Major international events in 2006 demonstrated the volatility and competitiveness of the Life insurance environment. Life insurers will have to be more attentive to the changing needs of their insureds, the concentration of covered risks, the need for mastery of new technologies, and the restructuring and globalization of the insurance industry.

2006 started with an awareness of a worldwide flu pandemic confirming the seriousness of the new risks facing life insurers. It was also characterised by:

- the development of securitization in Life insurance;
- the large number of mergers and acquisitions throughout the world;
- the expansion of foreign insurers in China and their arrival in India;
- European proposals regarding the solvency of assurance companies (Solvency II).

2006 was a decisive year for the development of the SCOR Group which achieved the objectives of the “Moving Forward” plan and carried out two successive historic transactions in November, namely:

- the acquisition of Revios and the creation of SCOR Global Life (merger of SCOR Vie and Revios) a wholly owned subsidiary of SCOR;
- the increase of its participation from 10.2% to 39.7% in the capital of ReMark, a major player in the distribution of life and accident insurance products.

Please contact your usual SCOR Global Life contact if you would like further information on any of these topics.

Uwe Eymer, CEO of SCOR Global Life

January 2006

- **China**  Aegon-CNOOC Life, a 50/50 joint venture of Aegon and the Chinese National Offshore Oil Corp., has received a licence to begin Life in China’s Shangdong province.

- **Europe**  The potential for further development of Life insurance securitization is high in Europe and the number of transactions is expected to increase.

- **Spain**  Groupama bought Azur-GMF’s two subsidiaries in Spain: Azur Multiramos and Azur Vida.

- **France**  Premiums for life insurance and funded pension plans rose 14% in the year, reaching €120.2 billion at the end of 2005.

- **Switzerland**  A new insurance supervisory law and revised insurance contract regulations came into force on January 1, 2006. At the same time the new supervisory regulations came into force.
February 2006

Asia AXA announced the repurchase of the two National Australia Bank’s Life insurance companies, MLC Hong Kong and MLC Indonesia, for 575 million Australian dollars, i.e. €357 million. The transaction was handled through AXA Asia Pacific Holdings.

Ireland AXA set up AXA Life Europe in the Dublin headquarters of AXA Ireland, the group’s domestic general insurance company.

Turkey Groupama took over 41% of the capital of Basak Emeklilik of which Basak Sigorta is the second largest shareholder with 38% of the shares. Basak Emeklilik holds a 6.4% market share of the Turkish life insurance market.

March 2006

Germany Proposal for the reform of « Law for insurance contracts » (VVG) was published. The changes of this important German law will take effect on January 1, 2008.

France By two decisions on March 7, the Cour de Cassation confirmed a ruling requiring AXA and La Mondiale to reimburse a customer for losses recorded on a unit-linked contract. Decree no. 2006-287 dated March 13, 2006 on internal control of insurance undertakings amending the Insurance Code, was published in the JORF on March 14, 2006. Insurance companies, whether listed or not, limited companies or mutual societies, are now obliged to set up an internal control system and to make an annual report on internal control.

Italy CNP Capitalia Vita, celebrated its first year in operation. The leading French Life insurer estimates it has now reached the critical mass for dynamic international activity.

Russia Aviva has been granted a licence to offer further products in Russia. The Federal Service of Insurance Supervision in Russia has permitted Aviva to offer a range of long-term savings and protection products in the Russian market.

April 2006

China Aviva received regulatory approval for its joint venture, Aviva-COFCO, to open a branch office in the Chinese city of Jinan.

Europe Europe’s Life insurance market breaks records. An exclusive preview of the latest analysis of Europe’s €551 billion life insurance market 2004 is now available at the CEA.

France Despite rising rates, 91% of French people interviewed by Credoc have supplementary coverage.

UK Long awaited UK « A day » legislation simplifying pension planning comes into force. It increases pension sales and gives tax advantages for pure protection policies under Pensions Term Assurance.

May 2006

Algeria Cardif requested approval from the Bank of Algeria to open a subsidiary. It will develop the loan insurance and life-insurance markets there.

India Generali and Kishore Biyani’s Future Gp (formerly known as Pantaloon) will set up a Life insurance joint venture and a non-life insurance company, under the terms of an agreement signed by the two partners.

France The 28th International Actuaries Congress was held in Paris from May 28 to June 2, 2006. Fifteen hundred participants from 82 countries and 5 continents took part in the event. Topics included stochastic dependency, solvency measures and asset and liability management, major risks and insurability.
At this international gathering of actuaries, the French Minister of Finance spoke in favour of developing legislation to facilitate the securitization of insurance risks and promised to amend the insurance code.

**UK**

As part of the regular 3-year review process, the ABI issued a revised set of critical illness definitions that will be implemented by April 2007. Three new illnesses have been added and all existing ones have been reviewed thereby improving clarity and understanding for policyholders.

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**June 2006**

**Germany**

DBV-Winterthur was acquired by AXA and became part of the AXA-Group.

**France**

The first Life insurance contract based on socially responsible investment became available. It was designed by Tiaré Assurances and La Mondiale Partenaire.

The FFSA published a survey of the insurance industry in 2005. Major preoccupations for insurers include the reform of the health system, the signature of a new AERAS convention (Loans and Insurance with Increased Health Risk), an improvement in information for Life insurers and the introduction of the 26th European retirement system.

**USA**

Prudential announced the closing of its acquisition of Allstate’s variable annuity business through a reinsurance transaction worth about $591 million.

More and more major American companies are reviewing their defined benefit retirement systems that are generally regarded as too costly with undue risk.

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**July 2006**

**Latin America**

Cardif received approval from the local authorities to create insurance companies who sell life insurance and welfare products in Peru (May 2006) and Mexico (June 2006).

**Asia**

Fortis signed an agreement with the Indian Banks IDBI and Federal Bank to set up a Life insurance joint venture in India.

AXA confirmed that it will offer the Asian Life insurance assets of Winterthur to AXA Asia Pacific Holdings when its acquisition of Winterthur is complete. AXA APH concluded that it would not be in the interests of the company to acquire the Japanese operations of Winterthur.

Bharti AXA Life, the 74/26 insurance joint venture between Sunli Mittal’s Bharti Group and AXA received the final Life insurance licence approval from the Indian Authority.

**Europe**

The European insurance industry reports good performance. Total premium income rises 4.5% to reach €978 billion in 2005.

**France**

The « Comité des entreprises d’assurance » published its first report for 2004 and 2005. At the end of 2005, 383 companies were approved in France, 105 European companies were operating in France through branches and 827 as service providers.

**UK**

Resolution purchased the Life companies of the Abbey group and signed continuing new business arrangements for bank and broker distribution.

**Turkey**

German insurance group ERGO took over 75 percent of Isvicre and Isvicre Hayat from the Balci family, which will keep the remaining 25 percent. In 2006, Isvicre Hayat had a market share of 1.76%.

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**August 2006**

**Italy**

Swiss Life said it will sell both of its Italian insurance subsidiaries to Italian banking group bancApulia. The units generated around CHF20 million in gross premium income in 2005.

**UK**

Barclays is the first bank to sell retirement insurance over the internet in the United Kingdom.
September 2006

Germany  The reform of the “law for insurance contracts” (VVG) will directly influence the risk assessment of SCOR Global Life’s cedents. As concealment of contractual facts could have legal consequences, the liability of the insured and the risk assessment principles of the insurer are set more into focus. The upcoming changes of the law will also partly influence existing contracts.

France    MMA created a participating health insurance by launching a contract in which part of the premium will be reimbursed if the policyholder’s health expenditure is below expected levels.

Greece    Credit Agricole launched an offer for all the shares in Greek insurer Phoenix Metrolife which it doesn’t already own, offering 2.18 euros a share.

Poland    The bank and the insurance industries merged their respective supervisory bodies and both now report to the Polish Financial Supervisory Authority.

Middle East Doha Bank signed an agreement with Aviva Life Insurance of India which facilitates the subscription of personal financial products for non-resident Indians in Qatar.

October 2006

Germany    Allianz becomes the first large insurer to become a European company. SCOR Global Life launched a long-term scientific cooperation agreement with PrevaMed GmbH, an Institute of the « Assmann Foundation » in Muenster. It holds the data of the PROCAM study, one of the largest epidemiological studies about cardiovascular risks in the world. Based on data of this longitudinal ongoing study, SCOR Global Life will develop a cardiovascular morbidity and mortality calculator for its life underwriting manuals. The cooperation also encompasses exclusive consultations about current genetic research in cardiovascular diseases and their impact on diagnostic, therapeutic and preventive regimes.

France     Unclaimed policy benefits will be recovered by the state and paid into a reserve pension fund under the draft law passed by the deputies on October 26, 2006.

UK        All aspects of UK insurance law are to be reviewed and there will be consultation with the industry with a view to publishing new legislation in 2010.

Israel    Shirbit Insurance obtained a licence.

USA       The Attorney General of New York State, Eliot Spitzer charged fraud in some « life settlement » practices.
**SCOR Global Life**

The transaction between SCOR and GLOBAL Rückversicherungs-AG regarding the acquisition of Revios Rückversicherung AG closed on November 21, 2006. Revios and SCOR Vie have now merged to create a new entity, SCOR Global Life, wholly owned by SCOR. With an estimated premium volume of €2,250 million in 2006, SCOR Global Life is expected to take its place among the world’s top five reinsurers.

SCOR Global Life becomes a worldwide hub with high technical and actuarial expertise. SCOR Global Life will offer its services in over 80 countries from offices established in 21 countries throughout the world.

SCOR Global Life has recognized capacity in mortality, longevity, long-term care, critical illnesses, substandard risks and financing.

SCOR Global Life has four geographical business units based in France, Germany, the United States and the UK.

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**AERAS Convention (France)**

Following on from the Belorgey convention, the AERAS convention (Insurance and Loans with an Increased Health Risk) proposes broad solutions enabling people who have, or have had, a serious health problem to obtain a loan. It came into force on January 6, 2007.

The AERAS convention provides a series of devices designed to broaden access to loans and insurance for people with an increased health risk. It covers business loans, property loans and consumer credit.

Compared with the Belorgey convention, it puts more emphasis on covering disability and creates a mechanism based on solidarity in favour of the borrowers.

Meantime, a draft law on access to credit for people with an increased health risk, declared to be urgent, is being examined by Parliament. It passed its first reading in the National Assembly on December 11, 2006 followed by a vote in the Senate in January 2007.
November 2006

China
A new Life insurance company, Zhengde Life, was formally opened in Beijing on November 10 after its business proposal was approved by the CIRC. It is expected to focus on the provision of life insurance and accident and health insurance.

Germany
Aachener and Münchener Insurance sold its complete sales organisation to German financial advisors Deutsche Vermögensberatung (DVAG) and from now on will sell its products exclusively via DVAG.
Allianz Insurance announced comprehensive restructuring plans.

Spain
The Spanish department stores « El Cortes Ingles » now sell pension plans.

France
Decision of October 24, 2006 to set up the labour-management committee of the « Autorité de Contrôle des Assurances et des Mutuelles (ACAM) ».

December 2006

Asia
ING said its Life insurance joint venture with Beijing Capital received approval from Chinese regulations to set up branch operations in the province of Henan.
Aegon and the Indian company Ranbaxy have created a joint venture to break into the Life insurance and asset management market in India.

Austria
BAWAG P.S.K. (Austria’s 5th largest bank) was sold to US Investment fund Cerberus, headquartered in New York on December 14, 2006. According to the workers’ union the purchase price was around € 3.2 bn. Cerberus was successful in outbidding other potential buyers by building up a strong buyer consortium with Generali Insurance and Bausparkasse Wüstenrot bank as partners.

BAWAG had to be sold due to the so called « Caribbean deals » revealing massive credit losses, followed by a strong downgrading by analysts.

France
GMF included a long-term care option in all its Life insurance and retirement savings contracts.

UK
In an unexpected about face, the Government removed the tax advantage for Pension Term Assurance products which had been introduced in April 2006.
New regulations became effective for all Life insurers at December 31, 2006 permitting protection business reserves to make allowances for prudent policy lapsation and for policies to be treated as assets. The change is in line with the realistic liability framework introduced by the UK regulator for with-profits business a couple of years earlier.
The UK implementation of the EU Reinsurance Directive was effective at December 31, 2006. For pure life reinsurers this changes the calculation of the capital resource requirement (« solvency margin ») to a premium & claims based formula from the earlier sum at risk methodology.

Switzerland
Winterthur Insurance was sold to AXA Group by Credit Switzerland. Winterthur is now part of AXA Group, a world leader in protection, insurance and asset management.

USA
Alico AIG Life inaugurated its Middle East, Africa and South Asia headquarters at the Dubai International Financial Centre.

This review was drawn up with the help of SCOR’s Competitive Intelligence Department.