INSURANCE AND REINSURANCE OBLIGATIONS

MCR _L Result		
	Net (of reinsurance/ SPV) Best estimate and TP calculated as a whole	Net (of reinsurance/ SPV) total capital at risk
	740,858	
Obligations with profit participation – guaranteed benefits	-	
Obligations with profit participation – future discretionary benefits	-	
Index-linked and unit-linked insurance obligations	-	
Other life (re)insurance and health (re)insurance obligations	7,633,187	
Total capital at risk for all life (re)insurance obligations		829,372,447

OVERALL MCR CALCULATION

Linear MCR	1,843,761
SCR	4,579,614
MCR cap	2,060,826
MCR floor	1,144,904
Combined MCR	1,843,761
Absolute floor of the MCR	3,600
MINIMUM CAPITAL REQUIREMENT	1,843,760

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