Press Release
9 February 2016 - N°03

January 2016 Renewal Results

SCOR Global P&C continues to perform in lasting soft market conditions

At the 1 January 2016 renewals, SCOR Global P&C manages to maintain quasi-stable expected technical profitability compared to January 2015, while recording gross premium growth of 2% at constant exchange rates, to EUR 3.0 billion.

In a (re)insurance market that shows some signs of levelling out for certain types of contracts and exposures, but where competition regained some momentum at the very end of 2015, SCOR Global P&C achieves sustainable growth in spite of the pressures on prices worldwide, in line with the indications given at Monte Carlo and Baden Baden.

SCOR Global P&C continues to find pockets of profitable new business, more than counterbalancing the premium reductions caused by increased selectivity and heightened portfolio management, thereby maintaining overall expected profitability. This has been made possible by a combination of several factors, such as the successful deployment of the client-focused initiative in the US, and having developed the right culture and the right tools to manage global client relationships and steer business in real time.

Key performance indicators

- **Expected technical profitability remains quasi-stable** compared to January 2015, with the overall gross underwriting ratio[1] increasing by only 0.3 percentage points, mainly due to non-proportional business, while the overall gross loss ratio reduces slightly. The expected return on risk-adjusted capital meets the SCOR Global P&C performance requirement, which is based on the Group's target ROE.
  Based on this limited deterioration and thanks to the improved efficiency of the retrocession cover achieved for 2016, SCOR Global P&C expects a net combined ratio of close to 94% for 2016 under normal loss experience.

- **The overall decrease in risk-adjusted pricing is contained at -1%**. SCOR Global P&C continues to benefit from a high level of exposure to more resilient primary insurance markets, through proportional business.

- **The 2% overall premium growth reflects very fragmented trends, by market/region and by line of business**. Further openings in the US, where the rebuilding of the franchise is progressing very well, have offset voluntary reductions of shares or cancellations with clients that no longer meet profitability conditions, from both mature and emerging markets. Another feature worth highlighting is that SCOR Global P&C maintains preferred levels of signings, including on the oversubscribed programs.

  Based on the outcome of the January renewals and on current exchange rates, SCOR Global P&C anticipates total gross premiums of EUR 6.0 billion in 2016.

[1] *underwriting ratio = loss ratio + commission ratio, on an underwriting year basis*

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Added value and client relationships

In a context of intense competition, the quality and history of client relationships, and of the services provided to business partners, continue to positively distinguish SCOR Global P&C as a reinsurer that adds value over and above the provision of capacity.

With the implementation of Solvency II in January 2016, and the adoption of similar principles by an increasing number of regulators outside the European Union, the ability to provide clients with feasibility studies of specific capital management and capital optimization solutions becomes a competitive advantage. Thanks to its Alternative Solutions Initiative, SCOR Global P&C's responsiveness to client demands has proved beneficial to its overall reinsurance relationships.

Main business line developments

The premiums up for renewal at 1 January 2016 represent 68% of the total annual volume of treaty premiums and are distributed between P&C treaties (71%) and Specialty treaties (29%).

- For **P&C treaties**: gross premiums increase by 2.4% at constant exchange rates, to EUR 2.144 billion, with very active portfolio management that led to a re-balancing of the portfolio towards the US in real time as we went through the renewals. The premium reductions of 2% recorded in the EMEA and APAC regions are more than counterbalanced by profitable growth of 24% in the US, leveraging on the US Client-Focused Initiative.

- For **Speciality treaties**: gross premiums increase by 0.9% to EUR 880 million at constant exchange rates, including the positive outcome to date for the renewals in Agriculture, which are still in progress, while the other lines of business show stability or limited reductions.

Victor Peignet, CEO of SCOR Global P&C, comments: *"In view of the difficult business environment in which we operate, this is yet another renewal season that can be considered a success. For the third year in a row under the "Optimal Dynamics" plan, our strategic initiatives are proving relevant, both in our core reinsurance business, where we continue to achieve notable progress in the US and with Global Clients, and in the field of Alternative Solutions, where SCOR Global P&C positions itself as an influential player. Despite the headwinds in front of us, this is a good start to the year and gives us confidence in our ability to maintain profitability on target for 2016."*

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The Art & Science of Risk

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