P&C loss development triangles and reserves as of December 2022

2022 P&C Triangles

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- further instability affecting the global financial system and developments related thereto;
- further deterioration in global economic conditions;
- the cyclicality of the reinsurance industry;
- uncertainties in estimating reserves;
- uncertainties in estimating future claims for purposes of financial reporting, particularly with respect to large natural catastrophes, as significant uncertainties may be involved in estimating losses from such events and preliminary estimates may be subject to change as new information becomes available;
- the frequency, severity and development of insured claim events;
- acts of terrorism and acts of war;
- pandemic outbreaks;
- extraordinary events affecting the Group’s clients and other counterparties, such as bankruptcies, liquidations and other credit-related events;
- current, pending and future legislation and regulation affecting the Group or its ceding companies and the interpretation of legislation or regulations.

The P&C loss development triangles as of December 2022 is provided by SCOR for informational purposes only. SCOR is under no obligation to, and does not intend to, update or revise any of the information included in the excel workbook or referred to in this presentation, whether as a result of new information, future events or other developments, even when any such new information, events or developments have been reflected in any report or other document published by SCOR or any of its business units. Although the information in the excel workbook bears directly on estimating loss reserves, it is not the only basis used by SCOR to establish its reserves.

It should be noted that the full impact of the Covid-19 crisis and the Russian invasion and war in Ukraine on SCOR’s business and results cannot be accurately assessed.

Information regarding risks and uncertainties that may affect SCOR’s business is set forth in the 2022 Universal Registration Document filed on 14 April 2023, under number D.23-0287 with the French Autorité des marchés financiers (AMF) posted on SCOR’s website www.scor.com.

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1. A robust governance

A robust Governance coupled with a prudent reserving philosophy

SCOR overall reserving philosophy can be summarized as follows:

01

A robust governance insuring independent opinion and free from influence environment

02

Top of the class actuarial methods coupled with a holistic "four axis approach"

03

Instant reactivity to indications of potential negative developments

04

Conservative opening ultimate loss ratios applied on more recent underwriting years where statistical data is scarce

05

Hypothesis used in pricing systematically challenged and stress tests impact on pricing expected loss ratios taken into account

06

A cautious approach to positive run-offs recognition

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P&C reserving: a strong governance

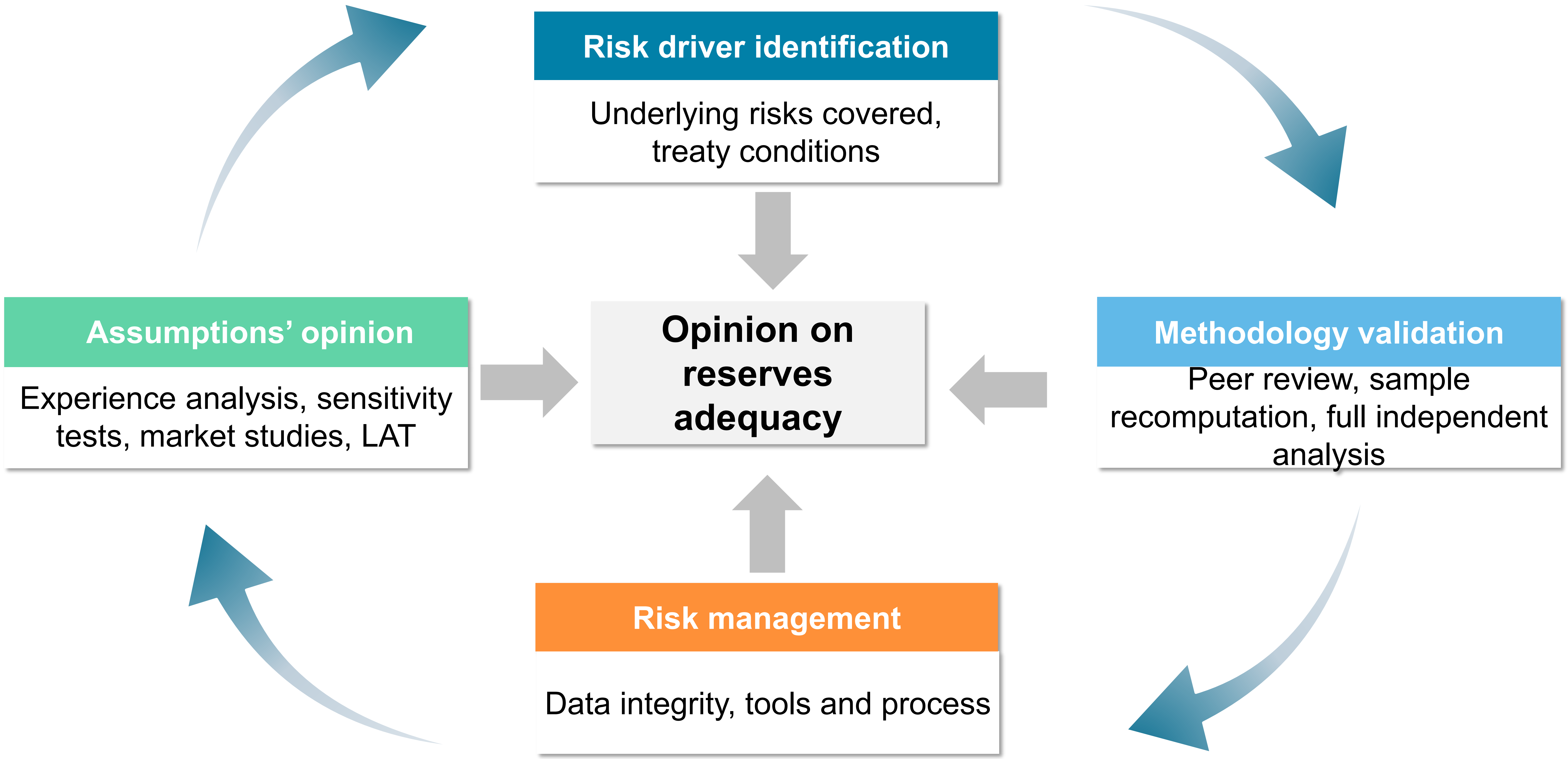
A strong governance maintained in the Group

- Group reserving committee held quarterly and addressing adequacy of both IFRS reserves and Solvency 2 Best Estimate.
- Group Chief Actuary (GCA) quarterly reserving opinion shared with Group Comex and Board Audit Committee.
- GCA annual opinion on Group Solvency II Technical Provisions shared with Group Comex and Board.

Supported by a solid culture of reviews

- Regular independent internal and external reviews.
- In 2022, a leading external actuarial firm was mandated to perform an independent reserving review based on Q2 2022 data. The business considered was a part of our P&C US business we believe is the most exposed to inflation. This actuarial firm clearly concluded that reserves are reasonable, confirming both our methodology and own assessment.
- On SCOR's request: quality and completeness of 2022 loss triangles disclosed have been reviewed by external auditors, as part of an agreed-upon procedure analysis. No exception was found.
- Regular external reviews compliant with the local regulatory framework, such as, but not limited to: Canada, India, Argentina, South Africa, Channel and most of Lloyd's syndicates part of SUL (Third Party Syndicate).

A holistic “four axis approach”



Top of the class Actuarial methods

Assessment of IBNR reserves and the variability of the overall reserves

- To assess IBNR reserves and the variability of the overall reserves, SCOR generally uses actuarial techniques which take into account quantitative loss experience data, together with qualitative factors, where appropriate.
- This exercise is performed on homogenous groups of contracts, called actuarial segments having similar development pattern and a required statistical mass.
- The reserves are also adjusted to reflect reinsurance treaty terms and conditions, and the variety of claims processing which may potentially affect SCOR's commitment over time.
- SCOR tools allow to isolate the impact of estimated future inflation on loss reserves.

Methods used by SCOR

SCOR uses among others:

- Deterministic methods (e.g. Chain Ladder, Bornhuetter-Ferguson, Average cost per claim or Loss ratio methods) for Best Estimate assessment.
- Stochastic approaches (e.g. Mack model, Bootstrap) for reserves' volatility estimates.
- Tailor made solutions like annuity projection by victim, generalized linear models, machine learning such as neural networks.
- The selected methods for inflation are "state of the art": in line with market best practices, as demonstrated by recent professional presentations and publications.

2. Triangles disclosure

Scope

At SCOR, the actuarial analysis axis is the actuarial segment which groups together homogeneous contracts based on a variety of criteria (proportional or non-proportional basis, underlying risk typology, geography, etc.).

The eight reserving classes disclosed are aggregations of these actuarial segments.

This disclosure of triangles and reserves covers 87% of gross P&C IFRS booked reserves for the disclosed UWYs (10 years for short tail and 15 years for long tail lines of business).

Triangles data are reconciled with financial statements which have been audited by the external auditors. Triangles are also reviewed in the framework of the agreed upon procedures exercise performed by external auditors.

Data which is not included in the triangles:

- Lloyd's portfolio as the RITC scheme (Reinsurance To Close – Lloyd's accounting scheme) does not allow displaying entire triangles
- Run-off portfolios are not disclosed as their claims' development profile does not match the actual development of the ongoing portfolio
- Direct business segments (including MGA US) are also excluded from triangles as this is pure primary insurance
- Fronting contracts from a major French aviation insurer
- Proportional business in South America due to incomplete diagonals for older years following M&A
- Significant quota-shares in China because of their specificities (large sliding scales)

Total loss development triangle

Total triangle

Underwriting Year	Ultimate Premium (€m)	Development Year										Ultimate Loss Ratio	Ultimate Loss Ratio 2021 - as if 2022	Paid Loss Ratio	Case Reserves Ratio	IBNR Ratio
		1	2	3	4	5	6	7	8	9	10					
2013	3 540	13.1%	43.6%	53.3%	55.9%	57.9%	59.3%	60.2%	60.4%	60.6%	60.8%	62.1%	62.7%	56.3%	4.5%	1.3%
2014	3 751	10.9%	39.9%	48.9%	52.7%	55.5%	56.2%	57.5%	58.4%	58.8%		60.9%	61.4%	53.1%	5.7%	2.1%
2015	3 979	8.9%	34.4%	46.8%	51.1%	53.0%	54.6%	56.0%	57.1%			61.0%	60.7%	51.2%	6.0%	3.9%
2016	4 182	11.1%	38.9%	52.3%	55.8%	58.6%	60.7%	63.1%				68.4%	66.9%	54.9%	8.2%	5.4%
2017	4 376	18.6%	53.0%	66.2%	72.1%	75.1%	78.2%					85.2%	83.5%	67.6%	10.6%	7.0%
2018	5 136	13.5%	45.7%	58.3%	63.3%	68.2%						80.3%	77.0%	54.3%	13.9%	12.1%
2019	5 850	9.4%	41.2%	52.0%	57.4%							72.9%	72.1%	44.2%	13.2%	15.5%
2020	6 119	8.9%	34.6%	48.6%								69.3%	64.3%	27.3%	21.3%	20.7%
2021	6 844	18.2%	46.2%									77.8%	82.1%	20.0%	26.2%	31.6%
2022	7 356	15.9%										76.9%		2.1%	13.8%	61.0%

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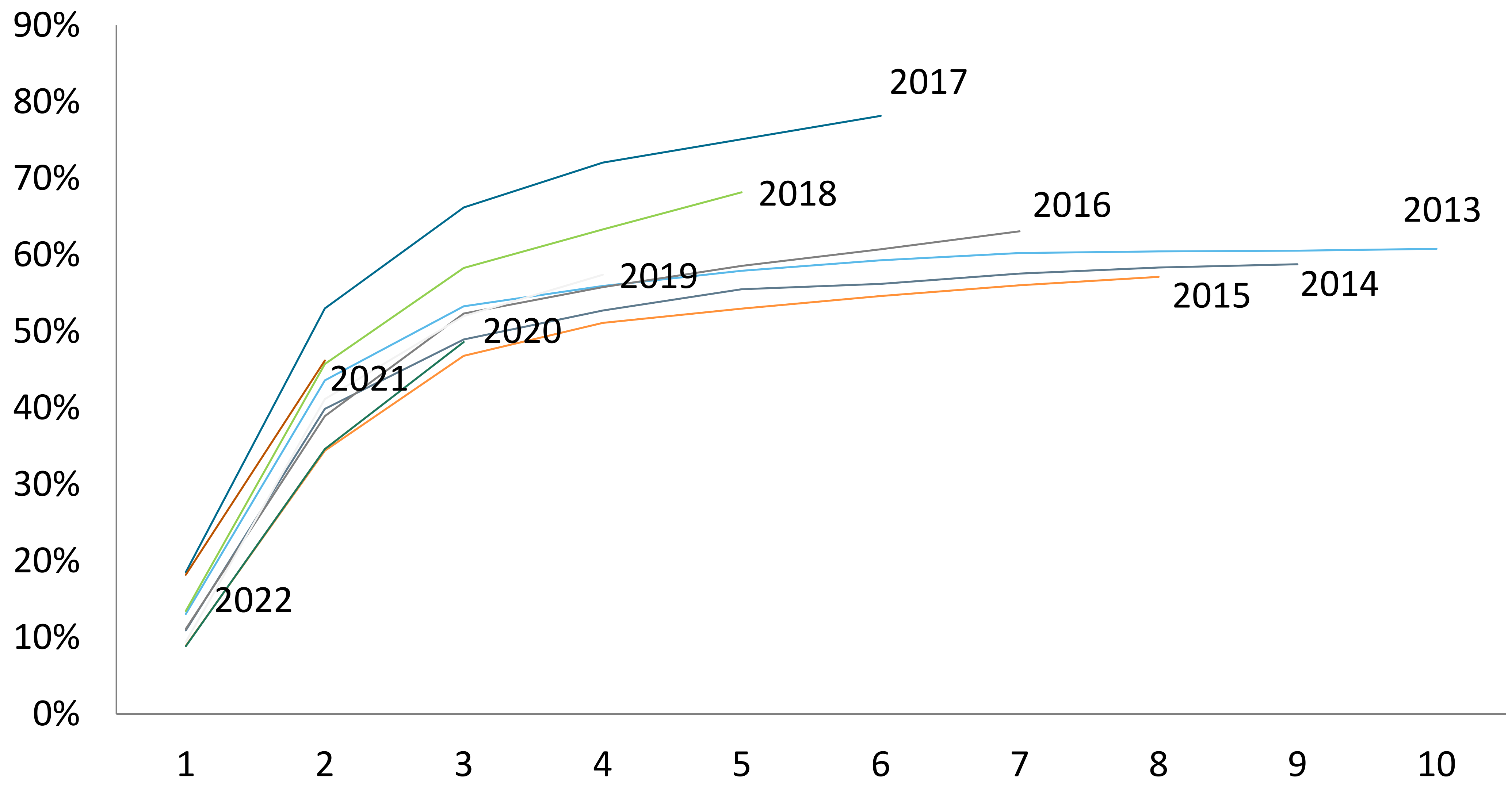
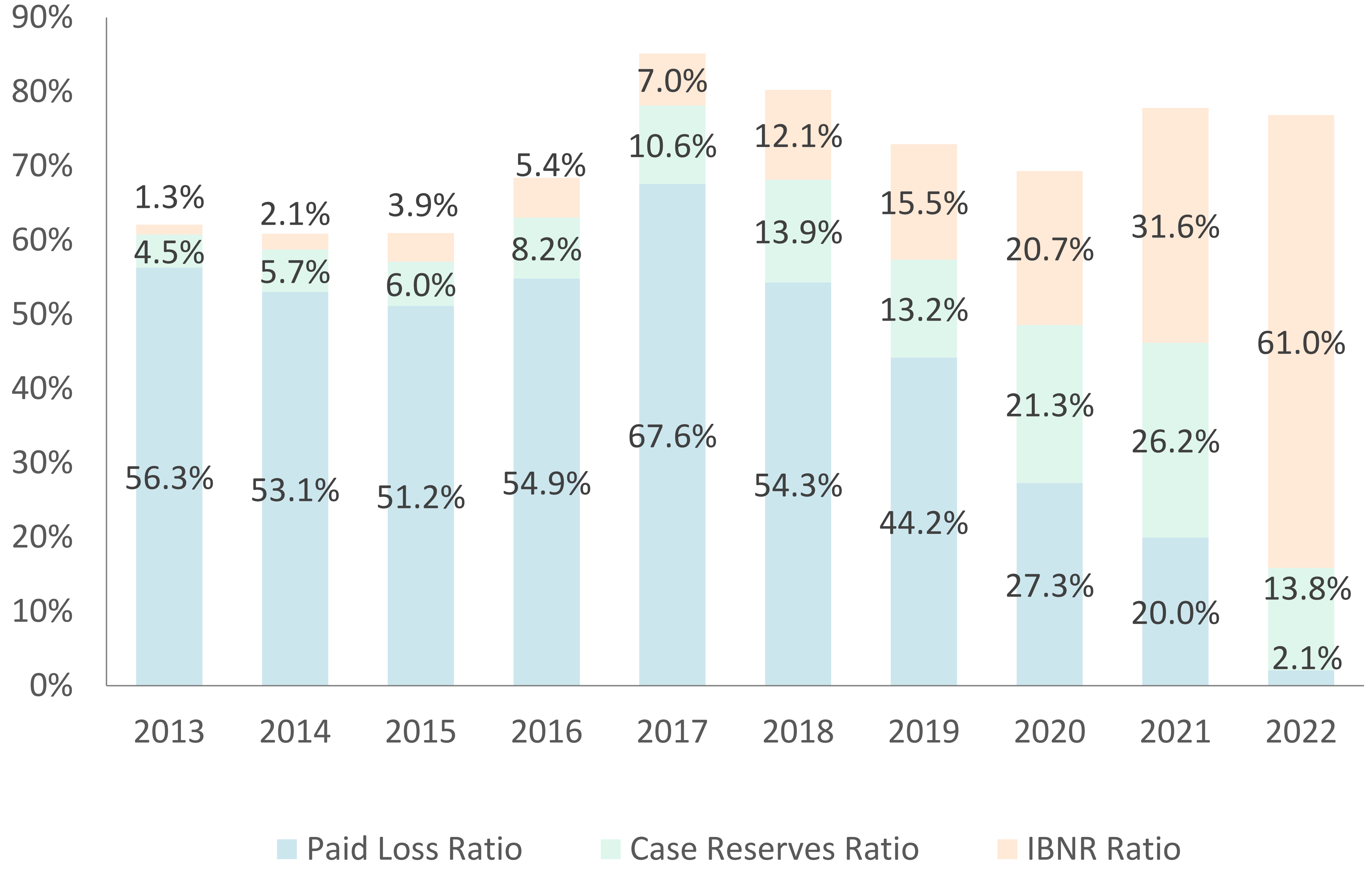
P&C loss development triangles and reserves as of December 2022

Total loss development triangle

Incurred loss development in loss ratios



Paid loss, case reserves and IBNR ratios



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A reserving approach leading to a high confidence in reserving adequacy

SCOR's strong reserving process reveals high level of confidence

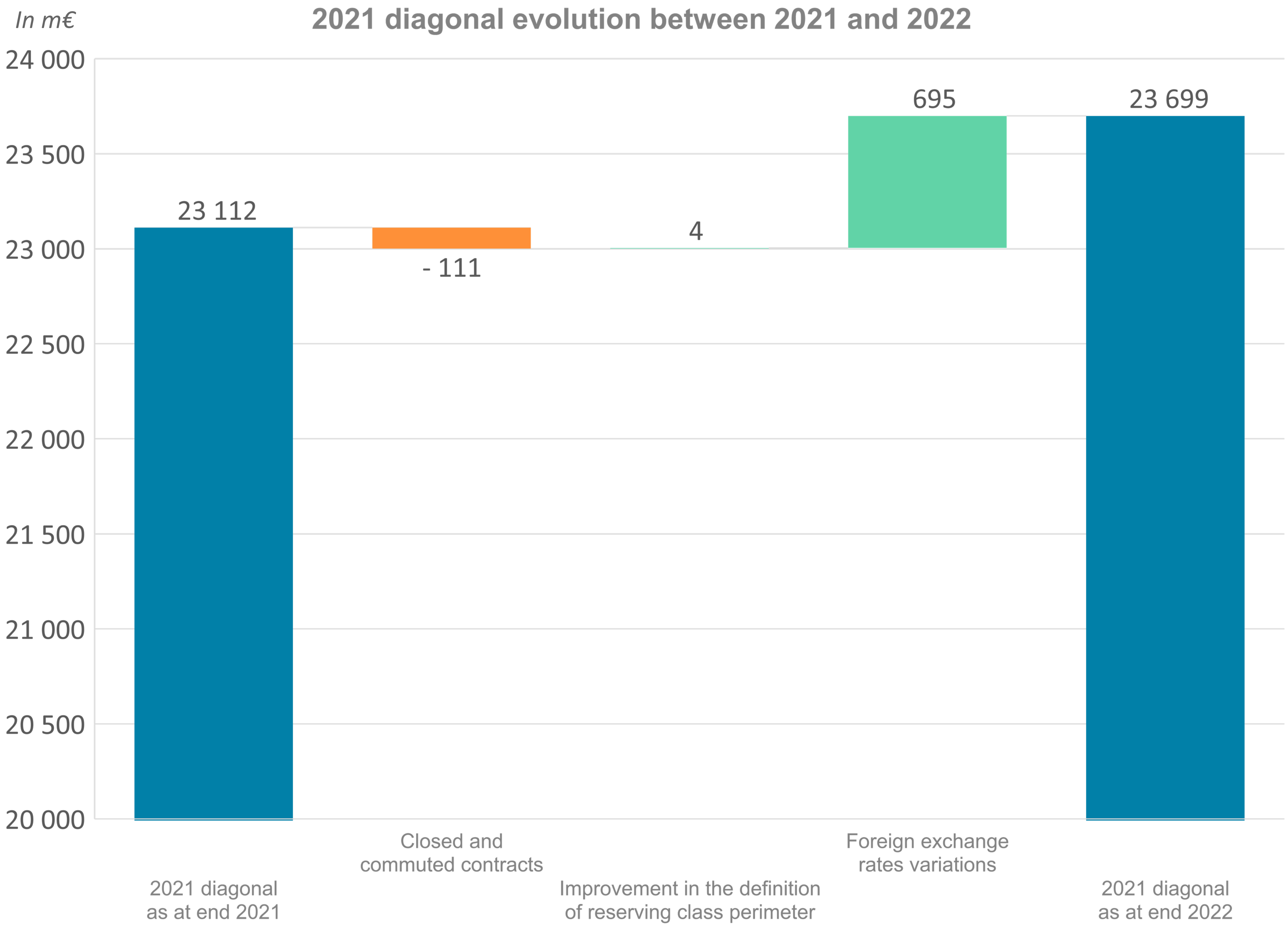
- The table reads as:
  1. Gross Ultimate Loss Ratios (ULRs) 2021 on 2022 perimeter and Exchange rates
  2. 2022 Gross ULRs on 2022 perimeter
- Globally, adverse ULR developments reflect the reserve increase implemented at Q3 2022 to adjust to high economic and social inflation.
- The increase for UWY 2018 and 2020 mostly affect aviation and property. A large part of this increase is covered by retrocessions.
- The ULR on recent UWY are globally higher than historical average due to Cat losses.

Underwriting Year	Ultimate Premium *€ billion*	1 Ultimate Loss Ratio 2021 as if 2022	2 Ultimate Loss Ratio 2022	Difference
2013	3.5	62.7%	62.1%	-0.6%
2014	3.8	61.4%	60.9%	-0.5%
2015	4.0	60.7%	61.0%	0.3%
2016	4.2	66.9%	68.4%	1.5%
2017	4.4	83.5%	85.2%	1.7%
2018	5.1	77.0%	80.3%	3.3%
2019	5.9	72.1%	72.9%	0.9%
2020	6.1	64.3%	69.3%	5.0%
2021	6.8	82.1%	77.8%	-4.3%
2022	7.4		76.9%	

Reconciliation to prior triangles

Reconciliation between 2021 diagonal as at end of 2021 and 2022

The following graph provides reconciliation between the amount of incurred claims disclosed at year-end 2021 and year-end 2022 taking into account all available information at reserving class level. The main changes come from the foreign exchange rates variations (increase of EUR 695m).



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3. SCOR Portfolio

Types of reinsurance

51%

Treaty proportional (1)

The reinsurer, in return for a predetermined share of the insurance premium charged by the ceding company, indemnifies the ceding company against the same predetermined share of the losses of the ceding company under the covered insurance contracts

(1) Proportional or quota share reinsurance

30%

Treaty non-proportional (2)

The reinsurer indemnifies the ceding company against all or a specified portion of losses, on a claim by claim basis or with respect to a specific event or a line of business, in excess of a specified amount, known as the ceding company's retention or reinsurer's attachment point, and up to a negotiated reinsurance treaty limit

(2) Non-proportional, or excess of loss or stop loss reinsurance

19%

Facultative

The ceding company cedes and the reinsurer assumes all or part of the risks covered by a single specific insurance policy

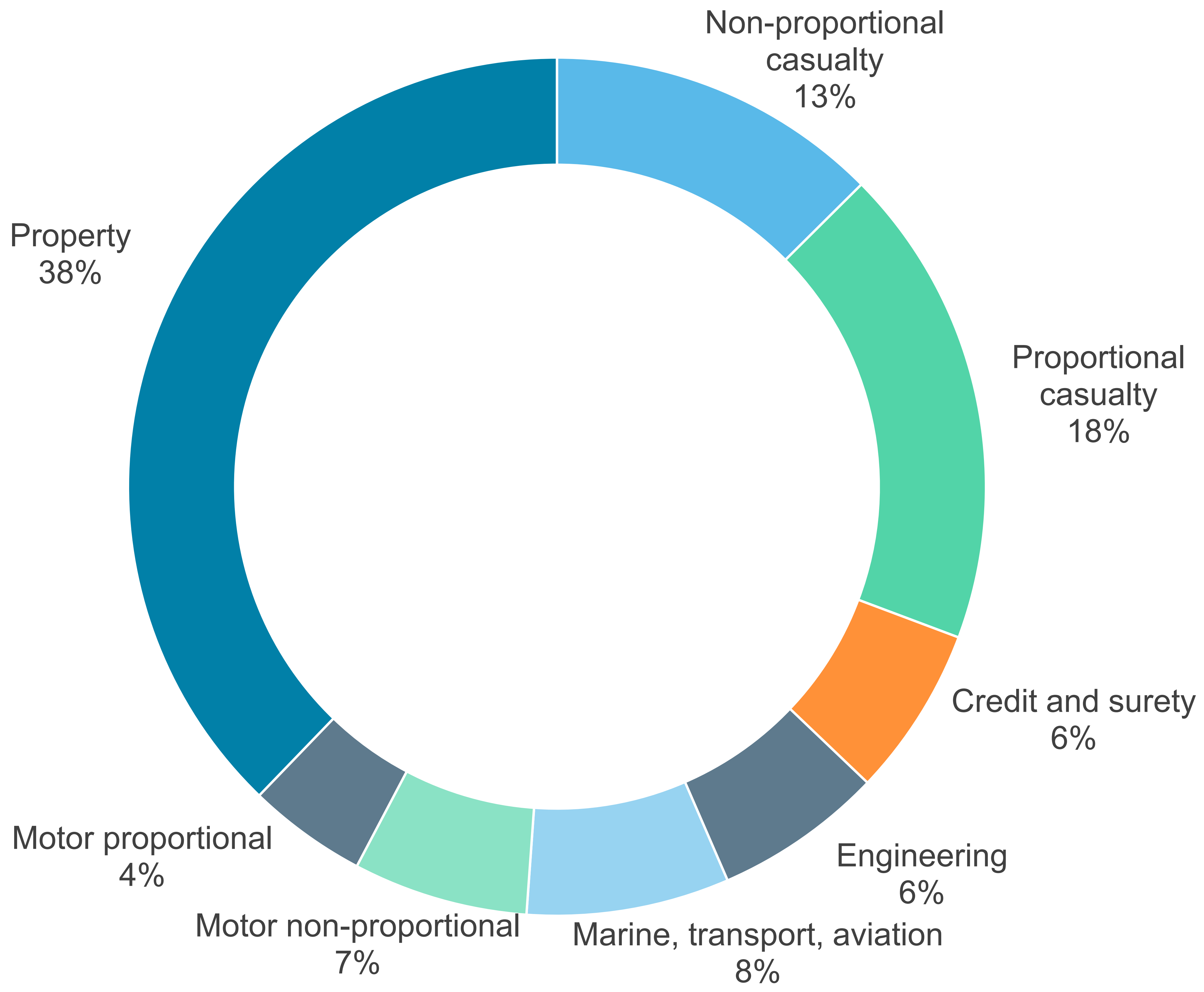
Facultative reinsurance is negotiated separately for each insurance contract that is reinsured

Facultative reinsurance normally is purchased by ceding companies for individual risks not covered by their reinsurance treaties, for amounts in excess of the monetary limits of their reinsurance treaties or for unusual risks

Note : reserves split by type of reinsurance computed on 2013 – 2022 UWYs

P&C loss development triangles and reserves as of December 2022

Lines of business description



2013 – 2022 Reserves split by line of business

Lines of business description

Engineering

It provides coverage for the risks inherent in the construction projects (from inception to completion). It covers all types of civil construction risks, plant and machinery breakdown risks as well as delay in start up coverage.

Property

The risks covered are classically fire, agriculture, machinery breakdown, and theft for private individuals, commercial or industrial risks along with CAT exposure.

Proportional casualty

This class contains professional and personal liabilities, Directors and Officers, and Workers' Compensation (mainly in run-off) with main exposure in the US (regional and national portfolios) and in Europe. This class contains IDI business (Inherent Defect Insurance) as well in France and Spain. IDI provides coverage for inherent defects that are detected during a period starting at the completion of a construction/installation and expiring up to 10 years after.

Non-proportional casualty

This class contains professional indemnity, E&O, public and product damages, Cyber and EIL on facultative and treaty basis (UK and US mainly), IDI (France and Spain mainly), medical malpractice (mainly US and France) and professional and manufacturing liabilities (heavy industry, food producers). Workers' compensation business is also included (mainly in the US).

Lines of business description

Credit and surety

This class mainly contains proportional business. The surety business is mainly performance bonds. The rest of the portfolio is credit insurance

Marine, transport, aviation

This class is split between aviation and marine risks. Aviation risks include products liability, hull and liabilities for airlines, general aviation and satellite risks. Marine and transport are basically insurance of hull and liabilities for merchant ships along with offshore coverage

Motor proportional

This class contains property damage covers as well as bodily injury covers. The reserves mainly relate to US, Israelian and large European markets.

Compared to the motor non-proportional class, this motor proportional class has a shorter development length. This is explained by the more important weight of damages to property (short term risks) and the nature itself of this class (the claims reporting to the reinsurer is faster for proportional businesses)

Motor non-proportional

The main risk covered is auto liability. For the displayed period, the most important part of this class is motor third-party liability on UK market. The second largest part is motor third-party liability on French market, followed by large European markets (Germany, Italy, Northern Europe).

Both premium and reserves are mainly related to bodily injury covers.

From a reinsurance point of view, this class is expected to have a longer development length than the motor proportional class, as only claims that overcome the threshold (as defined in the reinsurance contract) are concerned.

4. Appendices

Appendix 1: Large losses

Only loss amounts exceeding €40m by underwriting year for Property and €15m for the other classes of business (on the disclosed perimeter) are shown in the table below. This rule applies as well to Covid-19 claims. Therefore, the Covid-19 figure in the table below represents only a part of SCOR total Covid-19 claims amount disclosed by SCOR in its different press releases. Please refer to the Covid-19 disclaimer on slide 3.

Underwriting year	Paid claims	Incurred claims	Main events by UWY
Worldwide Property fire all natures including Nat Cat			
2013	317 130	317 817	Central European Flood, Fire in a China Semiconductor Company, Hailstorm Andreas, Japan Snowstorm, Saint-Jude Storm
2014	90 478	90 683	European hail (Ela)
2016	130 685	132 722	Fort McMurray Wildfire, Maria, Hurricane Matthew
2017	821 149	863 262	Abu Dhabi Nat Oil Company, California Wildfire, Harvey, Irma, Maria, Refinery Explosion in Wisconsin
2018	501 277	539 835	Camp California Wildfire, Hurricane Michael, Typhoon Jebi, Typhoon Trami, Refinery Explosion in Germany
2019	533 154	578 359	Typhoon Hagibis, Typhoon Faxai, Hurricane Dorian, Petrochemical plant explosion in Texas
2020	281 637	581 079	Midwest Derecho CAT 2046, Coronavirus / Covid-19, Hurricane Laura - Cat 2050, US Severe Winter Storm 2021
2021	579 152	1 162 120	Hurricane Ida, European Flooding - July 2021, South Africa Riots 2021, US Severe Winter Storm 2021, European Convective Storms, Australia Floods 2022 - QLD/NSW
2022	129 409	642 119	Gas plant explosion in Oklahoma, Liquefied natural gas facility explosion, Australia Floods 2022 - QLD/NSW, Hurricane Ian - September 2022, Typhoon Hinnamnor - September 2022, South Africa Flooding 2022, European February Windstorms 2022, French Hailstorm Late June 2022, French SCS - Early June 2022
Worldwide marine, transport , aviation all natures			
2014	90 913	90 913	BW offshore explosion, Satellite launch failure, Mexican Petrol Company - Abkatun Platform Fire
2015	34 284	34 422	Failure of turret
2017	14 696	15 243	Irma
2018	33 322	118 007	Falcon Eye 1 launch failure, Ethiopian Boeing B737 Max 8
Worldwide Credit & Surety all natures			
2017	17 482	17 482	Bankruptcy of a Chinese mobile manufacturer
2018	17 125	17 125	Bondfield Construction Company
Worldwide Casualty non proportional and facultative - including PA, WC, IDI and Medical Malpractice			
2008	278	19 305	Talc claims
2010	41 223	41 223	DuPont (Imprelis Herbicide), Residences damaged by pyrrhotite (Canada)
2012	23 819	23 819	Bayou Corne sinkhole
2016	15 588	38 155	High-rise fire in London, US homebuilders off-gassing
Worldwide Engineering all natures			
2014	10 986	15 450	Kuwait Flood
2018	16 173	16 173	South Alex Fire

(in 000s EUR)

Appendix 2: Positive (negative) development vs Reserve release (reinforcement)

1

Positive (negative) development

Any movement of the reserves which are fully reflecting the incurred's ones and are not impacting the margin are identified as positive or negative development.

2

Reserve release (reinforcement)

Any movement of the reserves which are not fully reflecting the incurred's ones and therefore are impacting the margin are identified as reserves' release or reinforcement.

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Appendix 3: External auditors (KPMG and Mazars) statement

On our request, procedures have been performed in 2023 by SCOR external auditors which has led to a “Statutory auditors’ report of the factual findings of the agreed-upon procedures relating to the loss development triangles and reserves for the year ended December 31, 2022”. The objective was to provide SCOR with their findings regarding the quality and the completeness of the loss development triangles disclosed. These procedures as defined by us covered quality and completeness of data disclosed, correct consolidation of the triangles and controls of process leading to the production of the Ultimate Loss Ratios as well as the “As-if” figures.

As part of the procedure, SCOR external auditors have found that the disclosed triangles reconcile with the underlying data; the triangles have been consolidated with no exception found, the process leading to the production of the Ultimate Loss Ratios as well as the “As-if” figures did not raise any exception and the document accompanying the triangles is a fair reflection of the way in which the triangles are actually built.


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