The SCOR Global P&C 1 April renewals lead to premium growth of 8.5% with expected profitability well within targets

SCOR Global P&C (SGPC) records premium growth of 8.5% at constant exchange rates with regard to the EUR 318 million of premiums up for renewal at 1 April 2014.

The premiums up for renewal at 1 April represent around 10% of the total annual volume of treaty premiums, with the main countries renewing being Japan, India and the US.

SGPC confirms its leading position in key markets such as Japan and India, achieving strong premium growth and overall expected profitability well within targets.

The premium income growth bears witness to the depth and breadth of the SGPC franchise in Asia-Pacific, both in mature and emerging economies, globally across Treaty P&C business and Treaty Specialty lines:

- in Japan, SCOR Global P&C manages to maintain the stability of its P&C Treaty book of business in an otherwise shrinking reinsurance market, characterized by reduced cession levels and the unification of reinsurance programmes following mergers and acquisitions;
- in India, SCOR Global P&C reaps the fruits of a strong presence on this market, providing a full range of services and engaging in genuine partnerships with cedants. This enables SGPC to seize meaningful opportunities generally speaking, and more specifically in Specialty lines such as Agriculture, Credit & Surety.

The expected technical performance measured in terms of gross underwriting ratio deteriorates by just under 2 percentage points compared to April 2013, while return on allocated capital deteriorates by just under 3 percentage points. The expected profitability trend observed in April 2014 is largely driven by the Japanese market, where non-proportional prices in the Property CAT segment have returned to their pre-Tohoku (2011) levels. Excluding the price reductions affecting the non-proportional Property CAT segments, the overall price level is broadly stable.

Looking at the January to April 2014 period versus the same period in 2013, the expected gross underwriting ratio increases by 1 percentage point, while the net underwriting ratio is expected to benefit from savings achieved in the retrocession programme, as announced in January. The return on allocated capital is nearly stable. The expected profitability of the overall book renewed in April remains well within SGPC targets. Given that profit levels of the April and later renewals tend to be higher than in January, these April renewals contribute to improving the 2014 profitability expectation.

Overall, SGPC benefits from the composition of its book of business, with 72% of the premiums renewed in April 2014 relating to proportional business, which benefits from sound and generally improving primary insurance trends. As a result of this, the risk-adjusted price reduction is contained at 2.7% overall. A small increase in proportional reinsurance prices (+ 0.3%) partly compensates an 8.3% reduction on non-proportional segments, especially in Property CAT.

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The premiums up for renewal at 1 April are distributed between P&C Treaties (68%) and Specialty Treaties (32%), in three geographical areas: Asia (61%), the Americas (30%) and EMEA (9%).
The main business line developments at the April 2014 renewals are as follows:

- for **P&C Treaties**: gross premiums increase by 3% at constant exchange rates, to EUR 236 million, thanks to SGPC's strong franchise in Japan ;

- for **Specialty Treaties**: gross premiums increase by 23% at constant exchange rates, to EUR 109 million, mainly driven by positive business developments in the Agriculture and Credit segments, thanks to the further opening of the markets in India and in China.

Victor Peignet, CEO of SCOR Global P&C, comments: *"Thanks to its strong franchise in the Asia-Pacific region, SCOR Global P&C has successfully managed the April 2014 renewals. Through its strong presence in Specialty lines and its proximity to key clients, SGPC has proven its ability to materialize sizeable opportunities of profitable diversification.The contained overall price reduction, to a level that is still consistent with our profitability assumptions, demonstrates the competitive advantage of having a broad and diversified business platform, based on longstanding client relationships. On the back of these strong renewals, we reiterate the "Optimal Dynamics" three-year assumption of a 93%-94% net combined ratio and annual premium growth assumption of around 8.5% over the period."*

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