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# SCOR Global Life, succeeding in a changing environment

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# SCOR Global Life has delivered on all “Optimal Dynamics” expectations and has a clear vision to succeed in a changing environment

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## Life has met or exceeded all “Optimal Dynamics” targets & assumptions...

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-  Grew strongly and profitably, self-funded, while returning EUR 1 billion cash to the Group
-  Further energized organization with new setup while completing Generali USA integration
-  Successfully grew franchise while improving Life competitive position

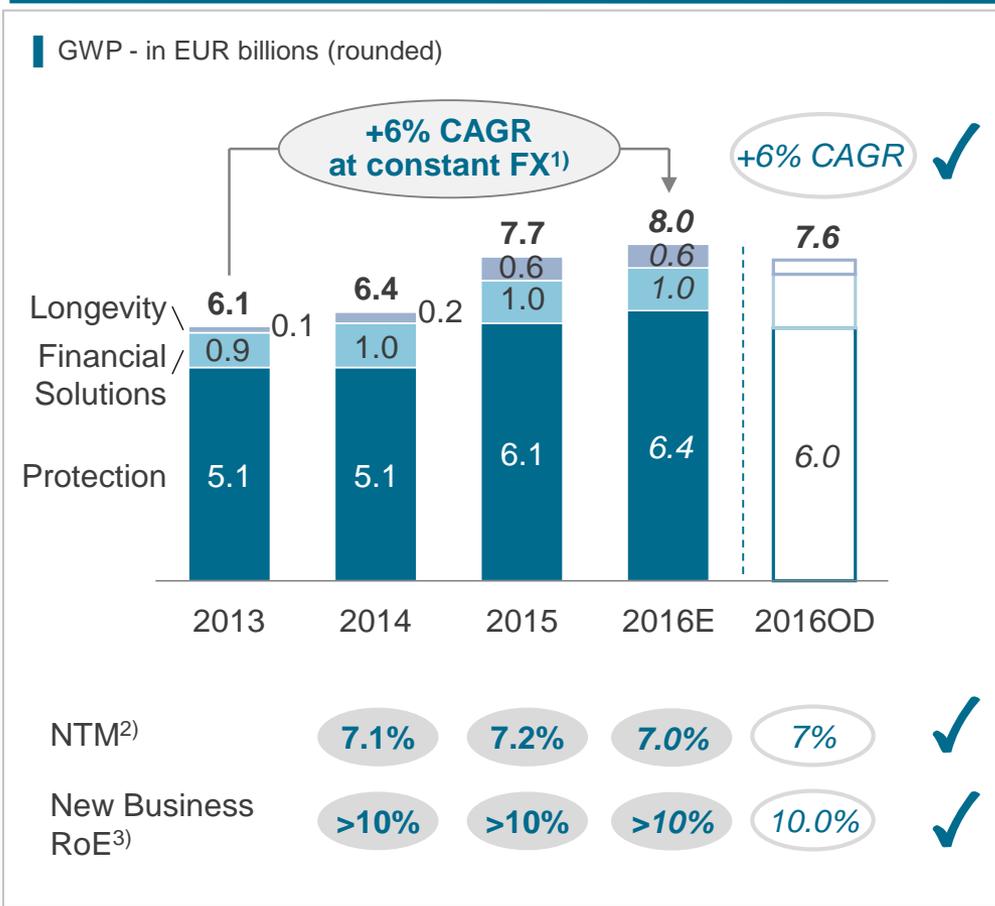
## ... and has a clear vision to succeed in a changing environment

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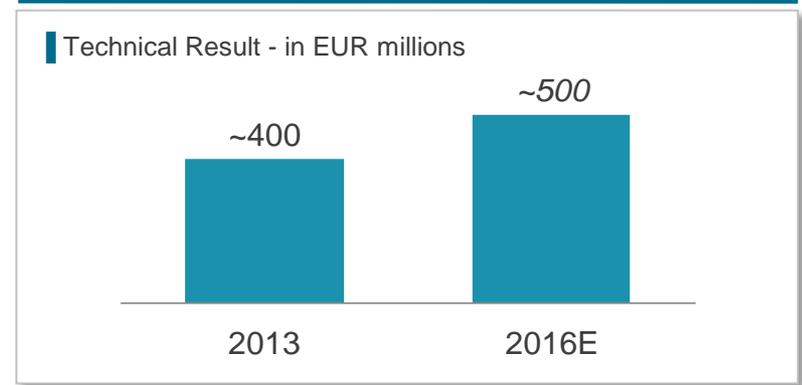
-  Fully leverage healthy and performing in-force as the bedrock of the Life entity portfolio
-  Seize opportunities created by the changing environment through the Life division’s unique set of capabilities
-  Leverage an efficient, innovative and inclusive organization

# Since 2013, SCOR Global Life grew strongly and profitably, self-funded, while returning EUR 1 billion cash to the Group

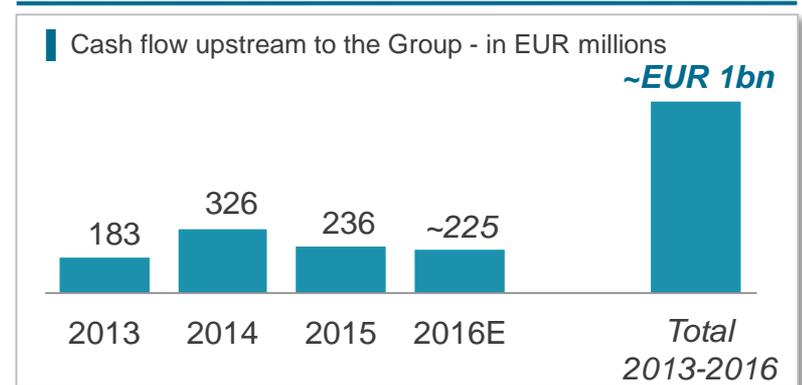
## Met or exceeded all “Optimal Dynamics” targets & assumptions



## Strong growth generating strong profitability



## Self-funded growth while returning EUR 1bn cash to the group



# Three key achievements allowed SCOR Global Life to complete its transformation, closing the gap with key competitors

## 2013-2016: three key achievements

- **Successfully completed Generali USA acquisition & maintained US leadership position**

#1 



- **Further energized organization with new setup**

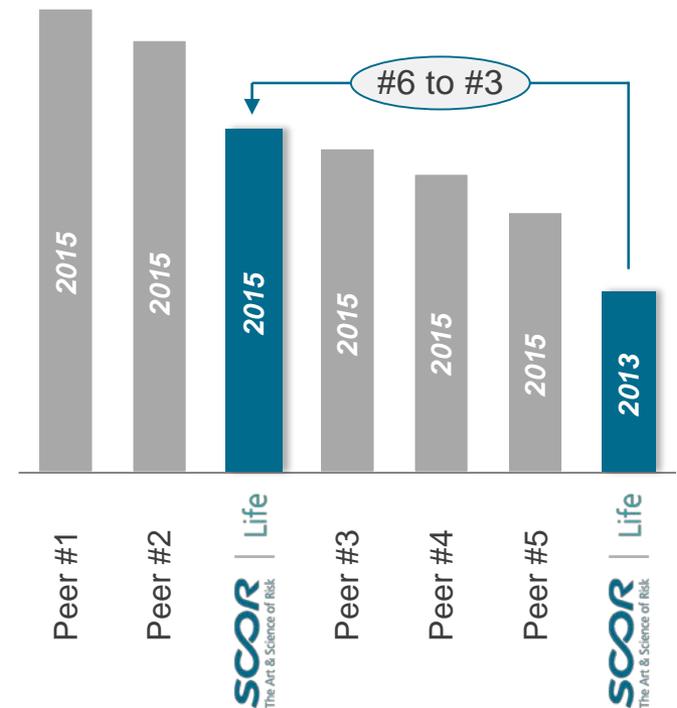
- Created 3 regions to enhance expertise
- Established Global Financial Solutions & Longevity and Global Distribution lines

- **Successfully grew franchise both in Protection footprint and product lines<sup>2)</sup>**

- x4 Longevity
- x2 Protection in Asia-Pacific

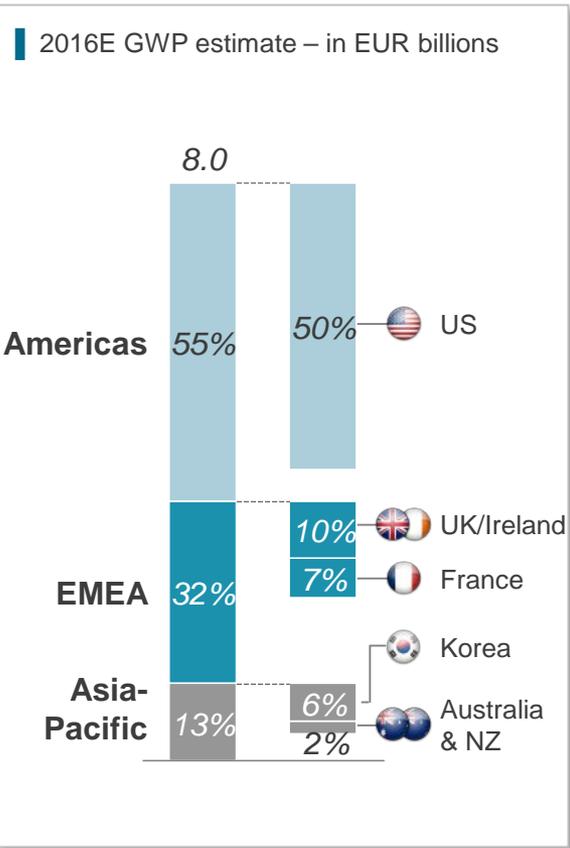
## Significantly improved competitive position

■ NMG 2015 Business Capability Index – All respondents – SCOR target market<sup>1)</sup>

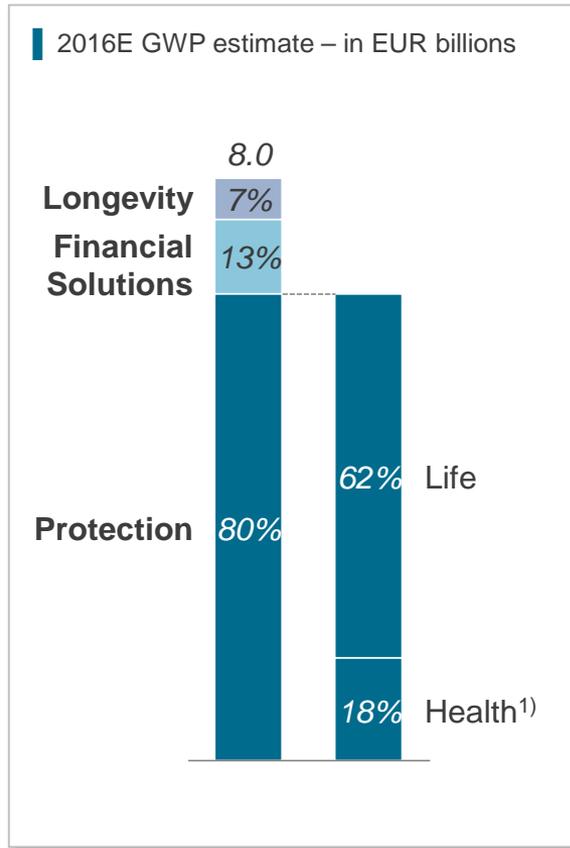


# SCOR Global Life, with an established franchise, is well positioned for the future

## Tier 1 global franchise



## Complete offering with strict biometric focus



## Presence in all key markets & strong leadership positions



# SCOR Global Life's environment is changing, creating overall strong tailwinds for Life reinsurance



Shifting of growth to emerging & evolving markets



Changing demographics; increasing longevity awareness and demand in retirement



Prolonged low yield environment changing product mix & putting pressure on profitability



Widening protection gap presents opportunities



Changing regulatory environment impacts clients' solvency & go-to-market strategies



Reduced public spending increases reliance on private coverage



Technology potentially disrupting offering and distribution channels

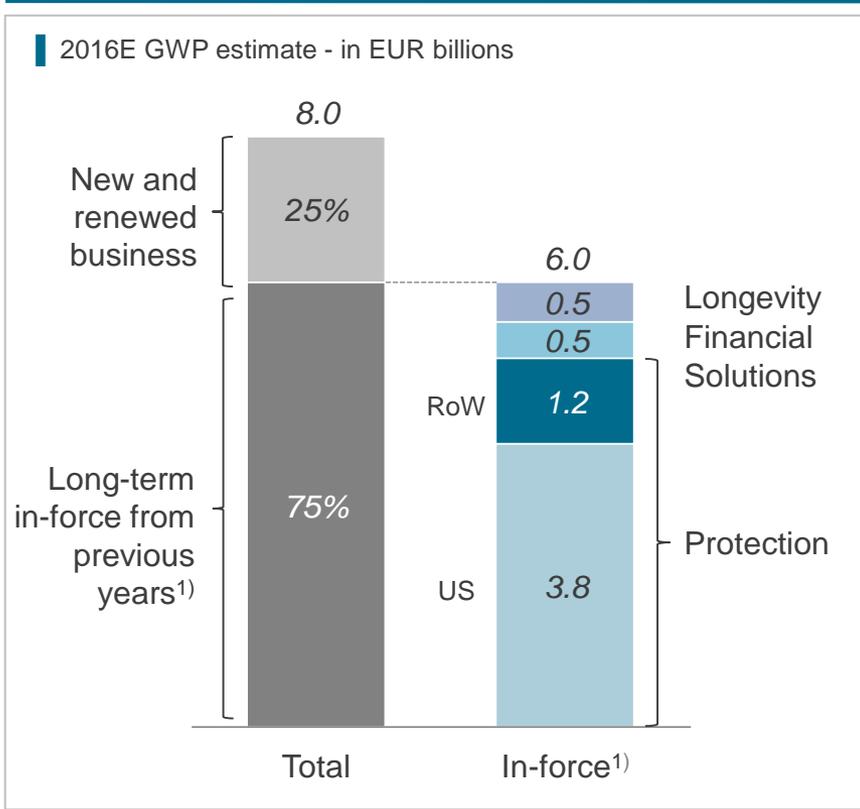
# SCOR Global Life has a clear vision to succeed in this environment



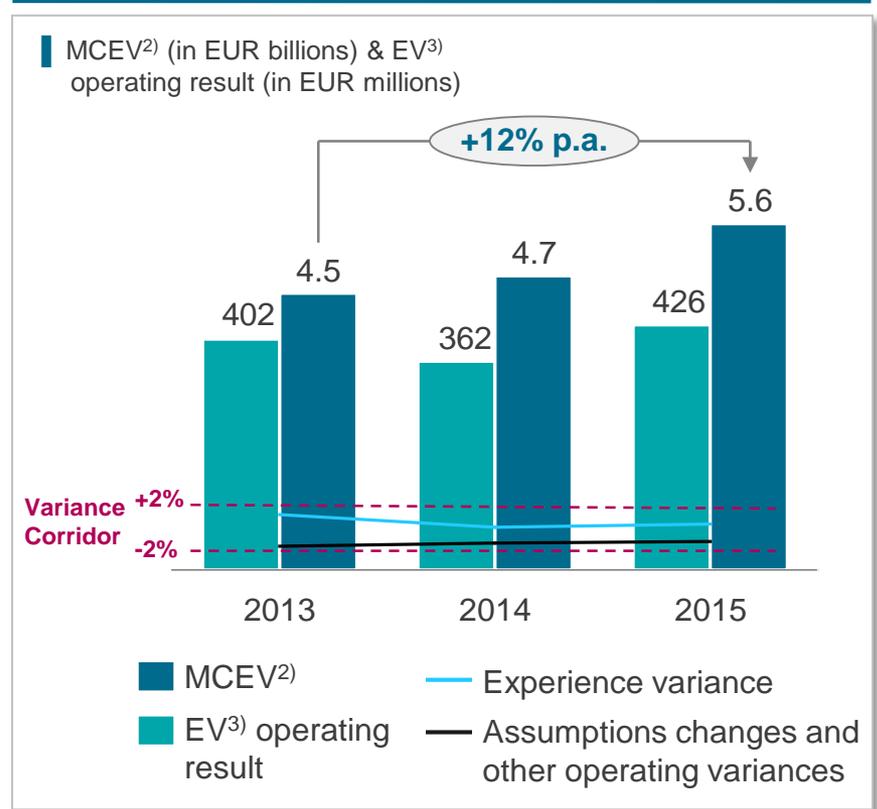
# Healthy in-force book is the bedrock of SCOR Global Life's portfolio and has showed consistently strong performance over time



## ~75% of SCOR Global Life's book is long-term in-force from prior years of activity



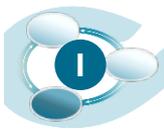
## Excellent MCEV results with a consistent profitability



**In-force book delivers consistent value while funding SCOR Global Life growth**

1) In-force book = all long-term treaties signed in 2015 or earlier  
 2) Market Consistent Embedded Value  
 3) Embedded Value

# Five developments will enable the delivery of the in-force portfolio's full value

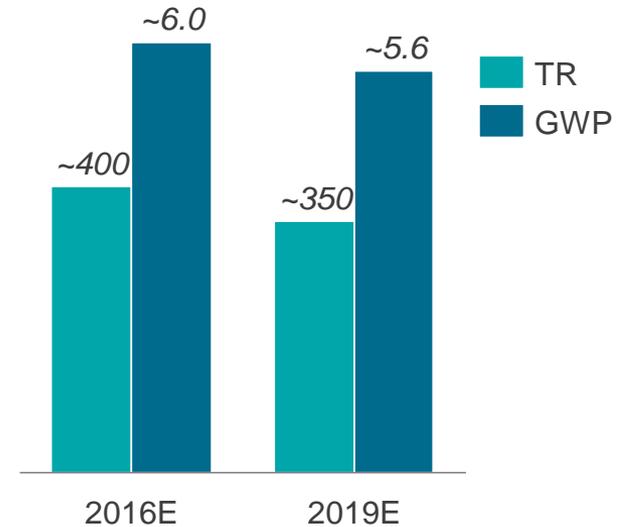


## Five developments to strengthen in-force management and unlock value

-  Intensify R&D efforts
-  Pursue streamlining of data flows
-  Continue in-force optimization work
-  Explore possibility of accelerating cash-flows
-  Increase operational efficiencies

## Manage and optimize a healthy profitable in-force book<sup>1)</sup> to deliver consistent result

GWP (in EUR billions) & TR<sup>2)</sup> (in EUR millions)



**2016 in-force book expected to deliver ~EUR 350 million of technical result in 2019**

# Comprehensive franchise strategy to seize market opportunities, leveraging a unique set of capabilities



**Expansion of footprint**  
in Protection to defend and  
strengthen market presence  
around the world



**Diversification of risk  
profile**  
by growing health  
and longevity



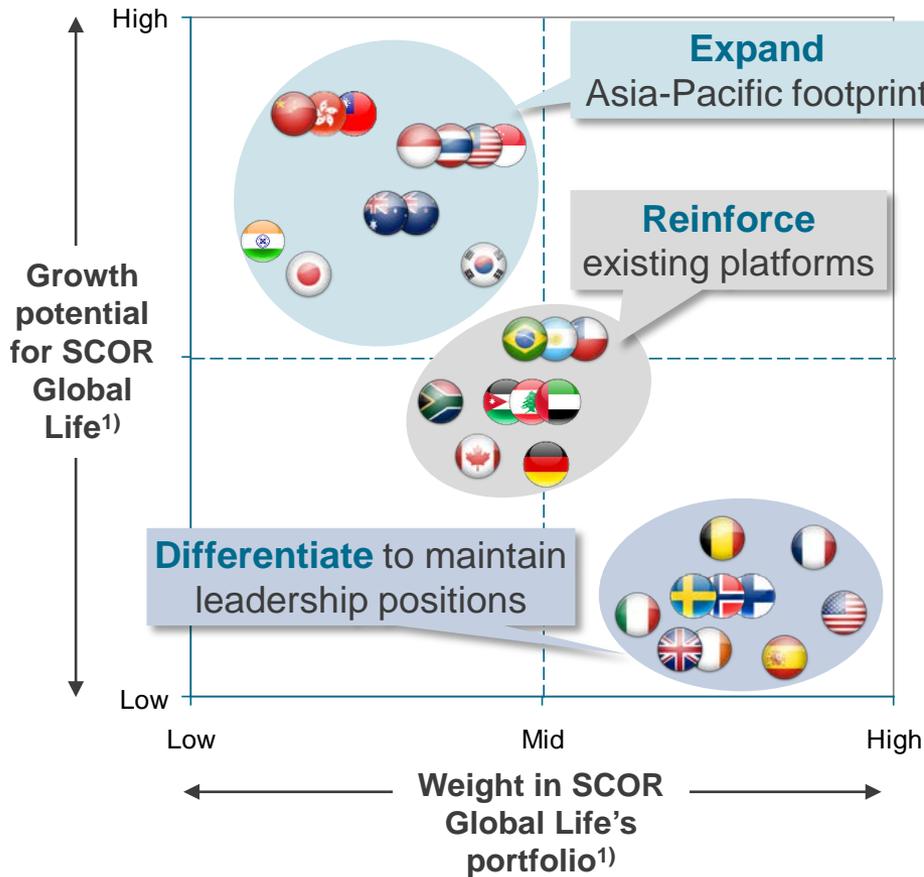
**Growth of consumer  
demand**  
by supporting clients with  
unique distribution solutions



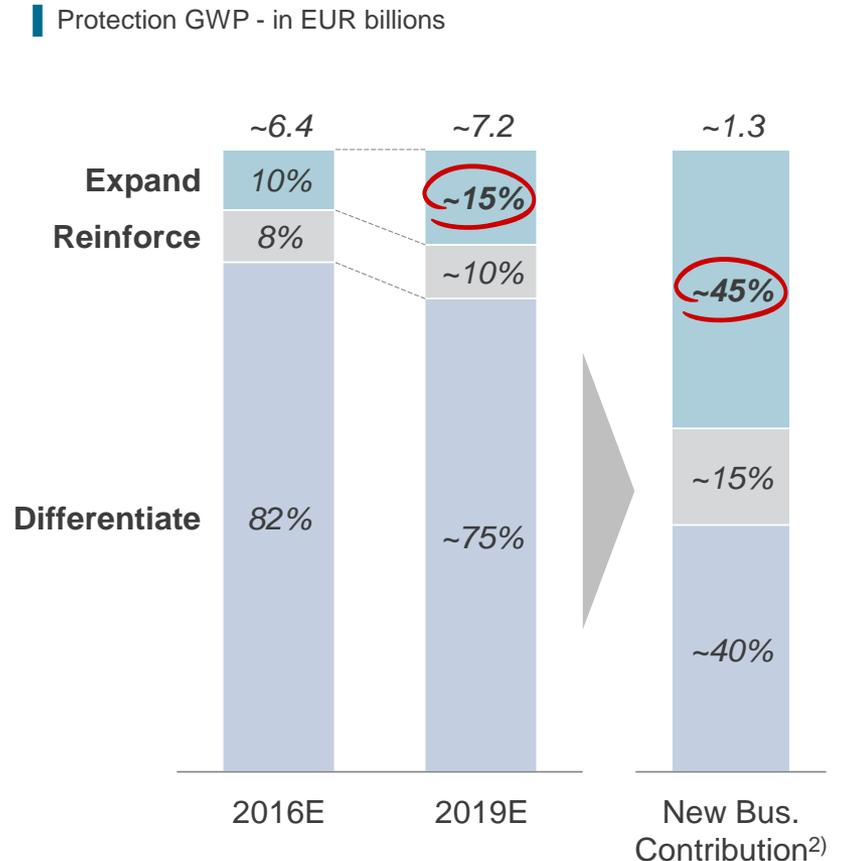
# Expansion of footprint: three different strategies required to address shifting growth patterns in Protection markets



Three areas of focus to address the shift in growth patterns...



...leading to a greater diversification of geographies



1) Source: SCOR own estimates & research  
2) New business contribution reflects the impact in 2019 of new business written over 2016-2019



# Expanding the Asia-Pacific Protection footprint: market is growing due to favourable macro-trends and a shift to protection



## Strong tailwinds from changing environment...



Favourable macro-trends

- **Shifting of growth to emerging markets:**
  - Asia-Pacific: ~50% of global growth<sup>1)</sup>
- **Aging population:**
  - Japan population over 65: from ~25% in 2015 to 40% in 2050<sup>2)</sup>
  - China: from 10% to 24%<sup>2)</sup>
- **Fast growing middle class:**
  - Share of ~30%-50% by 2020<sup>2)</sup>
- **Evolving prudential regulation:**
  - China: C-ROSS

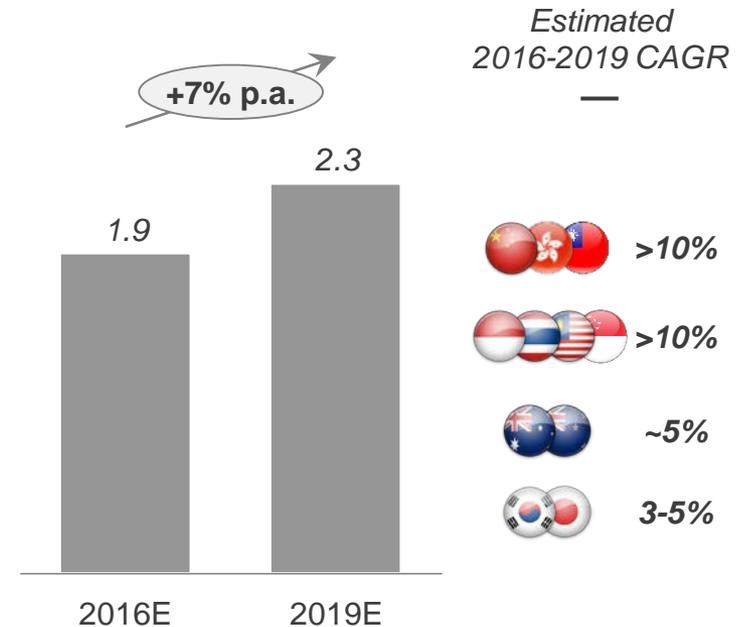


Shift to protection

- **Shifting product mix:**
  - Shifting from savings to protection due to low yield environment
- **Increasing reliance on private coverage:**
  - Gradual withdrawal of state welfare systems towards private sector
- **Widening protection gap:**
  - China, South East Asia

## ...resulting in an expanding reinsurance market

Yearly Contestable Cessions<sup>3)</sup>, GWP - in EUR billions



1) Share of global GDP growth; Source: International Monetary Fund

2) Source: OECD

3) Includes new cessions on both new and existing treaties by insurers, and short-term business up for renewal; "Core protection", excluding Health, Financial Solutions and Longevity

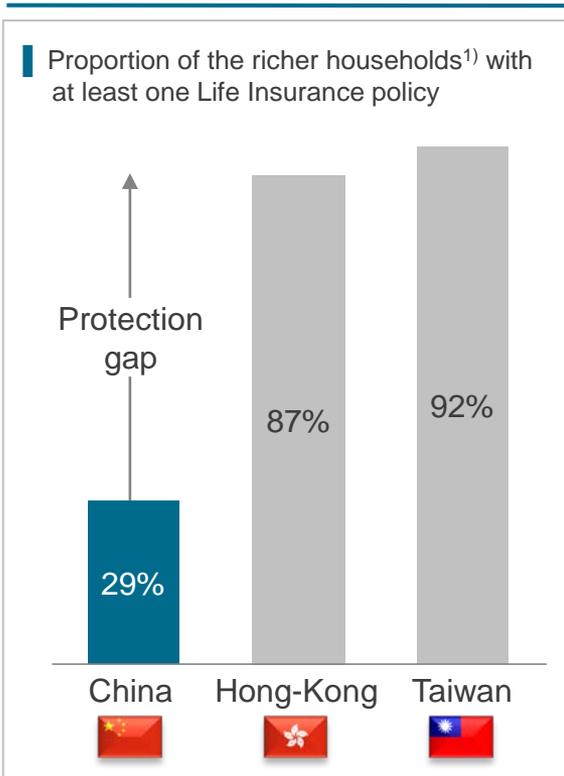


# Expanding the Asia-Pacific Protection footprint

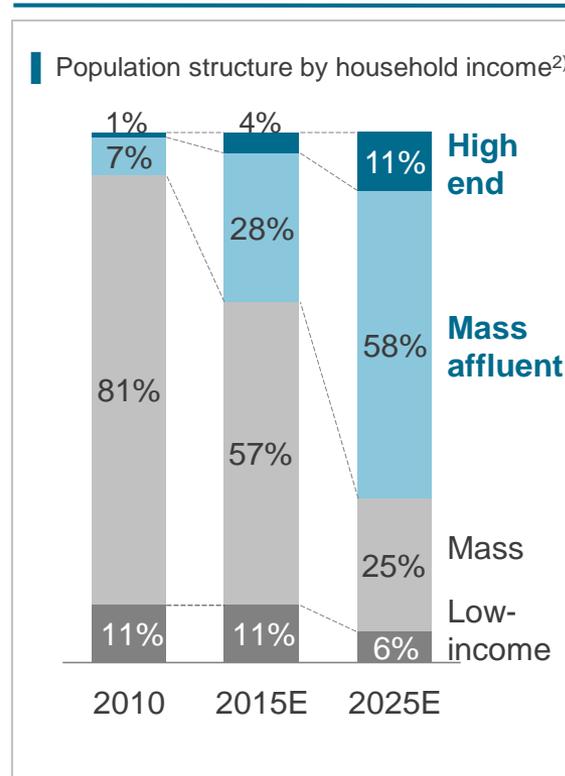
## Example of China: strong fundamentals driving long-term growth



### Massive protection gap to be filled



### ~70% population as high-income class and Mass affluent by 2025



### Government & Regulatory directions to provide stimulus

- “Pension & Health government measures” to boost industry:
  - New National 10-year Guidelines
  - Tax incentives for individual health
  - Tax deferral policies under study
- Expected positive impact from C-ROSS on Protection products:
  - Implementation of capital charges favourable to protection products



Reinsurance cessions expected to grow >10% p.a. by 2019

1) Richer households referring to: High-end and Mass-affluent classes. Source: Towers Watson

2) High-end > 500,000 RMB > Mass-affluent > 100,000 RMB > Mass > 37,000 RMB > Low-income. Source: Roland Berger



# Expanding the Asia-Pacific Protection footprint: building on strong foundations to “Surf the wave” in Asia-Pacific



## Established presence in Asia-Pacific with careful entry strategy

- **Established longstanding presence** in the region, reaching 8 offices in all key markets with over 120 people
- **Built strong regional platform**, with key capabilities and excellent understanding of risks & context
- **Carefully grew the book**, with sound profitability

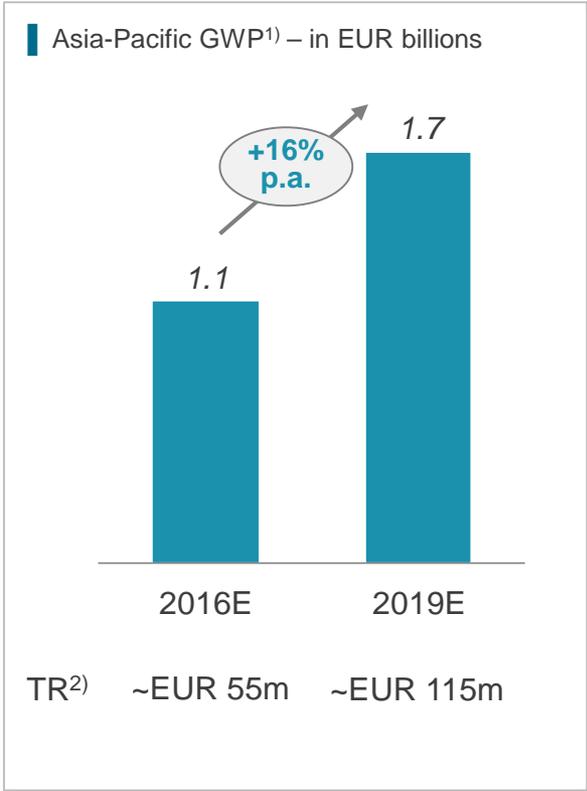


**Strong macro-fundamentals provided tailwinds**

## Building on strong foundations

- Continuation of investments:
  - Pursue selected and profitable growth in Group & Individual Life
  - Further strengthen strong position thanks to new product development
- Launching of new investments:
  - Expand through product development, Health offering and C-ROSS solutions
  - Expand through product development, Group business and large tenders
  - Establish presence in individual life market with Fac Underwriting capabilities

## Material growth expected, thanks to strong fundamentals





# Diversification of risk profile: unique set of capabilities coupled with changing environment driving Health & Longevity growth

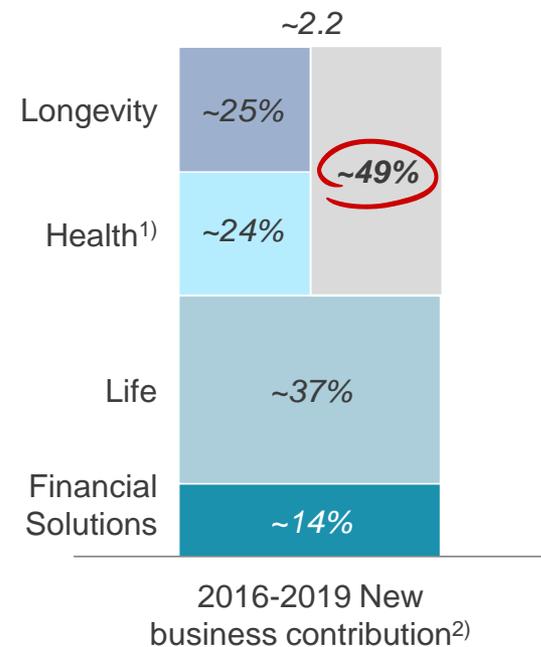
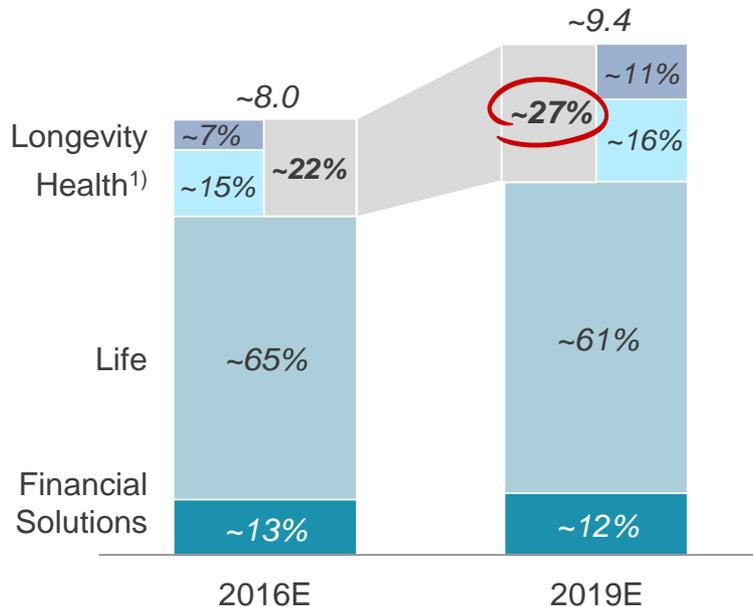


## Overall share of Longevity and Health to grow by 5 points by 2019

## Longevity and Health to represent half of new business contribution by 2019

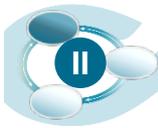
Total GWP - in EUR billions

GWP - in EUR billions





# Diversification of risk profile – Health: leverage existing capabilities and client relationships to grow Health business

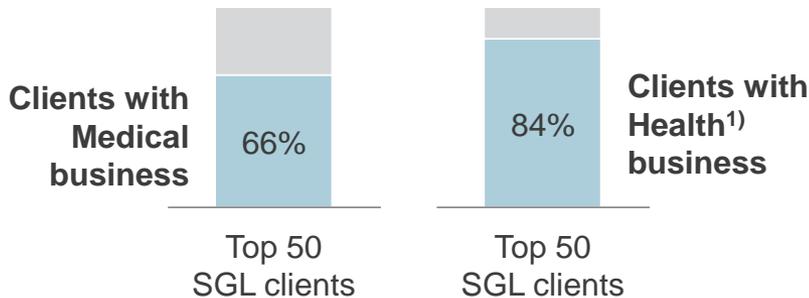


## Favorable macro-trends driving demand for Health insurance

- Strong macro-trends: aging population, growing middle class, gradual withdrawal of State welfare
- Increase in treatment cost and growing Health spending
- Sizeable reinsurance market expected to grow ~6% per annum worldwide

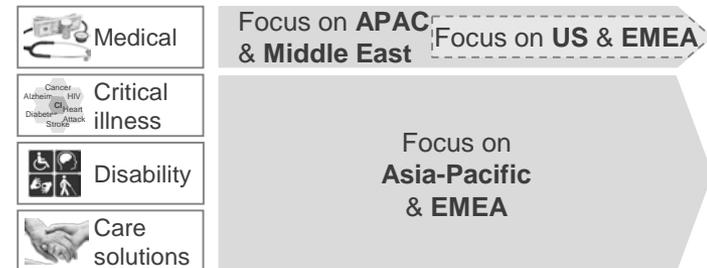
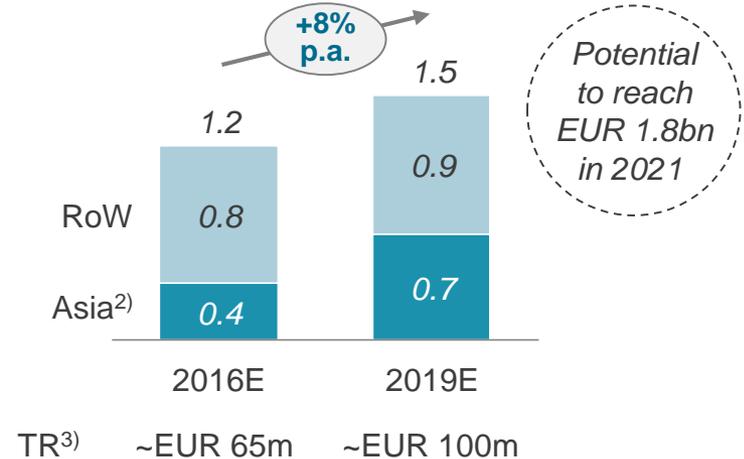


## Medical and the broader Health offering are at the core of our clients' business



## Leverage unique set of capabilities to build strong Health offering

Health<sup>1)</sup> GWP - in EUR billions





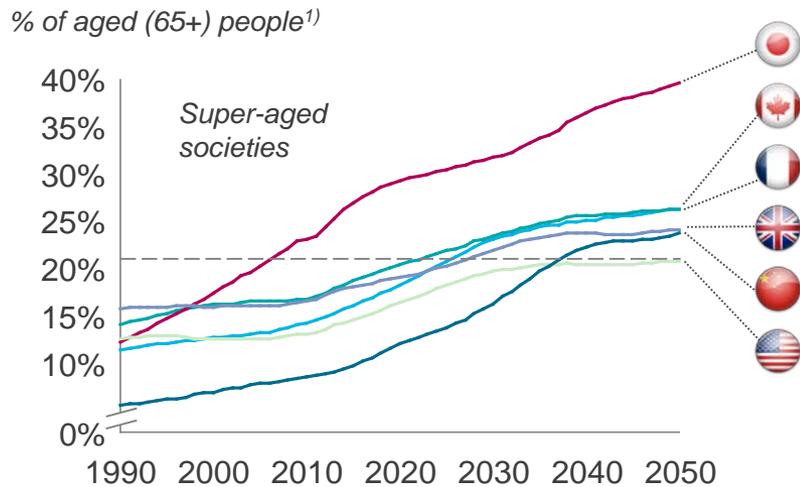
# Diversification of risk profile – Longevity: growing awareness of longevity risk supporting strong growth



## Strong macro trends increasing awareness of longevity risk...



### Societies are rapidly aging

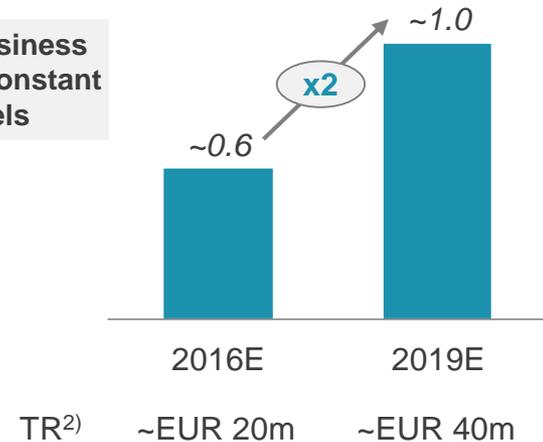


- Prolonged low yield environment putting pressure on asset returns
- Increasing capital charges (e.g. Solvency II) for Longevity risk

## ...and strong track record will enable Longevity to keep growing

GWP - in EUR billions (rounded)

New business kept at constant levels



- UK to remain the cornerstone of longevity strategy, thanks to strong track record
- Ready to capture opportunities in North America & EMEA
- Strict biometric focus maintained
- Levels of Longevity new business set to maximize diversification, within SCOR's risk appetite



# Growth of consumer demand: support clients to establish valuable and sustainable relationships with their consumers



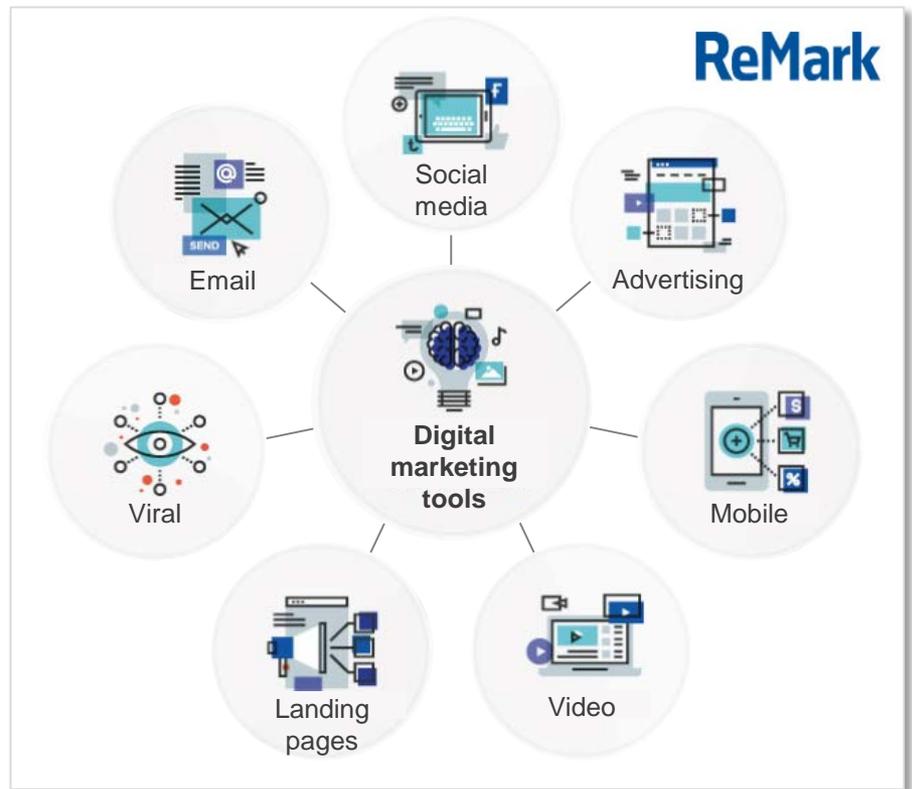
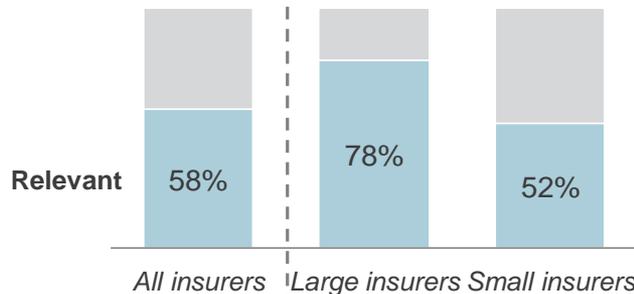
## SCOR Global Life's Clients are facing a challenging environment

- Technological disruption:
  - Digitalization affecting traditional distribution models
  - Data becoming a valuable commodity
- Untapped Protection gap:
  - Decreasing levels of coverage globally

## Global Distribution Solutions already has strong capabilities to support SCOR Global Life's clients

### Insurers consider reinsurer support to be key in developing new distribution channels

Perceived relevance of reinsurers for distribution support – continental Europe<sup>1)</sup>



**~EUR 250 million of premiums (+17% p.a.) and ~EUR 30 million of technical result enabled by distribution solutions by the end of the plan**

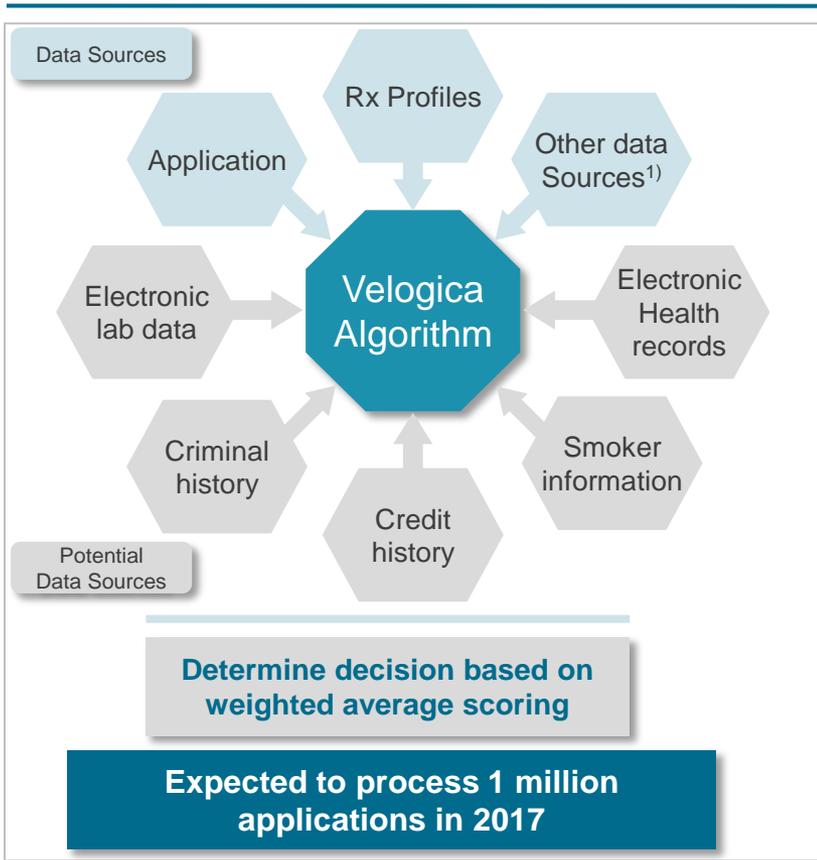
1) Example of European insurers (Continental Europe, excluding UK & Ireland)  
Source: NMG Consulting 2015 global Life reinsurance study



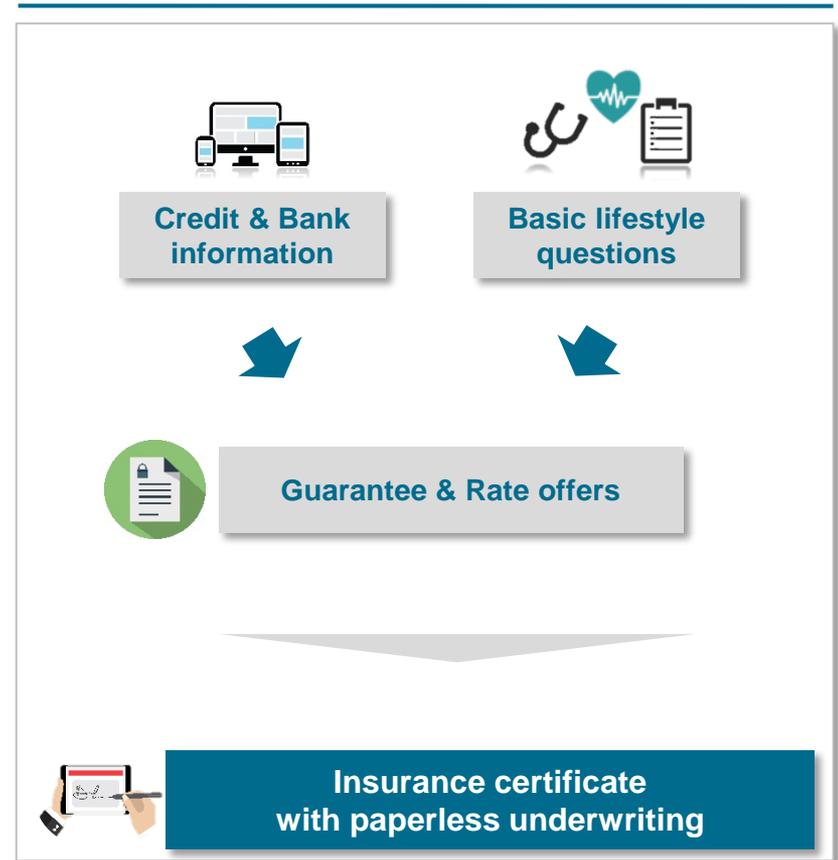
# Growth of consumer demand: two examples of SCOR Global Life capabilities, Velogica and an e-underwriting tool



## Adding new data sources to address fully underwritten space



## Creating consumer journeys with e-underwriting experience



1) Other data sources including MIB reports & MVR

# Ensure an efficient, innovative and inclusive organization attracting and retaining the best talent



## Pave the way for the future

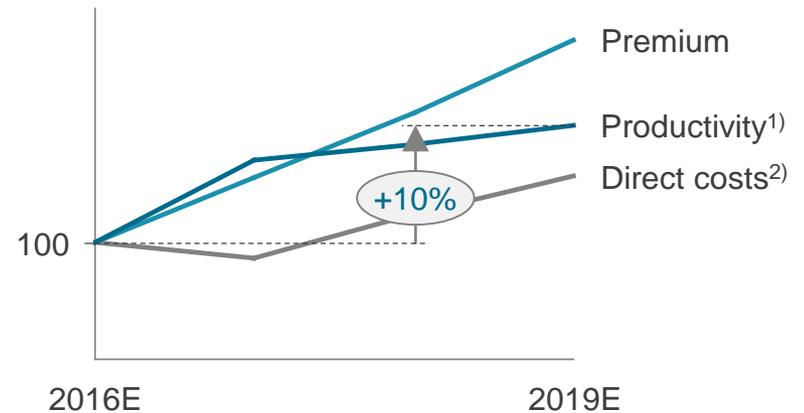
Building an innovative and inclusive organization



## Increase productivity through innovation

+10% productivity gain over the plan

Productivity gain (in %), index 100 in 2016

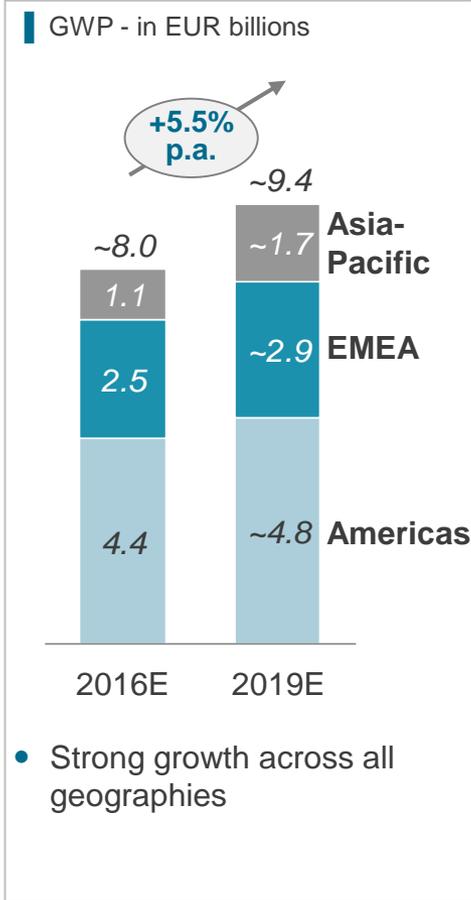


- 17 projects in progress or under study to drive innovation and process efficiency
- Streamlining of back office to allow increased focus on front-office
  - 28% efficiencies to be reached in the US platform by the end of 2017

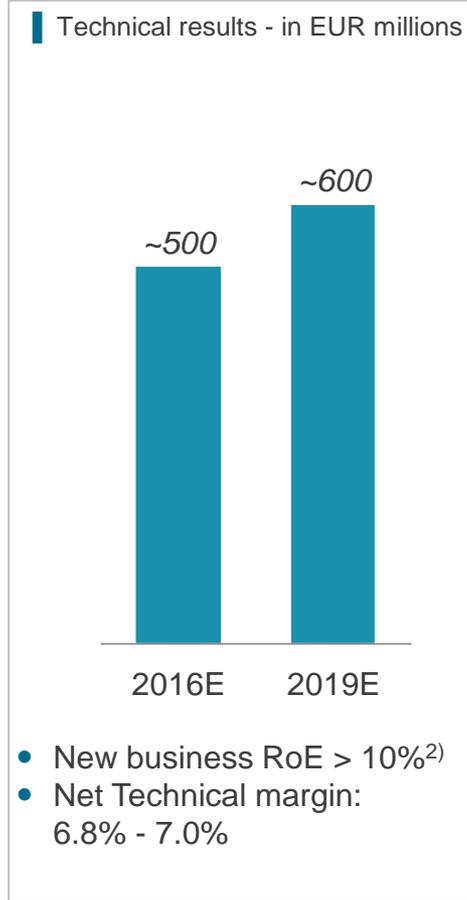
# “Vision in Action” will deliver sustainable value and dividends through strong profitable growth

- I** Manage & optimize the in-force book
- II** Deepen the franchise  
Customer Focus    Knowledge & Expertise
- III** Have the best team, organization and tools

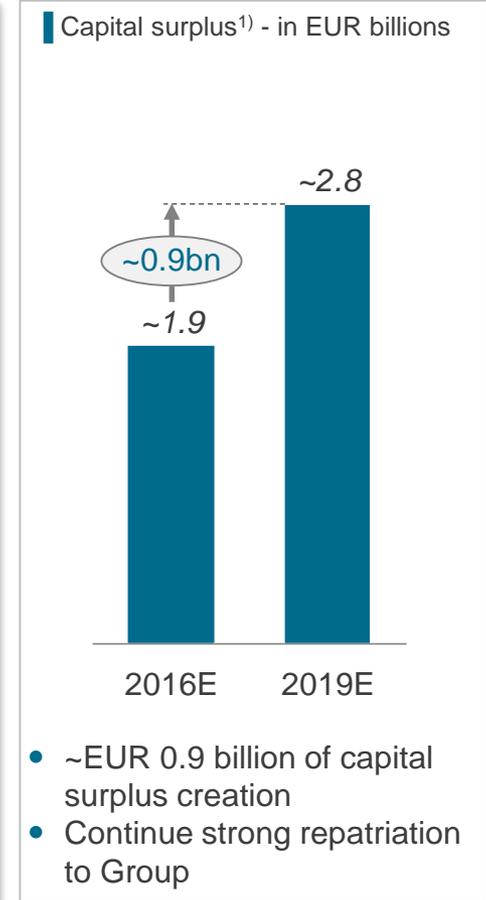
## Strong franchise growth...



## ...increasing technical result...



## ...with significant value creation



1) (Own funds – SCR); SGL SE gross of retro to Group; estimate  
2) Return above pricing “Risk-free rate” (reflecting average duration of treaties)