Scor SE IR Day

Company Participants

- Bertrand Bougon, Head, IR & Rating Agencies
- Denis Kessler, Chairman & CEO
- Eric Lecoeur, Actuarial Group Director
- Francois de Varenne, CEO, SCOR Global Investments SE
- Frieder Knuepling, Chief Risk Officer
- Mark Kociancic, CFO
- Paolo De Martin, CEO, SCOR Global Life SE
- Romain Launay, COO
- Simon Pearson, Deputy CEO, SCOR Global Life SE
- Unidentified Speaker, Unknown
- Victor Peignet, CEO, SCOR Global P&C SE

Other Participants

- Andrew Ritchie, Analyst
- Ed Morris, Analyst
- Frank Kopfinger, Analyst
- Jonny Urwin, Analyst
- Mark Cathcart, Analyst
- Paris Hadjantonis, Analyst
- Thomas Fossard, Analyst
- Unidentified Participant, Analyst
- Vinit Malhotra, Analyst
- Will Hawkins, Analyst

Presentation

Bertrand Bougon {BIO 18934799 <GO>}

Good morning, to all of you in the room. Nice attendance today and good morning as well to all those that are following the webcast. My name is Bertrand Bougon. I am the Head of Investor Relations at SCOR and I am very happy to open this Investor Day 2016 during which we will unveil the new strategic plan, Vision in Action.

You can see on the screen the agenda of the day. So we have many sessions during which you will have time to raise questions and a Q&A panel. So as you see, we have many, many -- you will have many, many opportunities to raise questions at the end of Victor and

Paolo's session and Francois, Frieder. And Mark Kociancic this afternoon. (Conference Instructions).

Maximum time for Q&A, two Q&A panels at the end of the morning and at the end of the afternoon during which the mics will be in the room and we have Q&As as well at the end of Victor and Paolo's session, then Francois, Frieder and Mark's session as well with connectivity from the tool.

So please connect to (assembly) that we use for Q&As. First of all, it is a tool which is working on your device, even on Blackberry. So you can see it is quite modern. Please connect. It is described on the screen and you have a flyer in your bag. You use your own device and by connecting, you will have access to all the questions and a lot of documents.

You will be able to react in real-time. So that's really important. During the Q&A sessions, we will use mostly the question raised in return. Why? Because we will select the best question and you will select the best question by liking the questions. So please like the question you want us to address first and then we will see.

On top of the -- and the questions are limited. It's a kind of Twitter. It's limited to 160 characters. So don't explain everything; just go straight to the point. On the (hub), you will find as well a lot of documents that will be useful today and you have as well in your bag. You will be able to make a feedback. That's important for us to receive and to collect your feedback and we will carefully review it to improve again the agenda for next year.

Last is a voting device. You can vote. So let's make a test. For those who read already the presentation, you saw continuity and consistency are the two keywords for this year. But we changed this question; it was another thing the last two years. So please vote, for those who are connected.

The question is quite basic. Where did you spend your early days? So first -- in France, there is no better place to discover; in Italy, there is no better place to eat; in Great Britain, there is no better place to visit; in Greece, there is no better place to tan; and outside Europe, I prefer something different. That's maybe in anticipation for the Brexit. So when we will have enough votes -- we have the answer? No answer.

So most of you anticipated the Brexit and went outside Europe. That's good to know. Italy, Great Britain. Not a lot of people in France. That's good news. You are in France. So enjoy Paris today. With this, I will leave the floor to Denis Kessler, who will make the introduction. Thank you.

Denis Kessler {BIO 1498477 <GO>}

Thank you, Bertrand. I spent my early days working on the new plans with my team. I would like to welcome you on behalf of SCOR and of course, on behalf of all the management team. Thank you for attending the annual Investor Day. Thank you for coming to Paris. It's a superb day, blue sky, it's sunny. It's going to be warm. So sorry for those who are attending online through the live webcast. You should be here today.

I believe that we are now all set to unveil SCOR's new strategic plan. Its name is Vision in Action. Easy to translate into French -- vision en action. There is a lot of good news and interesting content to go through. So I propose to let's get started right away.

There is a strong statement I would like to make upfront this morning. We strongly believe that the reinsurance industry to which we belong is attractive and has a bright future. Many commentators have a gloomy view of the industry. We don't share this view. We believe that the reinsurance industry has strong fundamentals.

On the supply side, the risk universe is expanding rapidly driven both by existing and new risks. Traditional risks are fueled by growth, globalization, higher concentration of population in the most exposed areas of the world. On the other hand, new risks are emerging, appearing every day and developing, for instance, lead to new technologies and we see that in all domains.

On the demand side, the need for insurance and reinsurance protection is also increasing in both mature markets where the states are no longer sustainable and in emerging markets where development leads to higher risk aversion.

I can mention the cases of China and India. Throughout the world, the protection gap will close in the coming years; of course, supporting the development of insurance and reinsurance.

Technology in our industry is not so much a disruptor. But rather a strong positive growth driver, which we can rely upon. All our innovations with ILS, for instance, which competed with insurance and reinsurance at first. But then reinforced it, or Internet of Things, or Big Data, or robotics do create challenges. But also offer incredible opportunities for the industry.

We don't see today major disruptions coming that will affect the reinsurance industry. Once again, we are one of the industry, benefiting from the technological changes and not suffering from them.

Let's go to the next slide. I'm not going to elaborate on the environment. But we have a strong belief that the challenging financial and technical environment will normalize at a point. (inaudible) by training. You have cycles, financial cycles, monetary cycles, economic cycles, business cycles, exchange rate cycles and all those cycles revert in a point of time. So we have a strong belief that the challenging environment today will normalize at a point.

Of course at a time known to the present, we are all waiting to see what's going on in the interest rates area. Accommodative monetary policies will come to an end. It's not sustainable over the long term. Interest rates will increase. Sustainable economic recoveries will happen once again as far as timing more than to know if it's going to happen or not. It's going to happen.

Excess capital in the reinsurance industry will dry up maybe because of a large event or a series of large events, or from pressures from shareholders. So potential for innovation, which is an additional reason why we are optimistic -- so potential for innovation in the reinsurance industry remains very strong. The range of reinsurance services and products will enlarge thanks to innovations as a frontier of insurability will be displaced in a favor. We increased the domain of insurability.

Last but not least, the industry as a whole has proven itself extremely self-resilient to the most extreme worldwide events in history. We have been through world wars. We have been through inflation, hyperinflation, deflation, low interest rates, high interest rates, exchange rates, volatility. We have been through the World Trade Center, (spoken in foreign language), the Japanese tsunami. We look at it; no failures in the reinsurance industry. It's a proof of extraordinary resilience.

Taking all these factors together, we truly believe that the reinsurance industry has a bright future and will keep on creating value for its clients and the economy and generating profitability to its shareholders. This has caused vision for the reinsurance industry. And within the industry, we believe that SCOR is very well-positioned to fully benefit from these positive perspectives. We can therefore begin to invest today let's say with a very positive mindset.

If we put SCOR's success into perspective, let me just give you two numbers -- EUR9 billion. We have added EUR8.9 billion in gross written premiums since 2007. This is nonstop growth in the last 10 years. It's a fantastic demonstration of the strength of our franchise, quite a sizable growth rate. And the period since 2007 has been a period of financial crisis and (incoming) stagnation. So it was not the easiest period in economic history.

The second number I would like to give you is 34%. Since 2013. So I am taking now the last three years, over the Optimal Dynamics plan, which was the last plan, as you know, we roughly increased gross written premium by 34% over the last three years and our shareholders' equity by 33%. Again, the last three years have been characterized by low interest rates, been characterized by economic stagnation and a lot of uncertainty.

So we believe that this is really a tremendous achievement and I wish to thank my team and all the people working at SCOR and all SCOR, of course, clients and shareholders for their support.

As you know, we put a lot of emphasis on planning, building and executing a strategy successfully. We believe in those ideas to give shareholders or stakeholders where we are going. So that's what we call a plan covering three years. We have come a long way since Back on Track as a first three-year strategic plan launched in 2002, by the way.

Over the past 13 years, I am quite proud to say that we have successfully achieved all the strategic plans -- Back on Track, Moving Forward, Dynamic Lift, Strong Momentum, Optimal Dynamics and now we are quite let's say convinced that we will be able to deliver again on Vision in Action that will cover 2016 to 2019.

As we explained in the half-year results late July, we successfully achieved optimal dynamics in all these dimensions strategically, technically and financially. Today, we present a new three-year strategic plan, as I said, Vision in Action.

Optimal Dynamics has been a great journey for the group despite quite a bumpy road marked by macroeconomic uncertainties and a softer P&C cycle. We are very pleased with all our achievements as are S&P and Fitch, who recognize the value of our strategy with upgrades to AA; late in 2015.

We are further (in that) positioned as a tier 1 reinsurer leveraging on key features. First, SCOR is now the fourth-largest independent reinsurance in the world since the latest ranking published by A.M. Best. Second, SCOR has the platforms, the tools and the processes to grow. The full approval of our internal model to operate under Solvency II is a good illustration.

Third, we have a very strong and optimal solvency position that we have been able to reinforce over the last three years. Fourth, our underwriting portfolio is highly diversified and is well-balanced between life and P&C lines. And fifth, from a geographical standpoint, the group is truly global with 43% of premiums coming from the Americas; 41% from Europe; and 16% from Asia-Pac.

And so now let's turn to our future. The show goes on. I'm talking about the last few years. I believe the show is going to go on. We have a vision; that's why we started this plan with vision. We have a vision that the reinsurance industry is attractive and that SCOR is extremely well-positioned to grow further. We are highly motivated to put vision into action. Vision in Action is a holistic, comprehensive plan, which takes into account all dimensions -- financial, economic, commercial and technological and this plan is built upon four core principles -- maintaining continuity and consistency with the previous plans, no ruptures, restructuring, reengineering, reorientation. Those words do not belong to our vocabulary. We believe that what we have done in the past is a very good predictor of what we are going to do in the future. It will be marked again by continuity and consistency.

Second, we want to expand and deepen the franchise. We still have potential to grow and improve our market position in many areas of the world. We are going to normalize the asset management policy and Francois will present the details. We were extremely prudent throughout the last years, since the start of the financial crisis, on the asset side and we wish to now normalize this asset management policy and we still have only two targets of equal weight -- solvency and profitability -- profitability and solvency. We don't have one prior target (over) the second one. The two have an equal weight for the group.

Vision in Action targets all our profitability with an OE superior or equal to 800 basis points above the five-year risk-free rate over the cycle. Before, it was 1000 basis points. It was not superior or equal to. Be careful. It's important. It's a little sign in front of the 800 basis points. It's superior or equal to and Mark will come back on why we decided to raise this target for the next three years. And a solvency ratio which is unchanged since the launch of Optimal Dynamics. A solvency ratio in the 185% to 220% optimal range. So nothing changed. I think this is a very good range. We've been able to be there with our internal model to assess our solvency position over time and so we have the same solvency target as before.

We have a clear profitability target with a minimum return on equity of 800 basis points. But now it's above the five-year rolling average of the five-year risk-free rates. Minimum thereby means meet or exceeds our profitability target. Since the three months, risk-free rate has little meaning in a quantitative easing era. We have decided to use a five-year moving average risk-free rate. That's a very important change. The interest rate environment is a significant factor in the financial performance of our reinsurance company and is controlled by central banks.

So the three months interest rates is not really representative of market forces. It's not a rate which clear up the market forces supply and demand for (relevant) firms. It's much more the case for the five-year risk-free rate. So it's extremely important to have a good benchmark. The previous ROE benchmarks that we target was too static to adapt to the interest rate policies of the central banks. I think the new benchmark is a better model for SCOR since it corresponds to market-clearing interest rate levels. It's also less volatile.

And finally, the five-year risk-free rate average is consistent with the duration of SCOR's liabilities and on both sides of the balance sheet, we are going to therefore have a good benchmark responding to the duration of the liabilities of the group. It's also a good representation of the currency composition because this benchmark is compounded by the currency in which we operate. We expect the new benchmark to provide a challenging (evolving) target in both normal and artificial interest rate environments.

As per usual, we have outlined our assumptions. Be careful, only two targets -- solvency and profitability. But we give you the assumptions that we believe are the best ones for the next three years. The two divisions have ambitious development plans. We have a lot of ambition in this group. SCOR Global P&C has the capacity to grow by 8% per annum and life has a capacity to grow by 6% per annum, again in a world of quasi-stagnation, or at least slow growth. And if we are able to grow by those numbers overall, the Group will experience a rate of 7% of growth per annum for the next three years, which is again when you benchmark that with the world economy, something which is quite ambitious. But also quite attractive.

Considering the current environment affecting our industry, both on the financial and technical sides, we might have to adapt these growth ambitions. Who knows really what the world is going to look like in three years from now. It will be important to use agility to adapt the business model to withstand the market conditions that we will have to face in the three years to come.

It means there are several routes, potential routes, leading to success and of course, SCOR will navigate within the assumptions ranges to extract the maximum ROE from its activities. First plan that we present you where we have ranges just because the world is more uncertain than before -- it seems to be a paradox because we have been through incredible times over the last 10 years. But today it is true that, for instance, if you take into account Brexit, the potential consequence of Brexit for the rest of Europe, when you see all the political challenges we have today in many parts of the world, the world is uncertain. It's difficult to have a clear view of the next three years.

On the technical side, as Paolo will tell you later, the life technical margin assumption is expected to stay between 6.8% and 7%. So it's a range. As Victor will explain later on too, the combined ratio should be comprised between 95% and 96%. So above the 94% which was the assumption for the last Optimal Dynamics plan. And the return on invested assets is expected to be in the range of 2.5% to 3.2% according to various scenarios that Francois will explain later on.

So the dividend policy for the next three years is simple and I would say largely unchanged. I always say if you want to know what the dividend policy of the group, look at the past. It's explicit when you look at the graph that you are under (EURs) on slide 14. We aim to remunerate through cash dividends.

If the solvency ratio exceeds the upper part of the optimal solvency range, we will envisage share buybacks. We will envisage to proceed to a special dividend. So that's an inflection of the dividend policy. If we are able to reach the upper part of the solvency ratio, of the solvency ratio range, SCOR will proceed to some repatriation of capital to shareholders.

So we will maintain a minimum payout ratio of 35%. This is what we have said for all the years in the past. And we tried to keep a low valuation of the dividend per share from year to year. So when you look, the dividend has been multiplied by 3 since 2005, which is quite substantial. And may I just remind you that we paid EUR2 billion in dividends over time, which is again substantial.

As you can see, the distribution ratio is evolving through time. Once we have reached the solvency levels that we want to achieve, we are ready, of course, to give as much as we can to shareholders.

We believe SCOR's success story will continue. Vision in Action is again a very ambitious plan. But we believe all conditions are meant for us to succeed. We are quite well-positioned in the industry. And any positive developments will directly benefit the group. The increase of interest rates will be highly beneficial for the group. We have a lot of cash to reinvest. We have a lot of cash flow, both operational and financial to reinvest over the next two or three years. And it is true too and that if the cycle for P&C reinsurance is leveling off and then goes the other direction, we are extremely well-positioned to immediately benefit from those two developments.

So we believe SCOR's success will continue. SCOR leverages off the positive prospect that reinsurance offers. It's an expanding universe. SCOR consistently delivers an outstanding track record of success. SCOR's strategic framework builds upon a successful strategy while deepening and expanding our franchise. We believe in franchise. And SCOR has been able to combine growth, profitability and solvency to ensure a predictable and sustainable shareholders' return.

Finally and more important, SCOR leverages with a global talent pool of human capital to grow the franchise. I wish to thank all the teams that have been behind those figures because it's easy to put a figure on a slide. But we have now, as you see, we are committed each time to realize and to deliver what we have said.

So you might have a question not only about the menu for the lunch of today. But also for who is going to drive in the driving seat for the next three or four years and so I need to give you information right now. The Board of Directors met this week; will propose to the General Assembly to be held in April 2017 my renewal form and date of four years and has insisted that, of course, all my team accompany me for the next four years to realize the plan and to be sure that we are going to go on exactly along the lines that we have done in the past. No rupture, no disruption again and I believe that my team and all the people at SCOR will be absolutely bound to deliver the targets that we've set. So everything, all conditions are met from my point of view for Vision in Action to be a success. With that, I hand over the floor to Victor.

Victor Peignet {BIO 6287211 <GO>}

Good morning. Well as you can see on this slide, the theme of the plan is building on strong foundations to continue to outperform. I think these themes represent very well the values and the state of mind that exists in the group and in the division. Values, Denis has already highlighted them -- consistency and continuity. Those are values that not only we promote. But we practice day to day globally worldwide with all our clients and our business partners. I think those values have been fundamental in the commercial success of the operation.

Regarding the mindset, I think the mindset is also in the title of the presentation. The mindset is a mix of conviction and determination. We are all convinced that we have the ways and the means to continue to manage the situation. The market is what it is. But we can deliver and we can do better than the average of the market because we have the ways and the means to manage the business and we have demonstrated it.

We are determined to continue to outperform and we are determined to deliver the plan. We think that our plan is realistic and on the basis of what we have achieved over the last 10 years, we believe that this is in continuity and in consistency with the performance that we have achieved.

If I had only a couple of minutes to present you the plan, I would probably use only the first two slides of the presentation and I think they really summarize it very well. The first slide is going to give you the five key messages of the presentation and the second slide is going to give you the five strategic pillars on which we have constructed the new plan.

Onto the key messages. Five of them. Well as I was saying and we see that in the second slide, our strategy is based on five pillars and our plan has been built on those pillars. Second key message, Optimal Dynamics has been successfully achieved, as Denis said. And we will have a slide to illustrate that. We currently and have outperformed the industry around five major criteria of performance -- tier 1 leadership position that is more and more fundamental in the business; relatively stable pricing. We have provided you regularly after each renewal season extremely detailed reports on pricing evolution and you can appreciate that our pricing has been overall on a weighted average relatively stable and even more stable recently.

We have applied a very strong cycle management and day to day our teams are engaged in managing the business with the clients, together with the clients, displaying a lot of transparency to the clients regarding the difficulties we have globally with certain markets, certain relationships that are not delivering the level of profitability we need to have to sustain the relationship.

Franchise. I think we have benefited and I can testify that because I've been there long enough. We have benefited all over the years from an extreme client loyalty and a very good support from their brokers. I think this has been essential in the life of the Company and is currently essential in the way we build and further strengthen the relationships in our business.

Efficient retrocession. When we reconstructed the Company, we had as a mandate to deliver technically stable profits. In order to deliver technical stable profit when you deal with volatile business, we implemented efficient retrocession. This has been one of the pillars of our underwriting for the last more than 10 years and we believe that thanks to retrocession, we improve the overall balance of the portfolio; we improve the profile of the portfolio; and we create a better diversification.

The fourth key message, while the new strategic plan is being built on strong foundations, I think at the moment our position in the market, our image to the clients, the way we are equipped, the stability and the quality of our teams are giving us extremely strong foundation. We are a solid and stable organization that has been stable for more than 10 years in its current configuration.

And the last one, Vision in Action, focuses on opportunities in four areas of our business where we feel that we can profitably develop -- US reinsurance; Lloyds, SCOR business solution; large corporate; and managing general agents.

Moving on to the five strategic pillars. I think we have a business model. That business model is well-established. We have no intent to change it. We are a reinsurance company and reinsurance is our core business. We want that to continue. SCOR has been and is currently complemented with what we call compatible insurance risk, basically business solution, Lloyds and a certain dosage of managing agent business. This we want to continue. We are not intending to become a B2C insurance company. We are a reinsurance company with compatible insurance activities that improve the overall portfolio and bring profitable diversification.

We are a risk carrier. We are not a risk trader. We carry the risk. We work for the margin that we can derive from carrying the risk and we retain most of what we write. Our underwriters' targets and objectives are based on gross and not on net. We want that to continue.

Platforms, people, systems should be highly integrated. We have a very integrated organization. We have a single integrated system worldwide that encompasses all the functions that are needed to support the business. That system is continuously updated and developed. I believe that when you are dealing with clients that are becoming global, international, regional, it is absolutely essential to have an integrated organization whereby the client is facing one single team and you have at the disposal of that team a system that gives them in real time a clear and reliable image of the global relationship with the client. This is going to be the essential tool for Monte Carlo.

Each meeting in Monte Carlo is going to be a client-specific meeting. We come with a clear assessment of the relationship. We don't have any sort of global general statement. We sit with the client. We look at what has been the relationship. We listen to what they need. We tell them what we feel and then we try to get to a position where we can continue the relationship in a balanced way. Balanced way means that the constraints of both sides are considered and can be met to a certain extent.

Four areas of developments. US reinsurance. We are currently number 12, number 13 in the US on the reinsurance side. We are within the first five everywhere else. There is no reason why this should continue. We want to build a tier 1 position in the US. This is not going to be achievable in three years. We know that. But we are on track. This is moving very positively. We want to continue that and put it as one of the main objectives of the next plan.

International reinsurance, which is the other half of the global market and specialties, we, of course, want to continue and strengthen the position that we have worldwide in all other mature and emerging markets. And we want to grow our large operation. Channel has started in 2011. It is no longer a start-up. It is becoming an industrial operation and we want to increase its size to gain a critical mass that by which it can have sustained profitability. Well this, we believe, is achievable within the period of the plan.

Large corporate insurance. While this was already in the previous plan, we continue our efforts to develop large corporate insurance as a complement to our reinsurance platform. There are a lot of changes in the distribution of the business worldwide. We cannot be immune of those changes. We want to accompany those changes; hence the effort we are doing at the moment to build an MGA platform to increase our presence in the MGA area of the business.

Basically the whole plan is driven to, one, manage the current situation. That is not an easy one. Two, make sure that we are absolutely prepared and ready to take all opportunities that present in the market, whether the market changed in nature, or whether the market turn up because of external events.

In view of the uncertainties, you will see in the rest of the plan we are proposing two scenarios. One scenario of a relative status quo for the next three years, which cannot be totally discarded and another scenario that considers modest improvements of the terms starting with US reinsurance and following with large corporate, probably around the middle of the plan.

What does it mean? It means that between the scenario of quasi-flat market and the scenario of modest improvement, we should probably be in a position next year at the same period to tell you which one of the two is going to prevail for the plan.

I will pass on this.

Well this shows you the figures of Optimal Dynamics, while the top line has been totally controlled in order to give priority to the bottom line. The bottom line we have delivered. Each underwriter and underwriting unit within the division is having two key performance indicators -- combined ratio, return on allocated capital. The target return on unallocated capital of the division is set and approved by the COMEX in order to make sure that the division brings to the Group its due contribution according to the objective of global profitability of the group. This has been achieved throughout Optimal Dynamics and we certainly do intend to continue to achieve that.

I'll go through quickly the main features of our current position. While we are a tier 1 reinsurer well-established in all the markets; while we are a tier 1 in US regional, we are not a tier 1 in the rest, as I said before and we want to become one. We have had extensive portfolio management. And as you can see here, we have a plan -- this portfolio management -- in order to take into account while the situation in the market and accelerate/decelerate as a function of price changes.

You can see on the left side the price change. And you can see here that basically recently the changes have been very modestly negative and you can see on the right the renewal growth and you can see the convergence between the growth and how the price are moving.

Very important thing, this portfolio management, which is done on the basis of a knowledge of all the relationships with each and every client, this is an efficient portfolio management, which means that the business, which we cancel. And every time we cancel a piece of business, we think twice. We don't want to damage the franchise. But sometimes you have to. The cancelled business, as it is shown here, is showing a much lower profitability than the new business.

Most of the new business, by the way, is business with existing clients. The number of our clients doesn't change very much. We operate -- we are a tier 1 reinsurer -- we operate on a client base that is pretty stable. But we deepen the relationship and we improve the overall balance of the relationship. This is the essence of portfolio management.

While the loyalty of the client is demonstrated here, if you look at the distribution of the business -- whether you look on the left at the client, on the right at the premium breakout -- what is very interesting is to see the number of clients where our relationship is multi-line; can be multi-year. But it's multi line. A lot of our clients, we are managing more than 10 lines of business.

What does it mean? It means that, as you see in the appendices, with some clients, it's more than 100 contracts worldwide that we are managing with this client. Thanks to our single system, our underwriter looking at one piece of business or that client in one part of the world can instantaneously see the global relationship with that client through the system, the global relationship in terms of actual results; the global relationship in terms of pricing and expected results.

Based on that, the discretion with the client is a line of business or market-by-market discussion within the frame of a global relationship where there is a clear understanding of the expected profitability and the actual results of the relationship, extremely important. And the saturation makes the number of lines of business while increasing year on year with each and every client.

Retrocession, well, I (won't) insist it's part of the way we manage the business; it has been in place for a long period of time. We are a strategic buyer of retrocession. And I think when you are a strategic buyer of retrocession, your relationship with your retrocession (areas) is different, of course, as if you were a tactical opportunistic buyer. We have a very long-term relationship with most of our retrocession areas, which gives us solidity and continuity. We cannot offer continuity upstream and not have the continuity downstream. I think we are in that comfortable situation where we can build on something that has got longevity.

Part of the discussion in the market is around what is needed for the market to change. Well commonly, everyone is talking about what is the size of the major loss that is going to turn the market. And they have -- every figure EUR50 billion, EUR100 billion. Every Monte Carlo, the figure increases by EUR50 billion. So I don't know what is going to be the figure this year.

What I want to introduce here, a bit of a different view of that. If you look at the arrow on the left, 10 years ago, the total equity of the industry was about EUR250 billion. There is always an uncertainty. But the range is probably correct; 10 years ago, EUR250 billion equity; about 15% return on equity normalized, normalized being you take out one-off reserve release and you take out the exceptional years of no cat activity.

Today, about EUR350 billion against some uncertainty. But the ballpark is probably correct. The normalized today for most of the industry, as some people have already communicated about and we compare to that, is probably 3% to 4%. I suppose that's not at all what the division here delivers; otherwise I would not be probably here talking to you today. But that's what the industry is delivering.

Take a catch me now (inaudible) sort of event, EUR50 billion insurable event. The big difference between economic and reinsurable. But insurable EUR50 billion. Half of it goes to reinsurance, all or some; EUR25 billion comes to the market. 10 years ago, this would have (whipped) out 10% of the equity. It now washes away 7% of the equity. 10 years ago, it would have represented eight months of future earnings. Today, it represents more than two years of future earnings.

So I would like to introduce a second way of looking at what is going to make the market turn while reinsurance like insurance is based on payback. Today, every year, the payback is lengthening and the size of the loss is getting smaller that requires while the same payback. I think shareholders and managers, CEOs of companies, should look at the two, not just at the first one that has been the commonly referred point. But to the second one as well that, in my opinion, is extremely relevant in our business. And you see the deterioration.

Well this is looking at market change that is caused by the liability side of the balance sheet. There is another way of looking at possible market change, which is the asset side of the balance sheet. Shock in interest rate, inflation, well, that could also trigger market changes. So I believe I said there are three ways of looking at opportunities on market change. Brutal market change.

There is another scenario, which is the gradual elimination or -- yes, the gradual selection in the current players. Big problem of the market today is not overcapacity; big problem of the reinsurance market today is the number of players. The number of players is far too high. If the profitability of the players that do not have the means to manage reduces, there will be a point where some of them will become one way or another irrelevant and will leave the scene, globally or partly in certain lines of business in certain markets.

This gradual selection could introduce a turn-up of the market that would be a gradual turn-up and frankly I believe that the gradual turn-up, which is a bit the scenario we are having in our plan, a gradual turn-up is a much more interesting scenario in the sense that the durability of a gradual turn-up is much longer. If the change is too brutal, goes up very quickly, then goes down also very quickly; (inaudible) lost.

Well one of the foundations based on which we believe that our plan is realistic, we can deliver -- well, the foundation is first of all the deep knowledge we have of the local markets and the reinsurance program. If you want to manage a relationship globally with a client, the only way is to know what that client is buying worldwide and to have priced that business or the contracts in order to have your own appreciation of the contracts that are going into your pricing tools and your pricing technologies. Well which are the contracts that are above your target profitability? Which contracts are in the ballpark? Which are the contracts that are much below?

Like in any global trade, that relationship is a global one. That is what we have introduced years ago. That is what gets the buy in of more and more clients. But you need to have the pricing tool. You need to be able to price the business and you need to have seen the business.

And for the last five or six years -- and the leaders of the team, Umberto and Benjamin, can testify -- the work of our underwriters has been to build that database. Paolo will for sure talk about the importance of data in life. The importance of data in P&C is equally differentiating. The ones who are capable to price, the ones who have had the opportunity to price have a wealth of knowledge of what is available and they can manage. If you don't know what is available, how can you manage?

Integrated system, already talked about it. Infrastructure. We have had, all over the years, a very extensive network. I remember when the Company was down the drain, everyone was telling us that our cost ratio was too high because we were entertaining a network that was out of proportion. Today, that network is absolutely essential. That network is a huge competitive advantage. We have been in those markets with entities. We have been part of those markets for sometimes more than 40 years.

This is a phenomenal asset. It takes years and years and years not only to get the license to operate. But to get the right people. All our teams are local people. They can make their carrier in SCOR locally. This is a phenomenal differentiator.

Active portfolio management, already talked to it. Strong position with client. I think the strong position with client is coming from the fact that, well, we are a servicing company. We know that. We negotiate. We are not trying to dictate. We have no general message. We look at each client on its own merit and at the same, today, no client is really interested about what is the general trend in the industry, what is our profitability in general. No client will accept that we ask them to compensate for losses we've done on the other side of the world. They want us to consider them for their own merit and that's what we are doing.

Retrocession, we already talked about it.

So we have the foundation to build. Situation is what it is today. It's not great. But, again, look at our results. The situation for us is manageable and we intend to continue to manage it. We don't have the means to change the situation. But we have the means to manage it. We have the means to do better than most of the others. Well what is very important is, whatever the changes are, whenever they occur, you need to be ready. If a large event occurs tomorrow, you have less than 12 months to get the business you want at the terms you want.

If you are not reacting within three to six months on the renewals that are coming up, you are too late. It's extremely important for us to be ready; be ready with the systems; be ready with the knowledge of the clients; be ready with the accessibility to additional capacities if we need it. And this is being built in certain parts of our retrocession program.

Our global systems will allow us to detect market changes and if you are able to detect the changes earlier, you can manage your business. And you can detect well the changes you need to make yourself in your portion of the business.

The organization is totally centrally managed. Thanks to the system, we at the center can see through all the activities in real time. But locally our people are totally empowered. We have no client relationship manager with no power. All our people facing the clients are empowered. They are underwriters. They have capacity. They can make decisions, of course, within certain frame and within certain control. Again, extremely important in my opinion in the relationship with clients.

Fungible capital, of course, to reallocate it without delay and we have proven that we are able to do that in the past renewals when we were saying, for instance, that our capital deployed in Europe was not having the rewarding sort of profitability that we wanted and we could redeploy it somewhere else.

A lot of the customers have supported us in the bad times. We are supporting them today in difficult times for some of them as well and we are trying to get to that balanced relationship. That balanced relationship in my opinion is the security for the future.

Moving on to the plan. Two scenarios, as I said. A scenario of quasi-flat market. As you have seen, the price decline has slowed down considerably. We are nearly flat at the moment on a weighted average. If that continues, 3% growth per year in average over the next three years. By the way, that's probably the regime in which we are at the moment plus or minus.

Two alternatives in two different areas. A slight improvement in the US on reinsurance. The US market has traditionally been the first one to react every time. So let's hope that by mid-2018, beginning 2018, mid-2018, it reacts and we have a low single digit percentage improvement points on loss or on commission ratio.

My second hypothesis, large corporate insurance returning to the 2012 pricing levels. That means about 20% price improvements on the current pricing levels. If those two changes that are not considerable happen, we believe that this allows us to well probably deploy fully our four development plans and then get to an average growth per year of about 8%.

We are, as I said before, determined to stick to our profitability targets. If the market conditions are not there to do the 8%, we will do the 2% or 3%. There is no doubt about that. And if we do need to do less, we will do less. But we think that realistically we should be between 3% and 8%. And as I said before, probably next year at the same time, we should already have a much better indication regarding whether it's 3% we are talking about or potentially 8%.

Combined ratio. Well over the past two years, the contents of proportional business in our portfolio has increased. This is part of the portfolio management. At the same token, Channel has grown from a startup operation to now a syndicate that is in the first half of the year, a group of syndicates at Lloyds. Well the average commission ratio of Channel is in the 25% to 30% and the proportional business is generating combined ratios that are -- well, it's generating a different mix between commission and our traditional.

So basically what we see here is that while, if we deploy our plan, we will move on; we will increase the long-term business. You see in the footnote today our stopping point is we are 21% long tail, 34% material, 45% short tail. If we deploy our plan, in particular our US initiative, we will grow the long tail and the mid-tail. In that case, while there is a normal impact of that portfolio mix change on the combined ratio, we believe that realistically in today's market -- and we need to take into account the environment -- a combined ratio in the 95%, 96% range is a realistic approach to support the plan and to support the protection of the franchise and the growth of the franchise that we want to continue to operate.

If you've seen the projection of S&P, S&P projects the combined ratio of the industry in the 100% to 104% range for 2017. A few months ago, they were projecting a combined ratio for 2016 -- this is also in the footnote -- between 97% and 102%. So having an objective of 95%, 96% is probably putting us in a situation where we deliver a better combined ratio with more or less the same difference as we have had for the last three years. We want to be more profitable technically than the average. And I think this is a reasonable target as a range of -- reasonable assumption -- of what our combined ratio can be during the next three years.

Four areas of development I insist that are not prejudice to the rest. We want to consolidate the rest. But we want to put a bit more focus on four areas -- US P&C reinsurance; international P&C, basically build Channel, consolidate the position in international market; large corporate insurance; and general managing agent. Each of those four areas of development represent, if we manage to do it, which means that if the condition of the market allow us to implement those plans fully, while each of those initiatives corresponds in size in incremental premium one way or another to the size of one business unit of the division today.

Today, the division can be broken down in about 31 business units, each of them having a size of say EUR150 million to EUR300 million. Each of those four developments is adding the equivalent of one business unit to the total business. What does it mean? It means that none of those four -- each of those is meaningful -- but none of those four contains a risk that is not compatible with the general risk management that we apply to all our business developments.

Quickly going through each of them. Well US P&C, situation for us in the US is quite simply to explain. When we got downgraded in 2002, we lost most of our business in the US and we were left with regional clients. When we started to rebuild really in the US, having cleaned the house in 2005, 2006, really we had two activities in the US -- regional clients on the (treaty) side and large corporate. Large corporate is global by essence.

When we started to rebuild, we rebuilt bottom-up from the regional clients, increasing our footprint in regional clients, regaining marketshares, talking to larger regionals. So the rebuilding start by regional. Then as you will recall, four, five years ago, we had this global client initiative. So the second area where we rebuilt in the US was from the top through global clients. So basically you have the conjunction of two movements developed by the top, developed by the bottom. What we are missing today in the US is the upper-mid, which is basically the large national clients and part of the large E&S companies.

This is where we are going to focus the growth for the next three years in order to rebalance the overall portfolio. Of course, continuing valuing the relationship we have today. But expanding them and then gaining market shares in the segments where we are not represented today at the level we should be for very, very -- again, I insist -- very, very good and explainable reasons.

Today our portfolio in the US is about 200 clients for treaty reinsurance. It's a totally manageable portfolio. It's very focused, 200 clients. It allows you to manage client by client, which is exactly what we want to do -- that's we want to do everywhere else and what we do already -- while at the end of the three years we believe that the portfolio will have moved from 200 to 250 about.

But we are not talking of an explosion. We are talking of really deepening a relationship that exist and gaining a few clients with whom we are already in conversation.

Channel and international. While international -- as you have seen, we are within the first five in all the markets that have got critical mass today. We want to consolidate that, whether it be in mature or in in-between markets. It's obvious today that we are more defensive in certain areas where the competition is pretty tough and we are still very positive about certain other areas where, thanks to the franchise, we can still continue to grow with good profitability expectancy.

Regarding channel, while you can see the position of channel over the years, started in 2011, you see where it is today. Well we need to continue to grow it to bring it to sustained profitability.

There is very good momentum today. I think, again, we have spent a lot of time to build the infrastructure. We have a very, very solid infrastructure in this syndicate, which was the condition to get the business.

Now I think with that infrastructure -- and we have spent a lot of time on the Solvency II of course and the scale of Lloyd's and for startup operation -- that was very tough to have Solvency II in the pipeline at the same time as you start the operation. We overcome that; I think we have the foundations now and we can grow the business.

Business solution. Well large corporate market today is one of the most competitive. Our teams are extremely disciplined. They are also extremely conscious that with some clients we had a relationship for more than 40 years.

This is a real asset; we want to continue that and we want to do a bit what we did on the treaty. We want to move from a position of technical expert -- and I think there is a recognition worldwide about the technical expertise of business solutions; our teams of underwriters is recognized worldwide. But we want to get them to move a bit away from this technical expertise focus to a more balanced focus between technical expertise -- we want to keep that -- but also the idea of trusted partner.

Again, broadening the relationship with large corporate, looking at different products. Products that may not have, while at the market scale, a huge weight. But that are critical for them. So we want to broaden the spectrum of products and we want to be able to look at large corporate with a broader view, including life.

And Paolo may talk about certain of the life initiatives where we see that there could be synergies between what Paolo does on the life side and what we can do on large corporate.

Managing general agent. While, as I was saying, there are a lot of changes in the distribution, the new landscape is not really shaped so we need to be careful about that. We cannot ignore it. We have to be selectively part of it and that's what we are doing.

What we want absolutely is that if and when we do managing agent business, we want to have a real-time monitoring of the relationship. We want to make sure that the initial contract between us and the managing agent is respected in each and every piece of business that is put in the book. It requires an IT platform that allows us to exchange with the managing agents and have this real-time view of the business that is being brought into the contract.

We want also to have alignment of incentives between us and the MGA. We are not going to do a massive amount of MGA. We have a limited number of relationships today. We want to grow those relationships, add a few more. At the end of the day, again, we want to have a limited number of relationships, each of them sizable and each of them duly equipped with the tooling that allows us to have a proper assessment and a proper view of how the business is building up.

While the project has been kicked off, we believe that in about a year's time we will have the full platform deployed. In the meantime, while we have certain prototypes that are available. But like we did on the cat platform some years ago, like we did in the facultative platform two years ago, while we want to put in place an underwriting platform that will give us the security of the relationship that we need to operate.

Conclusion. While this is an attempt to represent the relationship between insured insurers, reinsurers by other products over the lifecycle of a product. And as the products, as any products mature while there is a change in the way that particular product is relevant in the relationship between the insurer and the reinsurer. It can be very relevant when the product is nascent or emergent. When it matures it is still relevant.

At some point, it may get commoditized, very standardized. It may be mass business; the insurer becomes more comfortable and the product itself becomes less relevant, unless that product has got certain aspects that introduce high volatility. So in many markets motor had become pretty irrelevant in the relationship between insurers and reinsurers.

But you need to be alert. You cannot just fall asleep, because certain things can happen that for a given product change totally the perspective. So the product can be nonrelevant in the relationship and suddenly regulation change, legislation change. The regulation introduced capital requirements, the legislation introduces volatility, the technology creates new risk, like in motor. And that product which had become almost irrelevant becomes relevant again.

This is what we are trying to show in this diagram that we are involved ourselves in all the lifecycle of all the products. And we think that we need to stay alert in the fact that the lifecycle of the product makes its relevance in the relationship between us and our clients differ over time.

So you can look at today basically in the nascent or almost nascent. While you've got definitely certain of the technological risks, while you've got cyber definitely and you've got risks that are affecting intangible assets like reputation, all of this is in the nascent emerging and we are working hard to try to bring solutions for those risks.

Supply chain isn't -- some others are getting more mature and motor is a good example for different reasons; can be regulation, legislation or technology. Motor, in many markets today, is having a kind of a revival of the relationship between insurers and reinsurers. That gives you a bit of an idea of the lifecycle of products in the relationships.

I think I covered, more or less, everything I wanted to tell you and of course, we are already here. We have a lot of the management of the division is in the room. So any question I think we should be able to address. Thank you very much.

Questions And Answers

A - Bertrand Bougon {BIO 18934799 <GO>}

Thank you, Victor. Let's turn to the question on (inaudible) that I will read. Are there significant costs associated with broadening the SBS offering? Peers have often struggled with scale and efficiency.

A - Victor Peignet {BIO 6287211 <GO>}

I think there are certainly costs associated to that. We have to acquire knowledge in certain products if we want to be able to offer the products. We want -- we have to expand the team and get resources and we have to continue and complete the (four rider), which is our SBS tool that has been developed over the last three years.

But I think those costs can be budgeted and they are, of course, part of the risk/reward analysis that is being done on each and every development that we are having in the pipeline.

A - Bertrand Bougon {BIO 18934799 <GO>}

The second question on (inaudible) and then we can have questions in the room with Max. You give details on the growth of certain initiatives. Could you talk about the organic growth on mature markets?

A - Victor Peignet {BIO 6287211 <GO>}

Again, I think when you talk of the industry in general today and the growth in the industry, you have got to distinguish between the growth in the industry, the growth of the first-tier reinsurers in the industry. And the growth of SCOR being one first-tier in the industry. The growth of the industry in mature markets today is extremely limited. The growth of Tier 1 reinsurers in the industry today, I think that exists, because a lot of the changes in the way reinsurance is purchased -- not in the strategy of purchase. But the reason why reinsurance is being purchased and the way it is being purchased -- this redistributes the shares of the business.

The number of programs that are consolidated, the collapsing of hundreds of contracts into a very limited number of contracts; this consolidation that is taking place in the industry drives the business towards Tier 1 reinsurers that are the ones that are capable really to look at global contracts all over the world, mixing different lines of business and collapsing that into a single relationship. So I think there is a redistribution of the business that favors Tier 1.

And within the Tier 1, I think we, ourselves, are still a bit different because of our history, because of where we come from. We have not yet completed the regaining of the position. I think we have completed the regaining of the position in a lot of markets. But as I explained in my presentation, in the US we are not there yet.

The clients today are looking at their relationship with reinsurers through different screenings and one of the screenings is the credit risk. One is the counterparty risk. It's obviously that today being AA, being one of the very few AA, having very few recoverables with certain clients is an incentive for that client appreciating the solidity, appreciating also the sort of relationship we can have with the client. Well that client has got an incentive to consider SCOR.

Of course, there is no magic. We are not going to have shares in the program without working hard. But I think we have a bit of an advantage there in areas where we are still not having the position that is while in the eyes of the clients the position that a AA reinsurer with the sort of credentials that SCOR has, could have or should have in their program. Up to us to work on the relationship with clients to take benefit of this perception they have that we are not where we should be. Then if we can convert this perception in reality, well, that offers us an additional element of growth.

Typically if a client today has a certain contract and nothing happens and the contract is profitable and you are not on the contract, it's extremely difficult to come in. What is the motivation of the client to make space for you to disturb the relationship? If the relationship with all the incumbents are okay, if all the incumbents want more, you need to find extremely good reason for the client to say, okay, I'll make space for you.

But if the client is basically changing the overall program, if the client is reconsidering its purchase of reinsurance, consolidating, rearranging the placements, then cards are on the table. It's a different game and you have an opportunity. And then you need to convert that opportunity. I think that's what we have been doing.

So I think it is important to -- the perspective of growth in the industry is not the same for the different segments of the industry. I think that is very important. And today everyone would agree that the Tier 1 is having a better position than the rest of the market.

A - Bertrand Bougon {BIO 18934799 <GO>}

We have another question (inaudible) from Will Hawkins which got a lot of likes. So let's do it. How much of the higher common ratio expectation is business mix versus prices and what rate of development do you expect?

A - Victor Peignet {BIO 6287211 <GO>}

Well I mean the majority of it is definitely business mix. There is a bit of pricing element, because while the pricing have evolved over the last two years, you get that gradually in the combined ratio. But I think most of it -- well, I'm sure most of it is coming from the business mix. The increase in the long tail is definitely requiring us to have a bit more flexibility on the combined ratio.

We are doing it primarily because we feel that this global relationship is an essential element of competitively. But we are not going to sacrifice overall profitability to have a global relationship. So this is the fine-tuning that we are doing.

A - Bertrand Bougon {BIO 18934799 <GO>}

Maybe the last question before the break. What impact on profitability do you expect from trying to gain market share for large US national clients in a very competitive market?

A - Victor Peignet {BIO 6287211 <GO>}

I think the impact has got to be within the targets. I think we will continue to manage the business so we -- the group has set a target. We will have a target of return on allocated capital; that target will be respected.

So it's not going to -- we are not going to write business that deteriorate the overall. We are going to write business that is compatible with the target. Maybe, as I was showing in one of the slides, maybe by eliminating certain contracts that are not at the right level we create a bit of space for growth. I mean this is portfolio management, basically.

A - Bertrand Bougon {BIO 18934799 <GO>}

Thank you, Victor. We are absolutely on time. I think we can have the break and we come back at 11:00 for the next session with Paolo De Martin and SCOR Global Life. Thank you.

+++presentation

A - Paolo De Martin {BIO 15930577 <GO>}

Thank you, everybody. Good morning, everybody, both here in Paris and following us on the web.

At SCOR Global Life, we are very pleased and I think we have pride as well in our results over the last three years and our achievements where we have more than surpassed the optimal dynamics assumptions. We are also very confident but also very excited about what lays ahead. We think life reinsurance has great opportunities and we think we are very well placed to take advantage of these opportunities.

So let's take a closer look at our achievements over the last three years. We have delivered in terms of growth with premium moving from EUR6.1 billion to an estimated EUR8 billion by the end of this year, a growth of 6% at constant exchange rate. And in terms of profitability, with our technical margin above the 7% assumption, which means delivering this year an expected EUR500 million of technical results. And more importantly, with a narrow year-on-year business consistently above the group target.

We have achieved this while self-financing our growth and returning by end of this year EUR1 billion to the Group. You can understand why we are very pleased about this result.

When you look back at the last three years, you turn back three years ago at the Optimal Dynamics launch, this was not an easy plan. At that point we had just acquired Generali USA life insurance operation. It was a major step forward for us. But also a key challenge. And also the environment in which we were operating in was one starting to show signs of change.

So when you bring the clock forward to today, three years after, we have now a state-of-the-art franchise in the US which is leader in its markets. We have a bolder organization, making it more agile locally. But also making it more able to leverage our global skills. And we have grown our franchise in key areas.

But above all, what we are really proud about what we have done is the reflection on how a client thinks about us and our perceived competitive position has dramatically improved over the last three years. We are very proud of this.

Now if you step back and look at our franchise, we are confident that we are well-positioned for the future. We have a global spread. We offer a wide range of biometric solutions to our clients and, thanks to the dedication of our teams located across the world, we benefit from strong leadership positions in key life reinsurance markets.

Looking ahead at the next three years our ecosystem, the environment in which we operate, is changing and evolving, creating what we believe are strong tailwinds for our business. We have isolated seven key trends accelerating this evolution that I believe you will promptly recognize. Let's walk through them.

The first is probably the one that differentiates us most with our P&C colleagues. For life reinsurance there is a significant change in demand patterns: growth is shifting to emerging and evolving markets. While session rates in the US and Europe are expected to remain flattish, emerging countries, in particular Asia, offers material growth potential. This growth is reinforced, as we are going to see, by a rapidly-growing middle class and high income classes, particularly in China and Southeast Asia.

Demographics are changing. We are going to see in a second several societies are rapidly aging in Europe. But also in Asia. This is starting to drive new product development and an increasing need to mitigate longevity risk. The low yield environment continues to the pressure on life insurance ecosystem. But also pushing life insurance companies to shift from saving products toward more protection products.

The life and health protection gap is widening. The life and health protection gap already exists in mature markets -- for example, in the US underserved middle-market -- but also in emerging markets, as we can see with the currently low insurance penetration in many key Asian economies. These gaps have the potential to widen thanks on one side to the aging population and on the other side to life insurance distribution models that are increasingly costly and obsolete.

The regulatory environments are evolving. All of you know about the Prudential regulations that are moving towards risk-based economic rules affecting our clients' solvency. But also consumer protection law. This challenges existing life insurance distribution models.

The public spending is under pressure. We see globally a gradual withdrawal of state welfare systems, increasing the reliance on private coverage and, therefore, providing a potential boost to life insurance protection products.

The last point is technology. We all think that technology has the potential to disrupt the industry. On one side, digitalization and automation give access to new consumer segments and offer the possibility to bypass traditional models based on high personnel cost advice. In addition, the access to new data sources and the ability to process large amounts of data at relatively low cost enable a more precise and sophisticated risk selection.

Now, to succeed in this environment, we have a clear vision. We showed these three areas before to you and we will continue to pursue our vision across these three areas.

On one side are in-force, which is the bedrock of our portfolio; second, franchise, where we can capture the opportunities coming from the environment that we just talked about; and third, our organization, the engine of our success. So I'm going to spend the rest of the presentation walking through each one of these areas and giving you a sense of what are the developments we foresee for the next three years.

First, let's have a closer look at our in-force book. We are looking at our 2016 estimated volume. Premiums coming from long-term contracts signed in 2015 or prior represent EUR6 billion, or 75%, of the total gross written premium expected for the year.

Our in-force book is healthy. We can look at MCV as a proxy. The in-force book carries a value well over EUR5 billion and has shown over time consistent profitability with minimum variation in experience or assumptions. This has enabled us to self-fund our growth, while consistently upstreaming cash to the group.

In the next three years, we will continue to work to preserve and further maximize the value of our in-force book, focusing on five key developments: the intensification of R&D efforts, which will not only benefit our in-force book. But also our new business production; the streamlining of data flows to ensure that we take maximum advantage of the massive amount of data that we own; the continuation of our optimization work thanks to a structured and comprehensive monitoring of our treaties in-force; the potential acceleration of cash flows via securitization; and the operational efficiencies on how we manage the in-force.

Now leaving more details to the Q&A session, we estimate that these initiatives, combined with the current health of the in-force book, would allow the business in-force at the end of 2015 to produce in 2019 an estimated premium of EUR5.6 billion with an estimated technical result of approximately EUR350 million. We have a strong confidence in the health and value of our in-force book.

Now let's move to our franchise. We are really excited about what we are seeing ahead of us. Three key opportunities that we have.

First, we have a very strong opportunity to expand our protection footprint. Second, we will aim at diversifying our risk profile by looking at health and longevity and seizing opportunities in this market. Third, over the years we have assembled a unique set of capabilities in distribution solution which we can help to actually help our clients grow their own business and grow the consumer demand.

Let's look at the first of these elements, our protection footprint. To fully assess our growth potential, over the last three years we have deeply analyzed the protection markets globally and the relative strength of our competitive position. As a result of this analysis, we can cluster our franchise in three key groups.

The first group of key mature markets like the US, France, UK, Italy, Spain, just to quote a few, where we have important leadership positions. Although these markets have low growth prospects, they represent the bedrock of our franchise: built over the years thanks to long-lasting partnership with our clients.

In this market it is critical for us to keep differentiating our offer to maintain our leadership positions. This part of our franchise is expected to contribute 40% to new business contribution in terms of premiums over the next three years.

In the second group, we have markets with good potential where we have established good platforms such as, for example, Canada, Latin America. And South Africa. The goal of the next three years is to reinforce this existing platform to reach a true Tier 1 status.

We then have a series of markets in Asia-Pacific with a strong potential for profitable growth. This is expected to represent 45% of the new business contribution in terms of premiums for the next three years.

Now I will leave any discussion, if there is any interest, around the differentiate and reinforce clusters of our franchise to the Q&A session and I will focus on the opportunities to expand our franchise in Asia-Pacific.

I am personally very excited about the opportunities we have in Asia-Pacific and Asia-Pacific continues for us to have a very favorable macro trend. Just to remind you, it represents 50% of global growth; interesting, both in terms of economic growth. But also when looking more closely at the life reinsurance business.

The Asian populations are aging. Most of us think of Europe and North America when it comes to aging. But this is a very real trend in Asia-Pacific. People over 65 in Japan will reach 40% of the total population in 2050. And because of the one child policy, in 2050 China will have the same % of people over 65 as the UK.

The middle class is growing and we are going to see examples on China; and it's growing fast. About 500 million people in Asia were middle class in 2010. By 2020 it will have tripled and it will represent as much of the rest of the world combined.

Regulations are revolving extremely quickly. It took us ages to come up with Solvency II. It took three years for China to implement and deploy C-ROSS.

When we add to these trends an increasing shift toward protection products, we have as a result a very favorable environment for life insurers and for life reinsurers in the protection space. Overall, we will estimate that this will drive a strong increase in life reinsurance market with contestable sessions expected to grow by about 7% per annum in the region. But with China and Southeast Asia probably well north of 10% in terms of growth over the same period.

Now China is a good example. And one that we are spending a lot of time internally, on why these macro trends are so favorable. If you look at the protection gap and you look at richer households in China, only about one out of three will have at least one life policy. When you look at similar markets, Hong Kong and Taiwan, almost all richer households will have a life policy.

When you look at what's happening to that richer household, they are growing very fast. If you go back in 2010, we had a very small part of the population, almost less than 10%. You look at now, we are around 30%. You move forward in 10 years, we estimate that to be about 70% of the overall mainland China population.

Now when you couple what the government is doing with the 10-year guidelines with tax incentives on health products, that creates a very, very favorable environment for us. And when you say middle class, what does that really mean?

Well we were in China recently with my team visiting all our clients. But also visiting what happens to the life of a Chinese person, especially in the health environment. We visited the biggest hospital in Shanghai. And for people that don't know, in China you don't have a family doctor concept. You have a sore throat, you go to the hospital.

The hospital we went to in Shanghai serves about 4 million people a year as an outpatient. So imagine a hospital ward that serves 4 million people a year. If you have a little bit more money, you want to get to the VIP floor where you only get with private health insurance. So as soon as you get some money in your pocket, health insurance is one of the first things you think about and that's where we see great opportunities for us in the future.

Now let's see how we plan to seize these opportunities in the region. Over time, we have managed to build a strong platform in Asia-Pacific. We have progressively grown our book with a careful interest strategy and sound profitability. This strong foundations, combined with the environmental tailwinds, puts us in an optimal position to what we say surf the wave.

First of all, we will continue investing in Australia and Korea, two large markets with some growth and profitability. In Australia, we had a late entry in 2012, largely avoiding the issues that have impacted the industry in recent years. We are now consolidating our position in the group market, where we benefited from a strong price rebound. And expanding in individual life market.

In South Korea, where we have a strong leadership position, we continue to invest in product development and we maintain a strong financial solution book of business.

The second part of our strategy in Asia-Pacific involves the launch of three new investments: greater China, Southeast Asia. And Japan. What we saw for China is also true for Southeast Asia. We have very solid fundamentals fueling strong market growth.

In both China and Southeast Asia we already have teams and infrastructure present in the region. We will now increase their resources and will focus on working closely with our clients on the development and launch of new products. We believe that with our local teams and our global knowledge base we are in a great position to support our clients in the development of the local protection markets.

As for Japan, it is effectively the only mature market in the world where we have limited presence in individual life. Even if it does not have the same significant growth prospects as emerging Asian economies, it represents a lot of potential for us. We plan to develop a full scope of client support capabilities, including medical facultative underwriting. This will have a limited impact on the current plan and will benefit the division on the medium; to long-term basis.

Overall, we expect an annual growth of 16% in the region, which is expected to generate a total of around EUR1.7 billion premiums by 2019, with technical results more than doubling to over EUR100 million.

Now, going back to the actions that we are taken in our franchise, the second is diversifying our risk profile. As I mentioned before, here the focus is really on health and longevity. Health and longevity will represent about a quarter of our premiums by 2019. But given the long-term nature of our business, if you look at the new business contribution over the length of the plan, these two product lines will actually represent 50% of our new business growth.

So let's take a look at health and what we are doing in this area.

While looking at the health insurance industry we believe that health insurance will benefit from the same macro trends that we have seen before. In addition, we have further traction with a general increase in treatment cost, coupled with an upward trend in spending on health-related services. We estimate that this will translate in an increasing health reinsurance demand, which is expected to grow by 6% per annum.

When looking at our clients, health insurance is at the core of their offering. On our side, we already have a wide product offering in health covering medical expenses, critical illness, disability. And care solutions. This gives us a strong opportunity to further leverage our capability in this area and support our clients in new products and underwriting solutions.

Overall, we expect premiums to reach EUR1.5 billion by 2019 and technical results reaching EUR100 million with some key initiatives, like US health, that will be fully launch towards the end of the three-year plan and will provide profitable growth opportunities beyond the three-year plan horizon.

Moving to longevity, as we mentioned before, many societies are rapidly aging, as you can see in the chart. When you combine this with currently low asset returns and increasing capital charges for longevity risk, pension schemes and insurance companies are under pressure to mitigate longevity risk.

We are one of the recognized leaders in this market and we intend to maintain our current level of new business production, which at today's level maximizes our diversification benefit. We estimate that this would bring our premiums in this line of business to reach the EUR1 billion benchmark in 2019. We expect the UK to remain the most active market, while we remain ready to capture opportunities in Continental Europe and North America.

Finally, the third pillar of our franchise development is what we call grow consumer demand. Over the years we have assembled a unique set of capabilities on global distribution solutions and our client on the other side are facing key challenges in this area, particularly with technology potentially disrupting some of their traditional business distribution models. And interesting, when you look at customer service, our clients are looking more and more at reinsurers to support them in this area.

Here give you two examples of what we are doing on global distribution solution. And before I move on to the examples, this is not just a few PowerPoint pages put up to please investors and to please audiences. We are actually expecting EUR250 million in premiums to come from global distribution-enabled contracts by 2019, up from EUR140 million today. And we expect EUR30 million of technical results to come from this business.

So two examples in this area. One is Velogica; this is our automated underwriting system. We have presented the capabilities of this technology at an earlier investor day. Today we are working on extending the data sources flowing into our proprietary algorithms with the goal of supporting our clients in the fully-underwritten space.

This is not just, as I said, a nice slide on PowerPoint. Velogica is already successfully installed at some of our key clients in the US and we expect to process 1 million applications in 2017.

Now automated underwriting is just a portion of the consumer journey. We are also working on the rest of this journey. ReMark can help a client build a fully-digital experience for the consumer going through the application processing to the underwriting decision and to the policy issuance. The solution has already been launched in Continental Europe in 2016 and we will soon launch it in the Asia-Pacific region in collaboration with the local software company.

So we talked about the in-force and we talked about the opportunities that we have to profitably grow our franchise. If we want to achieve these ambitions, we must make sure we have the right teams and tools in place.

First, we are going to continue our focus on innovation and inclusiveness, working on four dimensions: becoming more client-centric, which will be critical for our success; increasing our focus on innovation; managing our talent; and leveraging our diversity across the globe. In parallel, we want to further increase the productivity of our operations. Thanks to process efficiencies and innovative IT solutions we project reach 10% productivity during the next three years, while at the same time boosting the front-office focus. Work has already started in this area and we plan to reach 28% efficiency in our US platform by the end of 2017.

When we bring all of this together, we expect premiums to grow 5.5% per annum, reaching EUR9.4 billion in 2019, with all three regions showing healthy growth. We expect profitability to continue the current trend with technical results reaching EUR600 million in 2019 and new business being written at a pricing ROE of more than 10% above risk-free rate.

Technical margin will reduce slightly, driven by the continued change of mix with the growth of the longevity line of business. We expect to generate EUR900 million in capital surplus, which would allow us to self-fund our growth and continue the strong cash repatriation to the group.

So as I come to the end of my presentation and you would ask me, in a few words, please summarize what is Vision in Action for SCOR Global Life, I would say that Vision in Action for us is an all-encompassing plan that touches all our key value drivers, from our in-force to the franchise to the operations. It is going to be a plan that will match growth with strong profitability and will deliver sustainable value.

As was mentioned at the beginning of the call, we are passionate and we are excited about life insurance. We think this is a great opportunities in front of us and we think we are very well-positioned to seize these opportunities.

With this, I thank you for your attention.

+++qanda

A - Bertrand Bougon {BIO 18934799 <GO>}

Thank you, Paolo. We have only one question for the moment on (inaudible). Yes. It's coming. So Paolo's first question is the one from Vinit. Life technical margins appear to be increasing on the health business. So why is there no uptick in the overall life retarget?

A - Paolo De Martin {BIO 15930577 <GO>}

The overall moving of the mix of business that we have, we have profitable business running off in our in-force. We have new business written at very healthy technical margin in terms of new production. So as I was mentioning to some of you before, we are managing the overall portfolio a little bit like P&C does and Victor does. We look at the overall portfolio and see where the overall technical margin is trending.

A - Bertrand Bougon {BIO 18934799 <GO>}

The next question from Frank Kopfinger. Where is the improvement of the technical margin in Asia-Pacific coming from? How will margins in US and Europe develop for (inaudible) business?

A - Paolo De Martin {BIO 15930577 <GO>}

Yes. In Asia-Pacific the improvement in margin is coming from the fact that right now we have about EUR400 million of financial solutions business in Asia-Pacific. A lot of it are solvency margin relief deals at very low margin. As we grow the protection business in Asia, which has a much higher technical margin, the blended technical margin across Asia-Pacific will be much higher than it is today.

As a financial solution line of business, we will be pretty much flat across the three years in Asia-Pacific.

In terms of the margin in the US and EU developed for traditional business, when we look forward and look at the new business we write, that is written at very healthy margins. So we kind of keep the trend that we have today.

I think the challenge in some areas, particularly in Europe, we have some very profitable in-force business like the in-force transactions that we did in Spain back two to three years ago. Those continue to run off and the relative size of those are smaller in the in-force portfolio. So overall, we need to compensate that with very profitable new business that we are writing.

A - Bertrand Bougon {BIO 18934799 <GO>}

Is there a specific target for dividends to the Group from the Life division?

A - Paolo De Martin {BIO 15930577 <GO>}

We do have a specific target. I'm not sure we disclose to Mark internal. I think we are generally set up to continue the same trend that you've seen on that chart before; that's kind of the goal that we currently have and what we are set up to release to the Group. So somewhere in the EUR200 million, EUR250 million when you include everything from dividends, interest payments. And capital repatriations of repayments of loans that we have over the years.

A - Bertrand Bougon {BIO 18934799 <GO>}

There is a technical question from Andrew Ritchie. Clarify potential impact, risk and opportunities, from PBR in the US.

A - Paolo De Martin {BIO 15930577 <GO>}

PBR in the US is an interesting theme. First of all, the US market in terms of new business has largely moved to wired, to e-business. So people, our clients are less and less looking at reinsurance in terms of supporting funding for excess reserves. In terms of impacting the new business production, we don't see a huge impact coming from the PBR implementation.

Now more difficult to estimate is what happens to repricing of products that our clients are going to do. Probably our clients, once we all manage what PBR really means, they are probably going to reprice some of the products or relaunch some of the products that are more maybe PBR-friendly on their side and that will generate a wave of re-tendering on the reinsurance side of new business. We are ready for that and we think we are well-positioned with all our key clients.

In terms of what that would mean for the financial solutions and for in-force deals, that is still under discussion as PBR is still in excess of what you would call economic reserves. So the margin of excess between economic reserves and PBR and how you can address that, that is still something we are discussing with our clients. So overall, we don't see it as a dramatic change for the industry. But one that has to be managed very carefully.

A - Bertrand Bougon {BIO 18934799 <GO>}

The next question is on the UK market. Growth in UK bulk energy market might slow down from low interest rates and growing pension deficits. Does this affect your growth aspiration?

A - Paolo De Martin {BIO 15930577 <GO>}

I think these two factors would actually increase the longevity business. The low interest rate we see actually a positive for the longevity book of business. If you are a pension trustee and you're sitting in front of your results, now you're -- if in the past you were able to offset longevity risk with very good returns in your portfolio, now you are not able to do that. So the longevity risk really pops up as a real risk without immediate mitigation on the asset side.

In terms of the pension deficit, again I see that's -- I don't see that as a negative. I mean Simon is closer to the market than I am.

A - Simon Pearson {BIO 18962756 <GO>}

I think the fundamentals are so clear to the industry that we see today a huge pipeline of business coming through the pension schemes and it's very clear the industry, through the big UK insurers, they are on record as more and more heavy users of reinsurance as part of their capital planning. So the fundamentals are very solid and that's what's baked into our plan.

A - Bertrand Bougon {BIO 18934799 <GO>}

Maybe a last question in the auditorium before moving to the Q&A panel?

Q - Andrew Ritchie {BIO 18731996 <GO>}

Andrew Ritchie, Autonomous. I'm a bit confused. On the Asian growth, most of your peers point to it's really morbidity opportunity not a mortality opportunity. People don't really buy life protection, it's all about the health protection and there's a lot more socioeconomic risks attached to that kind of business. It becomes a bit more unpredictable, particularly on the claims front. And there are some concerns about that.

Do you share those concerns? I'm confused as to whether you see it as a morbidity or a mortality opportunity.

A - Paolo De Martin {BIO 15930577 <GO>}

In Asia, it is largely -- when you look at mortality and morbidity, it is largely morbidity. You are talking about critical illness products, different type of cancer products. So that's the real focus of a lot of our writing in Asia.

I don't really connect that with socioeconomic. It has its own challenges in how do you define the long-term trends in terms of claims spreads and that is where we are spending most of our R&D efforts right now outside the US is actually to get a full grip of long-term trends on the critical illness. I think we have a few people here in the audience and we can match you up for more of a discussion over lunch on that.

A - Bertrand Bougon {BIO 18934799 <GO>}

If there is no more question just specific for Paolo, maybe we can move to the larger Q&A panel. So please ask your question; ask for the mic and raise any questions you may have.

If I can invite the members to come on stage, it's better for the webcast.

Q - Thomas Fossard {BIO 1941215 <GO>}

Good morning. Thomas Fossard, HSBC. One question for Victor on the P&C side is could you quantify the capital net intensity of the premium growth you are expecting to achieve over the next three years to come?

Over the past three, four years it seems to be that the growth has been mainly diversifying itself. So not being too capital intensive. Are there any changes here that you have in mind over the duration of the business plan? Thank you.

A - Denis Kessler {BIO 1498477 <GO>}

We have had some movement in the capital intensity over the last three years. But that has been really marginal in a way. I think, in percentage point, I would think 5% more, something like that.

And I don't think that what we are planning to do in the next years in I think the overall business mix, we are probably going to reduce a bit the proportional if the market re-normalize. But no, I don't see big variations in the overall capital intensity, no.

Q - Thomas Fossard {BIO 1941215 <GO>}

Thanks, just a follow-up. If the P&C business is not highly capital intensity in the coming years and you see life re business is mainly self-funding its growth, why the Group need to still have a 50% returned earnings going forward? Why the need to retain so much earnings and not raising, I would say, more significantly the (inaudible) ratio in the coming years?

A - Mark Kociancic {BIO 17852409 <GO>}

I'll take it. First of all, there's no 50% restriction. I think our payout ratio historically has been anywhere in between the 40% to 50% range with maybe a couple of exceptions in high net cat years. And you will see the process that we have for capital management decisions in my section a little bit later on to go through the mechanics of it. But essentially what we're trying to do is stay in the optimal range.

So if we are generating more solvency capital than we need in terms of supporting our solvency position, supporting the future growth, then we have excess capital for redistribution beyond the regular cash dividend. And that's why we referenced the possibilities of special dividend, share buyback. And so on.

But it's more of a long-term perspective. If we see -- we could have volatility in any given quarter with interest rates, for example, or FX. You see this in our solvency ratio now in the industry. If it's a temporary phenomenon and we spike over the 220 upper limit, that's not going to be something that's motivates us. It has to be more permanent in nature, more fundamental.

Now, one of the things we pointed out and you saw in Denis's presentation earlier is the range of assumptions. So we had many ranges and I would focus probably a little bit more on the growth aspect here. If we are at the higher end of the growth expectation. So the 7% figure that we saw for the Group, you are going to see us need more of our capital to support that growth going forward.

If we are at the lower end of the growth expectations, I would expect the solvency ratio to naturally increase over time. Then we would have this decision or question of excess capital and can we effectively utilize it in the future, or are we better off repatriating shareholders in some fashion?

Q - Andrew Ritchie {BIO 18731996 <GO>}

Andrew Ritchie, Autonomous. Two quick questions. With the planned growth in SBS and the Lloyd's syndicate and I guess, to some degree, the use of NGAs as well as the technology initiatives in life re, is SCOR now more agnostic about how it provides its capacity as a primary or a reinsurer? That is the impression one kind of gets that you're less attached to the kind of pure reinsurance mode than you were, in both life and nonlife.

The second question for Victor. I appreciate SCOR, as sort of a newer reinsurer, was able to get much more consolidated systems and more comprehensive global view of risk than your peers. Have the peers caught up now though? I know they've been doing a lot of work. What do your clients say? Can your peers provide this global view, that Monte Carlo in the way you can, or --? What's your impression? Thanks.

A - Paolo De Martin {BIO 15930577 <GO>}

Do you want to do the technology first? Can I make a comment on technology?

On the technology side were not taking any risk of life side in terms of primary risk. So the technology we have we provide it to our clients, usually in exchange of a fee or exchange of reinsurance business. Now what I want to stress is the old visions for life reinsurance, the old vision of insurance/reinsurance risk transfer and that's the business.

It's just not there anymore. The ecosystem is much more complex and our clients expect us to play and help them develop their own business. So that is a definite expectations that our clients have.

We maintain our reinsurance role. But we play in an ecosystem that is much more complex than it was 10 years ago.

A - Victor Peignet {BIO 6287211 <GO>}

Well I think in proportion over the plan I think we are today -- well, it depends what you call insurance. But we think that we are in 75%/25% sort of ratio. I think as we are growing our reinsurance in parallel, I think at the end of the plan the ratio will not have moved, more or less.

A - Unidentified Speaker

The system, integrated system?

A - Victor Peignet {BIO 6287211 <GO>}

SCOR system was built from 1983 to 1996. It's called Omega. It cost a fortune at the time. To me, it has been instrumental in the way the Company has performed.

I think the problems we had in the US in the early 2000s were coming from the fact that the US was not part of this global system. Well that global system is now applied systematically throughout the operation. When Converium joined SCOR within Europe, the whole business of Converium was entered into the system. Not the live business, not the in-force and the history, which means that as we had a lot of common clients, the common history has been built at the time from 2007 to 2008. Any new operation of the same sort would immediately trigger the same reaction.

We want that system to continue to be at the core. We revamped it and we got delivery of what we call Omega 2 recently. While Omega is the core and then around that -- and there is, I think, in the appendix of the presentation, there is a graphic that shows the global system.

All the tools are connected to that system, which means that we have a single-entry point for the client data, whether they are underwriting data, accounting data, claim data, they entered through the system in one point and then they are being dealt with by the system with a minimum of manual intervention. And now we are still working on (inaudible) system even more automated, which is very important for data quality, which is important for efficiency, as Paolo was saying. And which is extremely important because of this global view that you have. You have that here.

So what we call the Group Central Business Management System is Omega and then you can see here the different companies. So what we have added over the last few years, the cat platform has been added. The facultative underwriting platform has been added. We are currently adding the MGA platform. Some of those systems are upstream like the facultative underwriting platform is upstream of the Omega system. Some of the others are downstream and everything is connected.

So you can say you price the business today. Well you can back test your pricing, your reserving and your pricing can talk together through the system, which means that you have a lot of checks of the validity of your reserving and your pricing because you build up basically the data in the (inaudible).

Q - Unidentified Participant

I was just trying to get a sense as to how much your peers have caught up with a similar approach. Do you have a sense of that?

A - Denis Kessler {BIO 1498477 <GO>}

No, not really. I can tell you that most of the clients are pretty impressed when we are able to produce on the one piece of paper the history of the relationship, the results and more importantly the expected profitability of what we have. I think it's a big part of the discussions. And for us, it's essential in the way we drive the relationship. We don't want to be looking at one part of it. We want to look at it globally and this is why I think about -- that's some years ago now -- we put clients first and line of business second. I'm not saying that the lines of business are not important. They are important. And our expertise is by line of business. Our pricing is by line of business. But at the end of the day, once you've done all the job by line of business, you take a global view.

A - Paolo De Martin {BIO 15930577 <GO>}

And maybe just to add up on this. I think systems we talked about peers. But it's especially also a challenge for our clients, especially clients that have gone through a couple of M&As, have integrated companies where they are still struggling having an integrated system where they can easily access all the data.

And as Victor just has mentioned, sometimes it's possibly even easier for us to give the client an overview of what the exposure really is because our tools are capable to deal with a lot of data. We have just recently had a discussion with a large global client of ours and they talk about simplifying their arrangements program, which indeed is also driven by their challenges in dealing with data. But simplifying their purchase makes it more complex from our side. So we need to have the tools. So it is just an essential, it's a (spoken in foreign language). If we do not have that system really fully functional, then we cannot survive in the current environment.

A - Victor Peignet {BIO 6287211 <GO>}

I would like to add one point, because when we decided to put global everywhere, it's called Global P&C, it's called Global Life, it's called (inaudible) so on and so on. Some people it was just pure marketing. You put global because it's a buzzword and everyone is happy. I think this is wrong. If we did it, it's because we wanted a global view of the assets and Francois has a global view of the assets. And managers see assets portfolio -- assets could be located in France, in UK, in Singapore, in the US. But we wanted a strategic location of assets and a tactical integration of assets based on a complete view of the portfolio, then they are located in various balance sheet.

But it's true for P&C portfolio. We wanted a global view of the risk portfolio to exactly see the exposure of SCOR towards various periods and so on and so on. And of course, then you have portfolios in the different parts, in different lines of business (inaudible) for life.

And finally, the risk management and that's certainly why we are considered as having strong risk management, we have a complete view of the exposure of the group to the various dangers, periods and risks. So there's a way. For that, you needed an integrated system; otherwise you adapt stuff more or less correctly. If you have various entities, autonomous or with a certain autonomy, you cannot have this global view. So I think that's a plus.

In a world where you need to manage your aggregates, you need to manage the overall exposure of your asset portfolio to change in interest rates or whatever. So that's key to my point of view to the SCOR organization. We needed these systems. This is for P&C. But globally we have this integrated view of the world.

Q - Frank Kopfinger {BIO 16342277 <GO>}

Frank Kopfinger from Deutsche Bank. I have two questions for Victor on the US market. Within your initiative, you mentioned that you are going to increase the number of clients from 200 to 250. What are the limitations there? 250 doesn't sound like a big expansion over there. What are the limitations and what's the further potential going forward? And my second question is you didn't talk too much on -- you didn't mention US casualty. What is your current view there and what needs to happen to change your view maybe?

A - Victor Peignet {BIO 6287211 <GO>}

First of all, the 200 to 250 is coming from a market study that has been done over almost four years where we dig into a lot of different information sources. We tried to analyze certain clients from outside and inside and we tried to get to a point where we would do like in any other market. We would select clients that by profile seemed to us having a good match with the sort of risk and the sort of behavior we understand and we want to trade with.

So then you define your segments. In each segment, you end up with a list of clients, which become either targets, prospects or existing clients that you want to enlarge. I think this is what we do in each and every market. The US is a bit special because, first of all, we had not been there really for a certain number of years so we did not have the knowledge that we have in some others. And secondly, the US market is still one of the most dispersed markets by far, the most dispersed market in the world. So it's difficult to segment.

And the mentality of our teams in the US, the mentality of the underwriting in the US in general has been very line of business siloed type of mentality. So it was a double obstacle to overcome. We had to change the culture, get people convinced. We had also some successes with certain clients to prove to the team that a global approach was possible in the US like it is possible anywhere else and then the clients were interested into it. I think now there is a real momentum to that.

But then we want to -- we did what we did in the US in the past. Now we want to apply an extremely focused approach and we want to be able to manage the client relationship. When you are in the US, the expectations of clients are a bit different from the expectations in Europe.

If you want to be a tier 1 reinsurer in the US, you have to provide real services. Clients would expect you to do portfolio reviews and they are not -- not only they are not upset by you doing portfolio reviews. But they are asking for it. They are asking for your input, which means that they want you to send teams to their underwriting units to where they operate and really look with them at their business, make recommendation. And it's not team of underwriters. It's team of underwriters, claims, actuaries. They want a full review.

So I think in a way the amount of activity that you need to have around the US client is larger in a way than what you need to have with a more established European client for instance. Even though if you take the example of Benjamin, when the client wants to simplify the program and they are collapsing, I don't know, 100 contracts into 20, well, this is an enormous work for the key reinsurers, the lead reinsurers who are invited to participate to the redesign and the repricing of that. You need over a limited period of time, you need to engage into a lot of portfolio reviews and analysis so that you are able to understand, assuming that you see less than 50% probably of those contracts in day one.

And the second question, casualty. Well casualty in the US, I think we need twofold. It's like a ship. We are not going to put weight at the top if we don't have the proper balance. So I think if you look at casualty, there are some extremely volatile casualty. There are some extremely heavy casualty, while we ourselves are rebuilding. So we are not going to load our portfolio with a lot of heavy, very long tail casualty from the US market, well, today where we feel that we do not have the base.

So the base, really it's like a shape like this we've got the regional, E&S, the risk retention group, then the national, then the more global. The more you go up, the more the casualty business, those company right is sensitive. And so I think it's not that we don't have the capabilities; it's that we believe we don't have the balance in the group to tolerate that sort of exposures to a large extent at the moment.

So we need to be very disciplined in the way we build it up. And we need to keep that under control very much, which is what we are doing and this is where I think the relationships with clients are important because we have to pass the message that, yes, we want to be global. We want to have a global relationship. But we want to have it in a way that is safe for the long run. And to be safe for the long run means you assume risk that your overall balance allows you to assume.

From a pricing standpoint, well, I think definitely today I think the low interest rate environment has not been totally embedded into the way casualty has been priced. I think again we are a different animal. We are not in it today. So we don't have it. So we don't have this -- well, we have not been there for 20 years with the client. We have not accumulated reserves. We are not having cash flows in and out, premium and claims. So our approach, our assessment is totally different.

I think to me to enter into really long tail casualty is almost a no return decision. And if you have ever to return like we had to do in 2002, well, it's a big failure and it requires a lot of work to recover from that. So I think we are serious about reentering it. But we are going to reenter it step-by-step and our reentry means that we have an outside view of the pricing. If you are in there and if you want to stop a casualty relationship, a big casualty relationship, you are having an obvious cash flow issue and you need to manage that issue, which we don't have because we don't have the claims, cash out. We are not in there.

So I think -- that is human being behavior and business behavior. If you are in a relationship, you tend to resist in a way better while to the pricing downturn. If you are not in there, you would think twice about entering and you are trying to enter at the right time. I think Francois is going probably to address the investment a bit the same way. If you have not been doing something for good reasons, when are you willing to reenter it? What's your entry point and I think that's what we are looking at at the moment.

And we are ready to enter at conditions that are probably not what we want, if again the global relationship makes it possible. And to the extent that it doesn't create the risk that together with our risk management colleague, we would feel that it is too much for us at the moment.

Q - Ed Morris {BIO 16274236 <GO>}

It's Ed Morris at JPMorgan. I'm sorry to keep Victor talking. But I've got a question on reserving and reserve releases going forward. So if we look at the experience over the last few years, you've been able to offset the more expensive quarters with reserve releases. And as we look forward, I'm just interested in your interpretation on whether that would be expected to continue. I suppose the question is should we expect a different experience on reserve releases in periods that are more expensive relative to ones that are not? Thank you.

A - Victor Peignet {BIO 6287211 <GO>}

First of all, you will appreciate that the reserve release that we've done have always been to some extent marginal and they have occurred at certain very evident moments, which were heavy quarters in that cat. But if you compare the load of the net cat losses of those quarters and the reserve that have been released, there is no -- certainly there is no balance. The reserve release is much, much lower than the losses incurred.

While if you compare with the track records in the rest of the market, well, I think this is also a big differentiator. We didn't do much of it and when we do it, it's really much more marginal. Maybe Eric Lecoeur was there. Wants to talk about -- Eric is the Chief Reserving for the group. We have our Chief Reserving for the division but he is not here today. He is somewhere in London. As Eric is there, I think Eric has certainly an interesting view about the overall reserving of P&C. Eric.

A - Eric Lecoeur

Thank you, Victor. First of all, our reserving philosophy on the P&C side has not changed for, I would say, for ages. The level is still comfortable. We've got a healthy position on the reserving side. We have announced over the past years our governance with the implementation of a chief reserving actuary position inside the division. So we've got four levels of control -- the local actuaries; the chief reserving actuaries at the division level; myself; and of course, some external reviews and the statutory editors, which are also reviewing the reserves.

So a healthy position, strong controls in the Company; a small reserve release; small reserve releases. So we've got an overall healthy position.

A - Denis Kessler {BIO 1498477 <GO>}

May I add something? Because when I came, well, there were some holes in the reserve many say and not mouse holes. But large ones. And so I spent about four years of my lifetime roadshowing and the first question was are you well-reserved? Do you need to put new reserves aside? Are you sure that you (changed) your business lines -- and Victor too.

So we decided really to say, this first question on the reserve for years by the way, that reserves will be optimal again. In other words, best estimate plus, carefully checked, reviewed by people we trust and that's why we are an incredible organization to check it once, twice, thrice and four so as to be sure we are in a good order. So that's exactly what Eric has described and we feel extremely confident with the reserve.

We have also a concept, which is not with the maximum reserves because maximum reserves means extra capital that put aside and we are in the industry the first to have used the word optimal, optimal solvency, not maximum solvency, (inaudible) 300, 400, 500 solvency ratio. It means that we would set aside a large amount of capital that my shareholders would like to have back instead of myself putting it aside, optimal reserving and optimal diversification, optimal and so on and so on. I'm stopping here.

This is why reserves are also placed under the sign of (optimality). We need to carry the reserves corresponding to the portfolio risk we have decided to underwrite and to carry. Point. Of course, with the margin, because we need a margin, we don't want to be always to near the (inaudible) and look in history for the last five, six, seven years, the management as reserves go have been extremely clear. No massive reserve release. But we could use a margin when needed -- that was the case with the tsunami back in 2011 -- so don't expect SCOR to change its (pillars) of reserving its business. We will seek optimality-plus and not big movements in reserves that are to my point of view destabilizing the industry.

We also expect that the now industry level reserve release to dry up. Lots have been done and that might concur to maybe some positive effects on pricing and you can do that once, twice, thrice. But after a certain while, of course, reserves are depleted, especially if we have a return of inflation, there will be certainly some issues to be raised. So for this reason, I think this reserve release will certainly dry up a little bit at the industry level.

Q - Unidentified Participant

Hi, it's (inaudible) from Morgan Stanley. One question. So you talk about right now being in the quasi-stable growth, about 3% with an update next year. Can you outline a scenario where you would have less than that, flat growth or even negative growth and the corresponding impact on margins as a result? Thank you.

A - Denis Kessler {BIO 1498477 <GO>}

Thank you for this very positive question first. You should take some Prozac. We have some if you want. But, Victor.

A - Victor Peignet {BIO 6287211 <GO>}

I think that that is the reason why we have introduced for the first time a range is that, today, we do not see -- we definitely see a sign where -- there is what you read, what you listen and there are facts. Some facts are that certain programs today don't get place. Some facts are that certain insurers today do not have Munich; do not have Swiss; do not have Hannover, do not have SCOR and have other reinsurers in their program.

And if you are an insurance company. And you buy a sizable program and not enormous. But sizable enough. And you happen not to have number one to number seven or number one to number eight, well, what does it mean? It means that number one to number seven have got to a consensus on that particular business that, no, it's not viable anymore.

Well it means that the degree of resistance of the pricers of the limited number of global reinsurers that do price the business in the market don't follow prices done by others. But have their own prices. But it means that the degree of resistance is increasing. So that shows to some extent that, yes, there is still a lot of competition. But among the ones that have got the technology, that have got the expertise and the teams to really assess the business, well, we are reaching in some cases the limit, which is why we believe that what we have published, what some others have published regarding the price change is reflecting a situation where the price decline has slowed down.

We are not yet in a situation where we see price increases. Let's face it; even after a quarter or (inaudible), the Latin America renewals of this July have not been good, even in Ecuador. So it means that there are a lot of capacities available and if the client wants to change their providers, well, at a certain level of clients, well, there is still a lot of different choices available.

But we think we are reaching a point where it's becoming more difficult, which is why our low hypothesis is marginal growth. We don't think we are in a scenario where we would need to go to a negative growth to protect the profitability. But we are in a scenario clearly where if we do not see positive sign, yes, our growth is going to be marginal, which is basically where we have been for the last say four, five quarters. And we are ready to continue on that basis because for us it is essential to protect the future. So at the moment, with a stable portfolio continuing the portfolio management, what we are producing is pretty decent.

Q - Mark Cathcart {BIO 1891927 <GO>}

It's Mark Cathcart from Jefferies. I'm just wondering if the initial loss picks for your combined ratios have been optimized at all over the past two years, in other words dropped or increased.

A - Victor Peignet {BIO 6287211 <GO>}

Well our loss picks are reassessed every year in a combination of pricing and reserving work. While on a lot of the business we've been on the business for years so the reserving actuary can develop their own view, which is always cross-checked with the pricing systematically because we want to understand -- not because we need it. But we want to understand and we want to understand -- if the pricing and the reserving are in different views, we want to understand why it can happen.

So our loss picks, I don't think they have -- certainly we have not introduced optimistic views. And I think Eric is pretty orthodox in the way (inaudible).

Q - Mark Cathcart {BIO 1891927 <GO>}

I said optimized, not optimistic.

A - Victor Peignet {BIO 6287211 <GO>}

What do you mean optimized?

Q - Mark Cathcart {BIO 1891927 <GO>}

Made so that they are more efficient. In other words, they are more appropriate for what you believe is the outcome because you've said you have had more experience over the past few years. So therefore as you've got to that stage of knowledge, have you been able to reduce those initial loss picks, for example?

A - Denis Kessler {BIO 1498477 <GO>}

I don't think so. What do you think? I don't think so. No.

FINAL

Bloomberg Transcript

Q - Mark Cathcart {BIO 1891927 <GO>}

Okay. Thank you.

A - Bertrand Bougon {BIO 18934799 <GO>}

We will take the last question. Very short before lunch.

Q - Unidentified Participant

Two very quick follow-up ones. One is on the US growth for Victor. You mentioned that you've done a lot of market research as well. So these 50 national accounts, what are they looking for that you think you are going to offer, which is not available today to them? And why I ask is also because on your slide 23 where you list the penetrations by lines of business at clients, the ones with the one or two lines of business are really the regionals, not really the nationals, which have the opportunity for more lines of business to come in. So really what is the value proposition there, other than pricing, I'm assuming?

My second very quick follow-up is for Paolo. On slide 49, you show that the protection gap, even in the wealthier Chinese households, is quite substantial. So it's not an economic decision not to buy insurance. Is it a cultural factor in your view? Is it something that will never change at all, or is there a risk that the growth never comes in is my question there? Thank you.

A - Victor Peignet {BIO 6287211 <GO>}

Well the first value proposition we offer is basically the reputation of the Company, the financial rating of the Company as I was explaining and the fact that there may be an interest for an insured to look at their credit risk, to look at how their capital charge is coming from the credit risk and to look at possible diversification of that credit risk.

The second is that a number of those national are becoming or willing to become international and there definitely our value proposition is that, yes, we can work with them if they want to become international; if they want to operate at Lloyds; if they want to get into emerging markets and some of them do and they want to develop in different countries. So I think that's the value proposition.

The other value proposition is to be a valued solution in case they would have issues, problems with their current carriers, or they would like to have another look at their programs.

And regarding the number of line of business, well, what we want to show here is that, as time goes, the relationship we have with clients is multi-line, multi-geography and in some cases multi-year. In order to have a totally global relationship with clients that is multi-line, multi-geography and sometimes multi-year, well, you need to be equipped to provide that and not many are.

So that's what we want to show here and there is a slide in the appendix that shows you what sort of -- I don't remember the -- yes, that's the other slide -- 129, the slide that shows you this is a real example, one global client, 10 lines of business, 24 countries, 160 contracts. That's the relationship.

You look at the countries; you look at the number of treaties per country. This is what we are not. We are not exceptional. Munich does the same. Swiss does the same. But not many people can do that. And not many people can offer to that client the knowledge of all the markets. Not many people can offer to the client a team knowledgeable on that market, generally based in the market, are ready to go to their subsidiary tomorrow and work with them.

Only a few reinsurers are able to do that. And if you look at the next one, which is the cooperation we have with a very large insurer in an emerging market, look at the number of lines of business where we cooperate with that insurer. Look at the support for existing products. You count the products on which we support them. You count the new products we bring them.

I think not many companies can show that sort of cooperation and I can tell you that, in an insurance company -- it's exactly what Paolo was saying -- that insurance company, what they value is, of course, what we do on the existing. But it is even more what we do on the new; how we can bring them, I don't know, IDI; how we can support them in agriculture for them; how we can introduce a (multi-extended) warranty in a given market. Not many reinsurers are doing that. Very few.

And the proposition and even in (mature) and mature markets now, a lot of global insurers, they are expecting a bit of the same. When large globals are facing cyber today, cooperation is being looked at and they are expecting -- and I'm not saying we are providing it -- we are not at the moment certainly and it's one of our frustrations -- we are not providing at the moment cyber solutions that are really up to speed with the expectations of our partners.

But we are doing everything we can to be able to generate solution. It's a very difficult subject. But definitely a global insurer today would expect a reinsurer like SCOR and like any other tier 1 to help them to build solution for the market. And this is very concrete; it's not just talks.

A - Paolo De Martin {BIO 15930577 <GO>}

Yes, on China, there is definitely a culture aspect. You do have a country that has been used over the years not to have private property, to have a state that would take care of all your needs. So there is some cultural aspects there. But what we've seen over and over with life insurance is the penetration tends to increase at a certain point of GDP growth. So while a lot of the P&C lines, for example, follow the GDP growth, life insurance usually has a delay on GDP growth.

We've seen that in Korea; we've seen that in Japan and that has largely to do with the fact that until you have enough wealth, you really have nothing to ensure. So once wealth becomes to be a critical factor in the life of families and you start thinking how to pass it over to the next generation, that is where life insurance really kicks in and we think as well as most of the people in touch with the Chinese market that that is a moment that is coming. Particularly the government is sending strong signs to insurance companies. But also to the larger population. If you have the money, you should start taking care of yourself, especially on the health side with tax incentives recently given for health products.

A - Bertrand Bougon {BIO 18934799 <GO>}

Okay. Thank you. It's time to go to the lunch. We are almost on time. (Conference Instructions). We start back at 1:45.

+++presentation

A - Denis Kessler {BIO 1498477 <GO>}

Victor is not there. So I just received a mail -- sorry, Victor is here. Sorry, Victor, I woke you up and you were deeply asleep. We sent a plan to some of our clients this morning. I'm not going to name the company. But please trust me, (inaudible) it's normal. Thanks and hope you are well. The Company, which is a large one, US one, would like to expand its relationship with SCOR and have you become one of our core reinsurers.

I promise you we are not working with this company five years ago and that message we got and they receive early this morning the plan through it's exactly in line with what Victor was saying this morning. So that's why I am mentioning it. And this is not only -- so anyway, just for confirmation.

Francois, now how you are going to have a 5% return on the asset side over the next three years? Thank you very much.

A - Francois de Varenne {BIO 7447858 <GO>}

There is a typo in the presentation. Good afternoon, everybody. I've got the best slot in the day. So to speak after the lunch break, especially on a sunny day in Paris. So the goal of my presentation today is to present the result of the quality of work that we achieved internally over the past few months and to explain the main axis of the investment policy over the next three years.

In particular, of course, I will explain what does it mean normalization for asset management strategy over the next few quarters. And I will be then happy, of course, to answer any questions you may have at the end of my presentation.

Let me start with an update of our achievements over the past three years. I am very proud to announce that, like the rest of the group, SCOR Global Investment has fully achieved its two objectives. First, we delivered a strong and recurring financial contribution to the group. Optimal Dynamics relied on the assumption three years ago that the investment portfolio would deliver a 3% return on invested assets by the end of the plan, which means today. We significantly outperformed this level as we delivered 3% on average throughout the plan and 3.1% for the first six months of this year.

Our second objective was to position the group asset management company, SCOR Investment Partners, as a fully fledged third-party asset management company by the end of the plan. Our initial objective in September 2013 was to reach assets of EUR1.5 billion on behalf of third parties by the end of 2016. I will not spend too much time on this. But this objective has been largely achieved and SCOR Investment Partners has been managing today more than EUR2 billion of assets on behalf of external clients. And we plan to pursue the development of this activity over the coming years by leveraging on our strong momentum.

You are all very familiar with the very difficult environment we have faced over the last three years. I think it's worth taking a look back. If you'll remember, Optimal Dynamics was based on four pillars prevailing when the strategic plan was released, i.e. September 2013. We can see that the 10-year history rate has been again on average around 80 basis points lower than this assumption in dollar and around 120 basis points in euro in the context of very high uncertainty and volatility.

This historically low rate environment has been extremely challenging. We adapted during the plan our investment strategy and made some adjustments compared to our initial plans while remaining at the same time very prudent. Finally, we managed to deliver strong results thanks to the active management of our investment portfolio and of course, of the talented team.

This page presents the structure of our investment portfolio at the end of June 2016. The portfolio is very well-positioned with Optimal Dynamics strategic asset allocation. What is worth noting is that our portfolio remains positioned very prudently and that we have a great reinvestment flexibility with more than EUR7 billion of cash flows that will emerge from the fixed income portfolio in the next 24 months representing 39% of our investment portfolio. As you'll see in a minute, this will be a key element in our future investment strategy.

Let me give you a few key risk metrics of the invested asset portfolio. As you can see, we remain well within the capital intensity limit defined for Optimal Dynamics with a value at risk of the invested asset portfolio below 7%. The (evaluation) of the portfolio is stable at three years while the new (inaudible) duration increases compared to last year and is now at 5.1 years.

I see this also as a very good news. It leaves us headroom to increase our duration in the next few months. You can also see some interesting statistics extracted from credit indices showing you how the average ratings of the investable universe. And especially the fixed income one, has evolved since 2008. The main outcome is that, on average, credit markets have rated one or two notches lower since 2010, 2012. During the same period, we maintained a very high quality of the fixed income portfolio at a stable average rating of AA-.

I will not spend too much time on this page. I present it each year. I like it. Again, SCOR Global Investment has been very attentive to market developments, which has enabled us to detect all major shocks in advance in order to protect the value of the investment portfolio.

I think this slide also is really a reflection of the strong risk (picture) that we have at SCOR. We don't like to bet on financial markets and the key component of our DNA is to prevent the group from serial investment losses. As you know, since June 2015, we have identified mounting global headwinds in a context of high uncertainty.

Furthermore, we have adopted a very high level of prudence on the investment portfolio with some targeted actions like the reduction of exposure to energy, metals and mining and the banking sector in January and in February this year and the very defensive positioning of our GDP-denominated portfolio ahead of the Brexit referendum.

You can see the result of this increased level of prudence on these charts. During the first two years of Optimal Dynamics, we progressively rebalanced the investment portfolio to its strategic asset allocation according to the plan. In order to do this, we reinvested the high level of cash we had (made) in 2013. It was more than 16% of the portfolio in order to reach the target of 5% by the end of 2014.

At the same time, we have progressively increased the duration of the fixed income portfolio in order to reduce our duration gap, raising it from less than three years in 2013 around to four years at the end of 2014. Again, since June, we have temporarily paused this rebalancing strategy by keeping the duration of the fixed income portfolio stable at roughly four years and by increasing again our cash, our liquidity position above 10%.

But let's speak now about the future. What is the future for the investment portfolio during the next three years? What kind of economic environment do we expect at SCOR over the next three years? Our (central) assumption realized on a realistic scenario of a world where interest rates will not, will not increase massively. Indeed looking at the macro-economic drivers for the main economies, we believe that the current environment should progressively migrate to a gradual recovery led by the US.

If I look at the situation in the US, we expect indeed monetary policy to tighten soon for a number of quarters, pushing interest rates upward. In the Eurozone, the economy is still vulnerable in the absence of structural reforms while the ECB has, at this stage, no exit path from the current monetary policy, which is in uncharted territory.

If I look at the situation in the UK, even if markets have stabilized following Brexit, the timing and cost for the UK to leave are still unknown. In emerging countries, no immediate upside to be expected. We still have some concern over China's soft or hard lending in the future. But you know I mentioned it a minute ago. Our culture at SCOR is to be very prudent and aware of these risks.

However, the conservative assumption look for upsides on the investment side. If the environment becomes slightly better than the one behind the approach we have retained to draw up the new strategic plan. And you will see how resilient is our portfolio in an ultra-low rate environment.

It is difficult. It's almost impossible to predict where and when the upside could come from. But looking at the recent news flows from the US, any further tightening of the Fed's monetary policy could improve the overall situation and that's a personal view. But I think this should occur soon now in September or probably -- not probably -- in December, in December after their election.

In this context, we continue to benefit from our unique currency mix with 47% of the investment portfolio denominated in dollar and only 31% in euro. You know that this currency mix is the result of a strict currency matching policy between assets and liabilities. But I think it's worth to mention it again. It's not a bet that we have on certain currencies.

Again, a personal comment. I still believe that the market is still underweighting our exposure to dollar today and is still overweighting our exposure to euro. And as soon as interest rates are going to increase in the US, our financial contribution will increase again and we should be pretty close now from this situation.

Again, as I explain on a regular basis, we have adopted a differentiated positioning of the portfolio, currency block per currency block. This will obviously be relevant for Vision in Action and you can see a summary of the investment drivers that we have laid down on this page.

Let's look at the dollar portfolio. Again, almost 50% for investment today. The good news, as I told you, is that the interest rate context remains supportive with a relatively higher rate, especially compared to the Eurozone and much steeper yield curve than in other currencies.

And I think the central bank, the Fed, is close to increasing interest rates. Our main actions on this portfolio will be to continue to focus on fixed rate instruments. We will also selectively increase our exposure to agency MBS and reduce our exposure to (inaudible) in the US.

On the corporate credit side, we will continue to focus on this portfolio, on high-quality issuer. The euro-denominated portfolio represents less than a third of our portfolio, which is an excellent news for a CIO today in the current interest rate environment. The situation in the Eurozone is indeed very different from that of the US. Interest rates are massively negative up to long maturities with very flat yield curve. But on the other hand, credit markets still show good fundamentals.

Consequently, we will avoid negative rates in so far as possible by limiting our exposure to cash and fixed income products, most specifically government bonds and convertible bonds. And we will continue to deploy our loan portfolio, which currently represents already 11% of the euro-denominated block as we still see very attractive risk reward on this asset class, reinforced by the strong experience we have accumulated being an investor on this market for more than five years now.

We have been indeed focusing on three sub-segments of the Eurozone space during Optimal Dynamics, building out a comprehensive investment platform with a dedicated team. On top of the amounts invested by SCOR, we have attracted many external investors in this platform, which enables us to have stronger market access and investment capacity putting us in an optimal situation. You should not expect any change in our strategy for Vision in Action. We will continue to invest in corporate real estate and infrastructure loans.

Among the main benefits of this asset class, I would like to draw your attention to the fact that we invest alongside banks and all the loans are sitting on top of the capital structure of the issuer with strong and protected security packages. Moreover -- and that's quite new -- we benefit from EURIBOR floors on most of our investments, therefore limiting our exposure to negative interest rate on the euro-denominated block.

The GBP portfolio is a smaller piece of our invested asset portfolio and given the high uncertainty attached to Brexit and current interest rate level, you should expect us to remain cautious on this portfolio during Vision in Action unless, of course, we have more visibility on the condition for the UK to leave.

During the preparation of Vision in Action, we have holistically reconsidered our appetite for investment risk, which historically stood below the average risk appetite of the group and also well below the average risk appetite of our peers.

One of the key takeaways for the next three years is that our intention is to align the appetite for investment risk to that of the group on the liability side, which will result in higher capital being allocated to investment. Apart from this, we remain fully capital-driven and we stick to stronger balance in principal around investment, which are already in place for many years and have proven to be very efficient.

With more capital allocated to investment risk, we will be able to normalize our asset management policy. What does it mean, normalization of the asset management policy? There are three big components in this strategy. The first one is liquidity. We have set our liquidity target at 5%, a level that we plan to reach in the coming quarters. Standing at 14 points at the end of June, as I mention it, this gives us significant room of maneuver in terms of reinvestment capacity over the next few months.

Second component of the normalization, the duration gap. We want to close the duration gap between the assets and the liabilities by the end of the plan by progressively increasing the duration of the fixed income portfolio. But please notice a secondary effect. At the same time, the duration of the liability should increase as a consequence of higher exposure to long tail business, as explained by Victor this morning, thus leading us progressively to a higher mutual duration compared to today's level.

Third key component of the normalization strategy, strategic asset allocation. We benefit -- thanks to more capital allocated to investment portfolio, we benefit from additional degrees of freedom in our strategic asset allocation compared to Optimal Dynamics. You can see in particular that our maximum exposure to corporate bond has increased from 35% to 50% of the portfolio in order to increase our exposure to corporate credit risks. The maximum exposure to loans has also increased from 7.5% to 10%.

But note that these changes are fully consistent with what we did during Optimal Dynamics. Indeed, if you remember my presentation three years ago in September of 2013, our objective for OD was to progressively rebalance the portfolio toward a new strategic asset allocation and also to progressively reduce the duration gap. So the normalization of the asset management policy that I present today for Vision in Action is in keeping with Optimal Dynamics.

So on one side, more capital allocated to investment risk, wider strategic asset allocation. But in a very controlled manner. This new strategic asset allocation relies indeed on a set of very strict limits. Let me mention just three of them. The first one, restrict maximum value at risk. As for Optimal Dynamics, we have a strict capital intensity limit based on the value at risk of the standalone portfolio. This limit has been set at 8.5% compared to 7% for Optimal Dynamics, which is an increase of roughly 20%.

Second, risk limits; minimum duration. We have introduced a minimum limit for the duration of our invested assets, which should not be below three years. And the third component, minimum average rating. We have introduced a limit on the quality of the fixed income portfolio. On average, the rating of the fixed income portfolio should be at least A+. This corresponds to a one notch decrease compared to the current portfolio. But this is both consistent with the average rating downgrade of the fixed income universe over the last few years as I mentioned a few minutes ago and also the increase in corporate credit risk we are planning over the next three years.

And although it could be counterintuitive, the beauty of this normalization strategy is that we have only a marginal impact on the SCR and the solvency ratio. This can be explained by the significant diversification effect between assets and liabilities from which SCOR benefits. The ultimate impact of this normalization strategy on the solvency ratio should be in the range of 1 point of the solvency ratio. And thanks to this normalization of our asset management policy, SCOR Global Investments will achieve higher investment return as we have successfully done over the last three years.

This slide is interesting. This is an illustration of what a normalized investment portfolio could look like. Obviously, its implementation will depend on market conditions and investment opportunities. But in terms of timing, you should expect the rebalancing toward the new strategic asset allocation to be implemented quickly over the coming quarters as market conditions permit. The amount of cash and liquidity that will emerge from the investment portfolio during the coming quarters will allow us to stick to this short timing.

During the preparation of Vision in Action, we also reviewed the ESG policy and details. You know that we are already very active in this area with a meaningful portion of our portfolio already invested in renewable energy and green buildings. We've also made the commitment in November to exceed and to avoid all investment in companies deriving more than 50% of their revenues from thermal coal.

Over the course of the new plan, we aim to go one step further with an additional EUR500 million of investment dedicated to renewable energy and green buildings. At the same time, we also want to reinforce the social component of our policy by dedicating additional investment to life science companies and to (inaudible).

From a governance -- the third pillar -- from a governance standpoint, we already have a native integration of ESG criteria within our investment policies and SCOR Investment Partners, the asset management company, is about to sign the United Nations Principal for Responsible Investment. I think this a strong testament to our commitment to help build a better future through our investment activities.

Let's now move to the conclusion of the presentation, the only slide you like. I guess the question for most of you will be about the financial contribution of the investment portfolio for the next three years. So what about the return on invested assets? Given the difficulty involved in predicting the interest rate three years from now, especially in a world where interest rates are fully administered by central banks, I prefer to give you a range illustrated by three potential macroeconomic and financial scenarios.

The first scenario is what -- we call it convergence to a low-speed regime with low interest rates. It's based on post-Brexit market conditions still prevailing today with ultra-low interest rates and in this scenario, the financial contribution from the investment portfolio would be at 2.5% on average during Vision in Action.

We see this scenario as let's say the pessimistic one. But I think it's interesting to look at it. This scenario is proof of the strong resilience of our portfolio in such a challenging environment. If you just compare the situation end of June compared to end of December 2015, on an average, interest rate decreased by 90 basis points on the market and look, the decrease of the return on invested assets is limited at 50 basis points. So again, I think it's a strong proof of the resilience of the portfolio.

Second scenario. And this is more in line with our central assumption, the one that we call gradual recovery. So we performed the same exact size with yield curve at the beginning of 2016. 2016 is not too far from now. So this assumption is quite credible. And under this scenario, the average return on invested assets increases to 2.9%.

Third scenario, we call it strong recovery. So in this more optimistic scenario. But not especially bullish, led by sustained growth in the US, we could reach 3.2% again on an average over the next three years if yield curves were only 60 basis points higher than levels observed at the end of December 2015.

This scenario illustrates for me how our portfolio will capture quickly and more quickly than peers any upside on the financial markets. My strong conviction is that our investment portfolio has unique characteristics, particularly in terms of currency mix again with a strong exposure to dollar, material duration gap to close and a huge amount of cash to be reinvested.

And thanks to the wider strategic asset allocation we have adopted for Vision in Action, we will be able to save any market opportunities. During Optimal Dynamics, despite a much lower interest rate than expected, we successfully delivered year after year since mid-2013 increasing investment returns and again, above our initial assumption.

You can be sure that my team, myself, we are fully mobilized in this exciting and historical environment to extract every day over the next three years all the value from the financial market that will benefit our shareholders, our client and stakeholders again in line with the group profitability target. And with this, I come to the end of my presentation and Bertrand, the floor is yours for the (inaudible).

+++qanda

A - Bertrand Bougon {BIO 18934799 <GO>}

We have questions already and the first one is on the running rates. Can you comment on the current running rates of your US and Eurobond portfolio?

A - Francois de Varenne {BIO 7447858 <GO>}

So I mentioned it at the end of July during the Q2 presentation and let's say that the market conditions are almost the same today compared to end of July. The current reinvestment rate of the investment portfolio is 1.8%. It's at 2.2% in euro today. It's at 1.5% -- it's at 2.2% in dollar, 1.5% in euro today.

A - Bertrand Bougon {BIO 18934799 <GO>}

The second question is as the portfolio liability duration increases, will it reduce your ability to support investment return with realized gains?

A - Francois de Varenne {BIO 7447858 <GO>}

Good question. Let me come back on this question of realized gain and the question you've got about the sustainability of realized gain in the future. I think a key difference and a key component of our investment style, especially compared to most institutional investors is that we are what I call active. So which means we like to detect quality value on a real-time basis from the market and asset allocation varies more at SCOR compared to peers.

If you look at the amount of annualized gain we've got today in the balance sheet, it's close to EUR700 million, which is a huge amount. On the EUR700 million, more than EUR300 million are linked to non-yielding asset classes, what I call non-yielding asset classes, equities, real estate and other investments.

Under IFRS, to recognize the performance on those asset classes, there is no other solution than to sell the security of the assets, which means we still have a significant buffer apart from the fixed income portfolio that will mature in terms of value creation over the next few quarters, which makes me very confident in our capacity, in our ability still to maintain a significant contribution through realized gain.

Is there a link with the increase of the duration of the assets and the liabilities? No. Because, again, I am just speaking about the amount of potential unrealized gain on non-yielding, on non-fixed income securities in the portfolio.

A - Bertrand Bougon {BIO 18934799 <GO>}

The next question is how do you cope with higher volatility on your balance sheet as you could double your equities exposure and increase credit risk?

A - Francois de Varenne {BIO 7447858 <GO>}

So a quick word on the equities. If we come back to the strategic asset allocation, you see that the maximum limit for equities is 10%. You know that we reduced during Optimal Dynamics quite significantly our absolute exposure to equities linked to what? Again, when you compare the portfolio and the strategic asset allocation and also when we discuss each quarter the positioning of the portfolio, we look at three dimensions -- the expected return of the asset class; the risk of the asset class; and this other dimension, which is key, which is the capital charge and the (internal) with it.

Equities are, let's say, heavily charged under Solvency II. So you should not expect a massive increase. We have roughly today 4% of exposure to equities. You should not expect a massive increase of equities in the future unless, again, market conditions are there.

And we should pursue what we started to do during Optical Dynamics. We still want to have exposure to the equity market. And we take (hits) for convertible bonds, which means we have part of the upside if the equity markets are bullish. And we have a flow in case of a (bear) downside.

A - Bertrand Bougon {BIO 18934799 <GO>}

On the credit risk?

A - Francois de Varenne {BIO 7447858 <GO>}

Yes, credit risk, that's something we monitor also on a real-time basis. I'll just remind you the impairment rule on any fixed-income security under IFRS: we impair any security, again, fixed-income security if we have strong evidence of a default, which is a nice way to smooth the volatility in case of volatility on the spreads.

A - Bertrand Bougon {BIO 18934799 <GO>}

We have no additional questions on the tools. So let's take questions from the room.

Q - Will Hawkins {BIO 1822411 <GO>}

Thanks. Will Hawkins from KBW; I can't use my tablet. You mentioned that 1percentage point impact on the Solvency II ratio of your reinvestment plan. What would that number be before the diversification credit?

A - Eric Lecoeur

The standalone investment risk capital will grow more than the group SCR because the group SCR benefits a lot from diversification. We don't compute a Solvency ratio excluding diversification. So I can't give you a number.

A - Francois de Varenne {BIO 7447858 <GO>}

I can help a little bit. If you take as a proxy the risk of the investment portfolio, by the value at risk of this portfolio, which is a proxy of the internal model on a standalone basis, we changed the limit from 7.5% to 8%. So that's a potential decrease of 20% on a standalone basis. So without any diversification effect in the balance sheet.

Q - Andrew Ritchie {BIO 18731996 <GO>}

It's Andrew Ritchie from Autonomous. I'm just a bit confused on timing, because I think you said that you now expect US rates to go up. I mean, short rates might go up; I think the implication is you are expecting medium to long rates go up as well and the yield curve not to flatten but to actually steepen, I guess. I think that is your view; maybe to clarify.

But why start rebalancing now? It seems odd, given the volatility and uncertainty. If we get prolonged low rates, surely you want to stay more liquid and not -- but you seem to be indicating that you want to start moving right away. So maybe explain what the timing really is. Thanks.

A - Francois de Varenne {BIO 7447858 <GO>}

So just to justify where you are, we should start soon. Again, if I look back what we did over the last 12 months, we identified last summer mounting risks and a higher level of volatility. I think it was in terms of timing perfect, due to the crisis especially again on the energy, metal, mining, linked to the oil price and on the banking sector early this year.

Then we have identified the high uncertainty on the market linked to the Brexit vote. So that, again, of the referendum.

We were waiting to look at the effect on the market. And since let's say July there is a kind of -- I don't say it's forever. But there is a kind of stabilization on the market today so far as the level of uncertainty and volatility has slightly decreased. So that's the first point.

Then in terms of timing, I don't say that we are going to rebalance the portfolio in one day or in one week. We started. We started to do it. It will take a few months or a few quarters -- again, depending on market conditions.

Now if I just focus on the US situation to if you look at -- that's a personal view -- but I think the Fed missed the train one year ago. They had a massive window of opportunity in September, October last year; they missed it. So they are behind the curve since and they have to rebuild or to recapture their buffer in case of a recession in the US one day.

So for me that is the last slot. And if you look at the news flow, the statistics or the economic figures are relatively good; inflation is almost on target at 2% today. The Vice President has been managing expectation at the end of (Bucharest). The lady from the Cleveland Bank also that sits on the Board of the Fed also is managing expectation.

So I think it's close. I cannot guarantee that it will be this September or maybe after the election. The Fed likes to be neutral during the election.

But again, all the conditions are there for them and I think -- but here that's really a personal view -- that's their last window of opportunity to do it.

A - Bertrand Bougon {BIO 18934799 <GO>}

There's a question, from Vinit.

Q - Vinit Malhotra {BIO 16184491 <GO>}

Just two quick questions, please. Firstly on the VaR, the value at risk comment. From today's value at risk, it's actually a much more significant jump up than the 20% you quoted. I think it's nearly 35% or some %.

In that same context I think Will's question is even more meaningful. Are you actually assuming a lot of diversification between asset classes? Or is it coming more from -- because to make your VaR up by 30%, 40% and only incur a EUR40 million capital charge sounds a bit counterintuitive. That's just the question. Thank you.

A - Eric Lecoeur

So the 1% impact which Francois mentioned, this compares a projection with broadly the current investment allocation tool, the one which Francois has indicated, which is not fully at the limit. It also reflects the planned lengthening of the asset duration.

So if you look at the asset portfolio on a standalone basis, this will increase the VaR; but for the Company as a whole, this will reduce the duration gap and therefore reduce market risk. So you won't see the same affect for market risks as one driver of our Group capital requirements as for the VaR. So there will be an offsetting effect.

Also we expect the slightly more risk asset allocation to produce some extra investment margins, when comparing the projection with or without this change in the asset allocation. The extra yield is -- investment income is also reflected. So that also helps to reduce or is a factor which leads to a relatively small impact in the overall solvency ratio differential between the two scenarios.

Plus a significant diversification, given the fact that assets risks and market risk are still generally quite underweighed in our risk profile. And we've got a slide on this later.

A - Francois de Varenne {BIO 7447858 <GO>}

But the key is to look at the starting point. Market risk in the internal model after diversification is in the range of 10 points. So you start to a point that is quite close. So to increase --

A - Bertrand Bougon {BIO 18934799 <GO>}

Another question from the auditorium, a last one before moving to ERM? No questions. So in that case --

A - Francois de Varenne {BIO 7447858 <GO>}

Thank you very much.

A - Bertrand Bougon {BIO 18934799 <GO>}

Give the floor to Frieder. Frieder will be followed by Mark. And then we will have a joint Q&A session for ERM and capital management followed by a panel.

+++presentation

A - Frieder Knuepling

Thank you very much and good afternoon. So I will do a deep dive on the risk management aspects of our new strategic plan. They cover for main subjects, which we believe are key for the success of the new plan.

First of all, I'm going to summarize how SCOR is further developing its quite established, sophisticated. And tested ERM framework, which is covering both existing and emerging risks. I will then explain how our enhanced risk management framework was instrumental in shaping our new strategic plan, Vision in Action. And how it is designed to support the Group's business engines in their development.

I will also update you on our solvency targets, with an unchanged solvency scale and the solvency ratio remaining firmly in the optimal range of the solvency scale. Finally, I will explain how our well-balanced risk composition results in superior diversification benefits, which is at the very core of our business model.

The risk universe in which we operate as a reinsurer is constantly expanding and the amount of insurable assets is getting bigger year after year. To give a few examples, climate change has significant consequences on the development of natural catastrophe risks. Fast growth in emerging markets leads to a shift in the product balance and in the regional business mix. And the development of new technologies results in the emergence of entirely new insurable risks like, for example, cyber risks.

At SCOR we have, over time, developed what we believe are very efficient mechanisms dealing with these changing risks as part of our overall year-end framework. And I will touch on a few of them now.

The foundation of our approach to taking risks is the risk appetite framework. Within Vision in Action, it is broadly unchanged and fully consistent with previous plans. It contains, as you see there, mainly three components: the risk appetite in the narrow sense, risk preferences. And risk tolerances.

So risk appetite, starting from the left, sets out the types of risks which we are seeking and those which we are avoiding and the main risk limits which we have imposed on ourselves. Within the new strategic plan, the risk appetite will remain stable in relative terms and the risk exposure will increase on an absolute basis commensurately with the Group's increased size. We will continue to maintain a high level of diversification and to pursue an upper mid-level risk appetite.

As far as our risk preferences are concerned, we actively seek reinsurance and insurance underwriting risks, whilst assuming a moderate level of market and credit risks. And finally, to ensure that the Group's risk profile remains aligned with our risk appetite and to maintain our resilience to large loss events, the following comprehensive set of risk exposure limits has been agreed with the Board.

At a Group level, a solvency scale based on well-defined capital targets for the Group and on a clear and flexible response framework in case of potential deviations from the optimal capital range. At a more granular level, limits on the annual aggregate loss per main risk driver. That means essentially for the top risks listed in the risk universe which I just showed.

At an event level, risk limits; on the annual, loss for defined adverse events. Then market and credit risks are controlled by duration limits and risk exposure limits for the overall portfolio and individual investment categories.

As for the previous plan, the system is complemented by footprint scenarios for which we quantify the impact of historical or fictitious extreme loss scenarios on today's portfolio, which provides a separate and independent view of key exposures and potential loss accumulations.

We firmly believe that in a challenging and uncertain environment like the one we operate in right now, having a sound and robust risk management framework and experienced staff living it is extremely important to ensure continued profitable growth. Our risk management team focuses on supporting the business in the optimization of their plans and the balance between risk and return on the one hand. And on ensuring that the risk profile stays within the Group's risk appetite on the other hand.

Starting with the first aspect, my team has been deeply involved in supporting the preparatory work on each and every planned business development for Vision in Action and helped to analyze the nature of new types of risks and the dependencies to our existing portfolio; to develop capital projection models; quantify and optimize risk-and-return metrics; to assess the expected development of key exposures against our stated risk limits, including potential accumulation affects across divisions; and to assess the resulting impact on Group capital requirements and diversification benefits.

On the second aspect, to ensure continued alignment of the business development with our risk appetite, we believe that there are three key steps which are important for success: independent assessment, governance. And control.

We provide a comprehensive independent assessment of the risks and expected return of the strategic business development. These assessments then go through a strict governance and are thoroughly discussed and challenged at the executive and Board level. Finally, we systematically document and follow-up on the controls which are, in our view, required in order to keep the strategic development within the risk appetite.

Here on the slide you have a few examples of what that means in practice. So the risk management team worked closely with SCOR Global P&C to support the ambition to develop their MGA partnerships. We reviewed the setup of the planned IT platform, provided modeling support in line with the underwriting ambitions that Victor described this morning. And helped to establish effective risk controls.

We also supported SCOR Global Life in their work to develop health business by helping to quantify risk capital needs, associated diversification benefits. And risk-return metrics. Worked with this team to establish whether sufficient retrocession and risk transfer mechanisms will be available on acceptable terms.

As far as cyber risk is concerned, we facilitate cross-functional cooperation between our own operations and the reinsurance business. We are working with our IT team to set up and steer SCOR's security operating center, which then in turn helps us to clarify the security standards expected from our clients. And we invest significant time and effort within the European Chief Risk Officer forum to developing best cyber risk management practices, loss event categorization schemes. And other analytical tools.

So those are examples, among many others, that show that the ERM organization is deeply embedded in how the business plan has been put together and how integrated it is in the development of opportunities for continued profitable growth.

The solvency scale is unchanged for Vision in Action. SCOR's solvency ratio as of the end of Q2 is 210%, firmly in the optimal range. The optimal range continues to be our solvency target. It ranges between 185% and 220% of the solvency capital requirement, as per Solvency II.

This slide includes a comprehensive list of management actions for each solvency range above or below the optimal range. And as I said, we continue to consider that the range of 185% to 220% is optimal for the Company, because in this area we expect to be able to achieve the best balance between the level of security provided to our clients and the efficient use of our capital.

Our capital shield strategy remains an important component of our year-end framework. And as you can see, this suite of capital shield mechanisms which we employ is composed of different layers of instruments which include traditional retrocession, capital market solutions.

We've been active issuer of cap bonds for a long period. It includes the solvency scale and the solvency buffer as an additional cushion against large loss events. And finally, the contingent capital facility at the top of the scale.

It is a very established and tested system and it helps to ensure that our exposures remain safely within our risk tolerance limits, which I'll show here. These are our underwriting exposures. They are closely monitored against our risk tolerance limits.

We regularly track exposures on both single-loss events and aggregate losses to ensure that risk profile remains well-balanced and highly diversified and that the potential loss from adverse scenarios is limited, in line with our ability to absorb shocks.

As Francois mentioned, we also closely monitor markets and asset risks against corresponding risk limits, which includes the total portfolio value at risk as a limit to total portfolio risk, limits against market risk for individual asset class exposures, a minimum average rating of the fixed income portfolio to cover credit risk. And then a minimum duration to limit the duration gap and, therefore, interest rate risk.

This slide summarizes a number of different perspectives on the composition of our risk profile and the benefits of diversification, which the Group is constantly aiming to optimize. I should say that apparently there's a little typo at the bottom right-hand side. So what is shown as 4% there at the bottom should apparently be 7%. This will be corrected on the website.

Starting on the left-hand side, if the Life and P&C divisions operated separately as standalone entities, the aggregate capital requirement would be EUR5.8 billion. Given that they write largely independent risks and the fact that they are of similar size, the diversified capital requirement of SCOR, combining both divisions into one group, amounts to only EUR4.4 billion. That means 26% less than the simple sum of the standalone capital requirements.

This is actually quite close to what, under reasonable assumptions, is mathematically possible. So it's nearly optimal.

On the right-hand side, we also show the composition of our capital requirements by main risk categories. The SCR is 45% less than the simple sum of the capital amounts required to cover the individual risk categories. This diversification benefit is quite a bit higher than that on the divisional basis which I showed just before. And that is because we are looking at a more granular breakdown of risks so that lower the aggregation basis is the more risks you are looking, the higher the diversification benefit you get.

This excellent balance between our two main risk categories, mainly P&C and life and health underwriting risks, is a key driver of the very high level of diversification and the benefit of 45%. Market and credit risks are relatively smaller, in line with our overall risk appetite. Because of this and the fact that they have a lesser influence in scenarios which lead to very large losses for the entire group, they diversify very well, which is reflected in the small share of diversified market and credit risk of just below 10%. So this is sum of the 8% at the bottom and 1% for diversified credit risk. And that is a number which we have published in the past also.

One important consequence of this is, as Francois mentioned, the normalization of the asset management policy, which we are planning, is going to have only a very minor impact on the group capital requirements.

Our own state-of-the-art internal developed over more than a decade is now in full use to manage and steer our business on a day-to-day basis. That has been approved by our supervisors at the end of 2015 for Solvency II and SCOR is now fully operating in the Solvency II framework.

We do not use any transitional measures, volatility or matching adjustments, or equivalents of non-European countries. So the model is also not sensitive to changes in the ultimate forward rate and is, therefore, in our view reflecting a truly economic view of risks.

Given that we are using such a pure market-consistent valuation approach, we believe that the Solvency II balance sheet, subject to a fairly small number of potential adjustments, is also going to be a very good basis for reflecting our true economic value. We will leverage this in our established MCB framework and proceeding with the implementation of a fully comprehensive framework for the measurement of value creation and economic performance over the course of the new strategic plan, which we expect to provide useful additional tools for steering our business.

With this, I hand over to Mark. Thank you.

A - Mark Kociancic {BIO 17852409 <GO>}

Thank you, Frieder. Good afternoon, everybody. I'm very pleased today to formalize the formal completion of Optimal Dynamics. We have successfully achieved it. It has been a very difficult macroeconomic environment for the industry and something we have been able to successfully navigate through.

With that it's something that we want to use to foster the continuity and consistency of our strategy into our next plan, Vision in Action. Today I would like to spend some time -- spending it into two parts, one on capital management. But first I would like to begin with a few words on the profitability target that we spoke about briefly this morning.

We have altered the profitability target. We've changed the benchmark to make it more flexible in this interest rate environment and we have used three core principles that you see outlined here. First of all, that we offer an attractive value proposition to our shareholders. So exceeding our cost of capital; having a return on equity target that is consistent and comparable to our peers; and then lastly, offering a target that is consistent with our previous plans.

The profitability target has been set at greater than or equal to 800 basis points above the five-year risk-free rate over the cycle. Our roadmap is clear. We want to meet or exceed this profitability target in Vision in Action.

We spent some time this morning in Denis's presentation talking about the change itself. But we do expect that this benchmark will provide a challenging and rewarding target in both normal and artificial interest rate environments. You can see on this slide what the target would've looked like historically if we had applied it over Optimal Dynamics. The new benchmark more accurately reflects the impact of the interest rate environment that we faced and you will find a detailed calculation in the appendix of how we show the methodology of this new target.

It should be noted that this metric is consistent and comparable with those of our main peers, respecting one of the guiding principles I outlined at the beginning.

So let's transition over to capital management. We have a fairly consistent format with Optimal Dynamics and the previous strategies. We emphasize a strong solvency, remaining in our optimal range; protecting our AA; ratings.

But we also want to ensure a high level of capital fungibility, financial flexibility, earnings capacity. And earnings stability. And we also want to ensure that we provide attractive shareholder remuneration through the plan. And so we will explore these points through the slides in the next few minutes.

Capitalization. So we obviously have a very strong capitalization level. You can see on the right side of the graph our S&P capital projection, based on our interpretation of the S&P model. It shows that we have roughly EUR700 million of excess capital above the AAA level of S&P capital, a very strong amount. This shows that our capital position is exceptionally strong.

On the left side, you will see our internal model and the optimal range, where we want to operate; where we offer the right level of security for our various stakeholders and still achieve our return on equity target.

Debt principles, these remain essentially unchanged. We will continue to operate in the 20% to 25% debt leverage range. If we issue new debt during this plan, you can be sure that it will be high-quality debt: subordinated hybrid, longer-term durations, issued in euros or hedged into euros. And compliant with our various stakeholder expectations.

Financial flexibility. You can see through the graph that we have a lot of long-dated maturities now. We've taken some capital actions, debt issuances over the last few months that have allowed us to extend the maturity of our hybrid issuances. So the financing for Vision in Action is secure. We can support the plan.

At this point in time we have a lower yield cost for our hybrids, roughly 3.95% versus 5.6% that you saw at the beginning of Optimal Dynamics. So today when you compare us with our European peer group, you will find that SCOR has the longest weighted euro debt issuance average in terms of maturity at the lowest cost. We do not have any financing needs in the medium-term.

Quality of capital. We entered Solvency II with a very high level of Tier 1 capital and you can see that we still maintain 84% in the tier 1 category. But we also show significant capacities in Tier 1 hybrid, Tier 2. And Tier 3. So we have the capacity and the flexibility in Tier 2 to manage future debt issuances or calls.

We also have significant capacity in Tier 3. And although we have no intention of issuing Tier 3 issuances, it does supply us with a very significant capacity to absorb deferred tax assets in the event of a large loss or extreme loss scenario. I wouldn't understate the value of this figure that you see.

Solvency II. The advent of Solvency II provided us with significant opportunities to refine our operation. We are currently exploring a potential merger of the three SCOR SE companies: SCOR Global Life SE, SCOR Global P&C SE. And SCOR SE. Reason being, Solvency II causes you to hold risk margins or capital buffers in each legal entity and they are not diversified out when you consolidate into one entity. And so this is an inefficient use of capital in this framework.

As I said, we are exploring the potential of merging them and releasing this capital. And that could be up to EUR200 million of solvency capital that we would benefit from. That's a little bit more than 4 solvency ratio points; not to mention the operating benefits of streamlining the organization.

So this is something that we are currently examining. It has a global impact, because even though these three companies are domiciled in France, we have branches on a global basis. And this is something that will take roughly four to six months I think before we can give you a more definitive response on its feasibility.

Capital. We still maintain three pools of capital in the Americas, EMEA. And Asia-Pacific. 96% of our capital is located in advanced economies with stable legal, regulatory. And economic environments like the United States, Canada, the UK, France, Switzerland, Ireland. And Singapore.

You will see that approximately 90% of our capital is in three major currencies: US dollar, the euro, the British pound sterling. Overall, our capital is fungible, secure. And efficiently allocated.

Cash flow generation is a very important feature of our business model and you can see here historically that we have generated significant cash flows, over $7 billion since 2007. And we expect that to continue in Vision in Action. We also have a highly rated and liquid investment portfolio that should generate over EUR7 billion of liquidity through coupons and maturities in the bond portfolio over the next 24 months. And note the rating agencies, specifically S&P, perceive SCOR's liquidity as exceptional.

A few words on productivity and efficiency. You will see that the premium per employee has increased by roughly 50% since 2008. And during the same period of time, SCOR has been able to reduce the cost ratio by approximately 90 basis points. And we continue to emphasize the three main pillars of productivity increases: economies of scale through premium growth, investments in technology, talent attraction. And retention.

Our dividend policy. Thanks to our strong solvency level, our capacity to generate profit, strong cash flows we are able to reconfirm our dividend policy. We have highlighted the dividend policy in detail on this slide.

We show the three-step process that we introduced during last year's IR day as to how we look at dividends and capital management in general. We favor cash dividends. But we don't exclude share buybacks or specials. There are conditions where we would introduce consideration for special dividends or buybacks. But we want to ensure our solvency position is secure, where we want it. And that we can fund future accretive growth for the Company.

So as you can see at the bottom of the graph, we have a long and consistent history of generating and paying stable or increasing dividends, even during difficult years with high natural catastrophes like 2005 or 2011.

This is one of my favorite slides. Thanks to the successful execution of our plan, SCOR provides an excellent risk/reward profile in the industry. This shows the efficiency and the utilization of our capital. You can see that over a 10-year period we've produced an attractive return on equity with low volatility results.

Our net book values increased by over 42% during the last five years and we have also paid dividends of approximately EUR1.4 billion during that period of time, indicating that we have had substantial shareholder value and remuneration created during this period. At today's share price this represents a significant discount to book value.

So in conclusion, over the last 10 years we've seen a financial crisis, years with high net cats, a sovereign debt crisis, the introduction of new solvency regime here in Europe. And an artificial low interest rate environment. During this time, SCOR has been able to execute a consistent strategy based on two equally-weighted targets -- profitability and solvency -- with the same upper mid-level risk appetite.

And we've executed it successfully, because you can see that our return on equity over this period time is 10.9% and the average dividend yield has been 5.4%. This track record of success should give you the confidence in SCOR for our ability to navigate whatever the future holds. Thank you.

+++qanda

A - Bertrand Bougon {BIO 18934799 <GO>}

So we have time for the questions. The first question is why did your optimal range remain the same in the new plan given internal model approval in refinements last year at the lower (solvency) ratio.

A - Frieder Knuepling

We carefully reviewed expectations from different stakeholders when we revisited our solvency scale early this year and that includes obviously what peers are doing. It includes clients' expectations on security which we are providing. It includes rating agency requirements.

And it turned out that the solvency scale and the thresholds, which are included in it, are actually quite well calibrated and we didn't feel that there was a need to change them. So we reviewed it carefully and the world is not exactly the same as three years ago. So yes, our model had to be adjusted for Solvency II but also other stakeholder expectations have developed in the meantime and in aggregate we felt that 185% to 220% are still the right targets. So we kept it.

A - Bertrand Bougon {BIO 18934799 <GO>}

This is a long question it is on capital generation. Would it be possible to understand what Solvency II capital generation looks like on an annual basis under the new plan?

A - Mark Kociancic {BIO 17852409 <GO>}

It's not a number that we're publishing at this point in time. I think you will see us expand our Solvency II disclosures in 2017. There's clearly a demand in the market as you're displaying with your question for more granularity on what the different risk factors are.

So what consumes solvency capital from a business point of view, from regulatory changes, model changes, macro factors, capital management and then what does the business actually generate? So I think this is something that we will pursue and develop further in 2017.

Now one of the reasons we can't give a lot of precision on this today, we did give you significant ranges for the assumptions in the plan. So we have different scenarios whether it's low growth, high growth, depending on where we grow if it's in P&C, in life, etc. So there is a different range of outcomes on the solvency capital.

Instead what we've given you is a framework, the principles for how we look at it. So make no mistake if we do generate more solvency capital than we need, we will look at capital actions to either redeploy it for a creed of growth. And if we can't do that then we will consider share buybacks or special dividends or increasing the regular dividend if it's part of a sustainable fundamental change to the business plan.

A - Frieder Knuepling

Maybe to add one point to this, obviously, I mean did a lot of modeling of our solvency position as part of the preparation of the strategic plan. So as Mark said, we have looked at the range of assumptions. But if you take a central scenario or also one which is a bit out there we've satisfied ourselves that our solvency position under normal assumptions on what else could happen would safely remain within the optimal range.

The key factor for this is there's a good balance between the capital, which our core business is generating in terms of underwriting profits and excess investment returns above risk of free; the increase in capital requirements, which the growth of the business is causing; and the dividends which we are planning. So these three of them together lead to a relatively stable solvency ratio development.

Then you've got volatility around this growth by financial markets, by claims variances and one-off effects and so on which, as Mark said, could lead to a fairly wide range of outcomes. But the variances and the sensitivities are within our well within our risk appetite and within our ability to manage the solvency ratio within the optimal range.

A - Bertrand Bougon {BIO 18934799 <GO>}

No question on the tool. So maybe we have some questions from Will and Andrew, as usual.

Q - Will Hawkins {BIO 1822411 <GO>}

Thanks. As you are saying what the relationship between the overall ROE target and then the range of assumptions that you've got, I mean I appreciate there's a lot of moving parts. But could you just try and help me understand in sort of simple ways? Because, for example, the spread of the return on investment assumption alone is going to be at least 100 basis points in your ROE and possibly even 200 whatever.

If we took the middle of the range of each of those assumptions, do we get to 800 basis point ROE or do we get much above that? Then depending on your answer to that question if, unfortunately, you were at the lower end of all of those assumptions, would you miss your ROE target or could you still hit your ROE target if you were at the low end of everything?

A - Mark Kociancic {BIO 17852409 <GO>}

We would meet or exceed in the central scenario the profitability target. If we are at the minimum of everything we would miss, we would be below.

Q - Will Hawkins {BIO 1822411 <GO>}

I think the central assumption is that if you do the midpoint of the plan you end up within the 185% to 220% by the end of the plan. I think that's what you are saying.

So am I right in saying that if you release that EUR200 million of capital from optimizing the French SE and if you say you release any capital from I think there was a plan to securitize some of the life book as well that is incremental capital not required for the plan. Is that --

A - Mark Kociancic {BIO 17852409 <GO>}

That's correct.

Q - Will Hawkins {BIO 1822411 <GO>}

And what would you do with that?

A - Mark Kociancic {BIO 17852409 <GO>}

I'd come back to the point that I made before. We would have to see if it could be redeployed effectively in the business. Otherwise I think we would be considering a special dividend or share buyback scenario because it's a one-off, it's not a sustainable -- the EUR200 million would not be a sustainable annual event.

Q - Will Hawkins {BIO 1822411 <GO>}

So in the next six months you would know if you would get that?

A - Mark Kociancic {BIO 17852409 <GO>}

At the present time what we're doing is exploring the business risk, regulatory and tax risks with this type of operation. As I mentioned even though it's three French domiciled companies there are significant global implications with it because of the branch network and so on. So that's something we have to get comfortable with and hopefully in this three; to four-month period of time, maybe a little bit more, we will get that clarity.

Q - Will Hawkins {BIO 1822411 <GO>}

Then the other question, it seems a bit absurd to be running with a EUR700 million surplus above AAA S&P. So basically that just is not a binding constraint and is purely the 185% to 220% is the target and it just falls out that that's the case? It just seems to be the divergence between S&P and what really manages the business, Solvency II, has become quite significant.

A - Mark Kociancic {BIO 17852409 <GO>}

Solvency II definitely manages the business. And each of the rating agency models provide constraints that we look at and obviously monitor on a regular basis.

There isn't a uniform result when you have a, for example, this business plan. So you increase a risk in something, you decrease it elsewhere. You don't get the same answer in the three rating agency models or in Solvency II.

They can diverge. But EUR700 million is a solid number to have. Certainly makes S&P feel comfortable. But we do run the Company with the GIM, the group internal model.

Q - Jonny Urwin {BIO 17445508 <GO>}

Hi, Jonny Urwin from UBS. Just thinking about uses of capital again. So I think you've been quite clear that you would look to redeploy any capital in the business before you gave it back. But where does M&A fit into all of this?

Because you've laid out your organic growth plans clearly but you've also highlighted some gaps in the US P&C side in particular. Is there appetite to go in close that gap more quickly than perhaps growing organically?

A - Mark Kociancic {BIO 17852409 <GO>}

Well the plan is purely organic. There is no M&A built into it. We'd have to be opportunistic.

It's an optional issue for us. It's not something that we would go out and seek. I think it would have to be the right fit, meet the cornerstones, the strategic targets at the proper value, not to mention the social issues that come along with any kind of M&A.

That's a lot of things to come together and we would have to compare that value proposition with our own organic development plan and see if it's worth the time, the effort, the expense of executing it. But we feel very comfortable with our organic plan of development in the P&C space.

A - Denis Kessler {BIO 1498477 <GO>}

Can I just add a point? When you look at what we called the Club of Five you know we are all Apples-to-apples minus. So it's extremely important in such an environment to offer a high level of security.

So any companies outside of the Club of Five, any company is rated below AA minus. And so any acquisition will put pressure on rating. Eventually a sharp pressure if the company you acquire is let's say a minus or A for what?

In two days time it's really better to stick to your market positions it's better to focus on organic growth not to introduce goodwill in your balance sheet, not to put your rating under pressure and go to your client and saying give a strong belief in continuity and stability. No social issues, no exigent tracks, not all the -- it's also one of the consequences of today's situation.

So if you add uncertainty to the existing level of uncertainty that's a multiplicative effect. So who is going to lead the team? Who is going to (dominate) IT? Are you sure you are going to keep your clients?

Don't you believe you have an aggregate exposure and so on. Please, this is no time to do that. And I think we are not the only one to have exactly the same line of reasoning.

So we do expect that between Tier 1, Tier 2 and Tier 3 there will be no M&A activity. And we believe there will be some M&A activity rather between among Tier 3 companies or between Tier 2 and Tier 3 because here they lack the critical size, they lack the critical mass, they have to develop network and so on.

So compliance costs has been increasing, it is still increasing. So that's why not only we don't bet on endogenous growth. I think this message is very clear it was the plan we presented is just based on organic growth.

We mobilize all resources. We self finance a development over the next three years.

Now having said that if there is a portfolio here exactly in line with the plan, in other words accelerating the plan but not deviating from the plan, that is something we look at. But we don't envisage it to and the targets do not include any kind of external acquisitions which would be very clear today. Many boards in the world would be extremely reluctant for any management team making in today's circumstance a major acquisition.

Q - Unidentified Participant

Mark, a quick question on the live free side and related to the US market, should we expect now I would say more cost savings or synergies now that you are a couple of years after all the acquisitions? Are there any rationalization process to be envisaged in the US and potentially cost savings or that's completely done and nothing to be expected on that side?

A - Francois de Varenne {BIO 7447858 <GO>}

I think it's a question for Paolo. Victor, if you want to answer --

A - Paolo De Martin {BIO 15930577 <GO>}

I mentioned it before and during my presentations as I was talking about productivity, that we had a 10% productivity objective for the three years for life. I actually mentioned it there we have an ongoing program in the US where we are can reach 28% efficiencies compared to our 2015 benchmarks.

So we are getting to those. I wouldn't say those were not much overlap from the two M&A. It was more the of the implementation of new system technology that is allowing us to achieve most of the savings.

A - Bertrand Bougon {BIO 18934799 <GO>}

Just with us on stage Paolo, even Victor.

Q - Paris Hadjantonis

Yes, hi, it's Paris Hadjantonis from a Credit Suisse. Two questions.

Firstly, can you please confirm that you are incentivized on the new targets basically profitability and solvency ratio? And if yes, from when? Is it from 2016 full year or from 2017 full year?

Then this is the first time you're talking about special dividends or buybacks. If you are in that pretty good position that you have to decide between the two, how do you decide?

Is it on a price to book metric or is it something else?

A - Denis Kessler {BIO 1498477 <GO>}

On the second question first, I mean, of course, if we have the choice between, first it's a good choice to have between special dividend on one side and share buyback on the other side, certainly once we are in the position to do something certainly it depends on the gap between the share price and the net asset value, of course. I mean so if have share price which is depleted if we had the choice we will do the share buyback, if we have a nice share price we will envisage a special dividend.

So it is a simple rule. Now I don't give you figures but that's the idea. But I would love to have this choice to make in the short term but I will certainly let you know.

The first question was about -- the answer is yes. The package -- Romain, you want to say a word? Romain is the new COO in charge of a lot of stuff.

A - Bertrand Bougon {BIO 18934799 <GO>}

Romain, can you stand up so that people can see you?

A - Denis Kessler {BIO 1498477 <GO>}

And so he's the new guy onboard. Be careful, it's your first intervention.

A - Romain Launay {BIO 18747770 <GO>}

Yes. So if you look at the link between the strategic targets and the compensation, actually you have this link in two components of the compensation. The first one is for the bonuses, the cash bonuses for partners in the Company. Those bonuses are partly indexed on individual performance and partly indexed on the group RE.

So there is a principle according to which we align the targets with the targets in the strategic balance. It means that starting with the beginning of this plan the RA target will be the one that has been presented to you. So over the plan horizon this will be the new benchmark.

Now the second compensation tool that refers to the strategic targets is the free shares. That's allocated to partners within the group. The general assembly approves every year this remuneration tool and the vesting conditions are fully aligned with the two objectives of the strategic plan.

So half of the vesting of the shares depends on the price stability target, the other half depends on the solvency target. So starting next year with the general assembly that will take place in April of next year the performance conditions that will be submitted to the AGM will be fully aligned with this new plan.

It means that there will be no change for the solvency target because the optimal range remains exactly the same for the profitability target. It will be aligned with the new target that has been presented today.

A - Bertrand Bougon {BIO 18934799 <GO>}

Another question on any topic?

Q - Vinit Malhotra {BIO 16184491 <GO>}

Thank you. Vinit from Mediobanca.

So just one thing on the EUR200 million, just to clarify, it's not very clear to me that if indeed this materializes in six months as your feasibility studies suggests, then will you still apply the Solvency II test first or would you still consider this to be a one-off rate for which could be deployed or returned? So that's the first question.

The second question is for Francois please, the increase in corporate credit you seem to have a different view between US and Europe and you seem to be more favorable towards Europe but you are already at 28% or so. Is there enough supply out there? Or are you going to go more long in the US and that will also help your US currency exposure?

If I can ask one quick one on slide 90 for Frieder please, is there any way we can compute or if you just remind us that EUR4 billion of diversification was the 1.4 on the left and the right side. Is there any way we can compute what the market diversification is there from this data in your opinion? Thank you.

A - Mark Kociancic {BIO 17852409 <GO>}

So on the first question with respect to the EUR200 million solvency capital from the potential SCOR SE merger project, this is a permanent benefit that we would enjoy if we're able to execute the transaction. So it's a one-time EUR200 million benefit that persists in perpetuity.

We would consider, if we can't redeploy we would consider either a share buyback or special dividend to some amount consistent with that in terms of being excess capital. The first thing we would look at is the internal model and we would obviously observe the impact of this type of transaction with respect to the other rating models that concern us.

Q - Vinit Malhotra {BIO 16184491 <GO>}

(inaudible; microphone inaccessible)

A - Mark Kociancic {BIO 17852409 <GO>}

Yes. We would consider it.

A - Francois de Varenne {BIO 7447858 <GO>}

In answer to your question on the investment portfolio, as a preamble and that's a key point and it was mentioned by Denis at the beginning of the afternoon, my mandate is to manage one global portfolio split in many currencies and split in many legal entities with local constraints. So the strategic asset allocation and that's key is global and not per currency. So we may have limits per currency or positioning of the portfolio that could materially differ, if aggregated together we stick to the appetite we disclosed a few minutes ago.

So which means that what? Even if today we have more credit exposure in the US-denominated portfolio compared to the euro one we could still increase this exposure inside of our portfolio. And that's our intention.

So the idea is really to monetize the convexity and to benefit from the shape of the curve. So to monetize part of the convexity of the fixed income portfolio through agency MBS and still to increase our corporate bond exposure. Within the euro-denominated portfolio we want to reduce the exposure to government bonds.

At this stage we have no single security but with a negative yield. And we still want to increase, to avoid the impact of negative interest rates in Europe in the euro zone we still want to increase the exposure to bank loans.

A - Frieder Knuepling

On your final question, I've got this right, I think you were asking for the diversification benefit for market risks. So if you start from the top, you have this box for market risk which shows EUR1.9 billion standalone capital requirement. If you just add up the standalone capital numbers at this level of aggregation, this is 22% of the simple sum.

If you look at the bar at the very bottom, I mean the total amount is the diversified SCR. It's also net of tax and this becomes the standard way of disclosing this and there market risk amounts to 8% of the diversified capital. So you see the reduction in size because market risk play a relatively lesser role in our risk profile so they don't contribute a lot to scenarios around the EUR4.4 billion SCR for the group.

So you would very rarely have market risk scenarios leading to such large losses. So on a diversified basis for the group capital requirement in general market risk plays a much lower role, has a much smaller share than if you just add up standalone capital requirements.

Is that answering the question? Okay.

A - Bertrand Bougon {BIO 18934799 <GO>}

Again, that's the panel. So you can reach any question on P&C life investment.

A - Denis Kessler {BIO 1498477 <GO>}

Could we have a drum to wake up the audience?

A - Bertrand Bougon {BIO 18934799 <GO>}

While you are thinking maybe just please if you can fill in the feedback on the (inaudible) that will be really helpful.

+++presentation

A - Denis Kessler {BIO 1498477 <GO>}

Anyway, if you have additional questions don't hesitate to write us, send a mail and we will, of course, provide additional information for those who need some or explanation for -- it's a crystal clear presentation anyway. So maybe we should conclude and let you reach your cab or your train or your plane.

You get 156 slides including the appendices so there is between 15 and 20 figures per slide. So for those who are quick to calculate we are between 3,000, 3,600 figures in this presentation. So we will let you digest and look. We have carefully reviewed everything and we hope you will not find any kind of errors or misprints.

Anyway, we believe in the future of reinsurance. We say it again, we like this industry, we have decided to join this industry. SCOR is experiencing a lot of fun doing a business, it's true.

It has been quite a ride. We have been facing so many challenges, market situations, financial difficulties. But anyway, I think we believe in what we do and we believe really in reinsurance.

This sector is on the move every day. Every day a new risk, new devices, processes, clients, that's fantastic. You cannot get bored because you are permanently under pressure to find solutions to -- risk is expanding everywhere and people want to try to find solution at each level: government, corporations, households, regions, name it you get it.

They want to find solutions to cover the risk in all domains in all respects. So it's fantastic for us. As I said this morning there is a strong demand, it's an expanding business and it's extremely sophisticated business, too.

So we have demonstrated the resilience of the group to so many bad events over the last 14 years. And even when I go back to 2002 SCOR is still there, even so we are concerned by the WTC which was a major event for such a Company as you know with a large exposure to this single event.

So we have demonstrated a capacity to successfully execute plans. We have had five strategic plans since I joined. And Victor was there, it was the first one, back on track.

It took two weeks to elaborate back on track. So it was in November 2002. We were a little bit under pressure, may I say so.

But you know, finally, it was a recovery plan and we carried it and we were back on track. And remember, when we said we were on track it's needless to be on track if you don't move. And so the second plan was moving forward.

So moving forward I'm not going to go through the plan. But when you look at all the plan there was really a continuity from a Company that came from the brink, we were very close to the brink to the Tier 1 group of companies. We like the Vision in Action.

You need a vision when you move. You need to have a vision of the industry, you need a vision of the economic world, you need a vision of the demand for reinsurance, you need a vision for the universe of risk and we have this vision and this vision is positive.

It's not rosy because we are not stupid and we are not naive but I think it is a positive vision. We believe we can find solutions to most of the challenges we are going to face.

And we like in action, Vision in Action, you know we move every day and when we move we go towards the objectives and the targets we have set. So we are quite confident the sixth plan will be implemented like the five previous plans and hopefully in three years from now on we will be able to tick all the boxes as we have done in July when we ended up Optimal Dynamics which was the previous plan.

You know our values. In a vision you have values: V for vision, V for values. We said values, please, not move because we need values and the values we have demonstrated today all the team are extremely clear.

We value continuity, we value consistency. We don't like to catch neither our clients or our shareholders or our stakeholders by surprise because how come you didn't know, how come you told us we are really surprised.

So we try to give you all information, we disclose a lot. We give all the rationale behind our choices for you not to be caught by surprise.

The only surprise that can happen is because you have a large event but this is not in our hands. But you have to know if there is a large event we will have done our best through retrocession, diversification and so on and so on, contingent capital and everything in order to absorb those shocks.

So even then you will not be caught by surprise because core reaction is embedded in the risk management, in the way we are going to do. That's why the solvency scale is so important. Solvency scale tells you exactly what we are going to do and everything is prepared in case we deviate from what we want to achieve.

So it's not only the targets, we give you also all the recipes that we are going to follow in case we don't reach a target by excess or by default. Today we have talked a lot about being above the target in terms of solvency. So these are some good news here because we believe we can improve the solvency position over time. So we like continuity, we like consistency.

Why? When you combine the two, consistency and continuity, equals predictability. And we are a predictable group as I said, look at the last 10 years, we are predictable. And I think this is part of the franchise or at least let's hope we have rebuilt the franchise with our clients because they saw that we do what we say, we say what we do and in time plan after plan we have been able to rebuild franchise just because we are predictable.

This is true for our clients. I believe it is true for our shareholders. That's why we have those plans highly detailed.

Of course, we have ranges but you are so smart that you will find the right figure in the range. And we will keep you informed, of course. By the way, we are one of the only companies to provide each quarter data that helps you to know where in the plans because what we disclose is always helping you to know exactly if we deliver what we are going to -- what we are doing.

So we don't expect big changes or big disruptions. We tell you that today. That's why as I said we are focusing on endogenous growth and, again, predictability of SCOR is one of the key values.

The second point we value profitability and solvency. You know it, if you didn't get the message it's too late now because we have been repeating that at least 10 times today, two targets equal weight. And that's also something we have chosen quite a long time ago. But certainly we have refined this approach so we are able and we believe we have the conviction in the management team that we can achieve the two targets in vision and action.

Third, we value adaptation to the environment. The environment is changing, evolving, volatile. So if you say I'm not going -- I'm going to stick to the route I've chosen and never deviate, no, that would be foolish again. So there is a time for agility because we need to adapt to the environment.

We have financial crises, we have shocks, we have natural catastrophes, large claims and so on and so on. So what we do is, of course, to be sure that we are in a good position to absorb those risks we cannot avoid them, we are paid to take those risks. They are the source of the margins, they are the source of the value add that we create to shareholders is to accept to face those risks.

But what we have to do is to show each time to be able in this position to absorb them and to adapt to the environment. This is true for the financial environment. This is true for the risk environment and that's what we have demonstrated over time.

First we value, therefore, agility, agility means the capacity to react. And the two business engines gives a demonstration of the capacity to move quickly, reallocate capital, reallocate capacity, sees an opportunity here and so on. Because we are still, we are not a big (inaudible), we still are the speedy rabbit of the industry and we run and we run and run.

So I mean because I think we know how to seize the opportunities when they are there. So we will adapt the group and our actions to our evolving, changing or changing environment. So that is very important.

And clients' demands are changing. Demand is not stable over time and when you see an emerging demand you better be ready on time, not one year later or two years later. The market is much more demanding for capacity to adapt without delay.

So finally, you have understood franchise is a keyword. We value franchise. In a world of uncertainty clients want a stable partner.

It is really strange, a stable partner, predictable, stable. And so the plan helps our clients to know where we go. So it's an incredible tool to deepen franchise.

We disclose everything. This morning we sent to all our clients around the world, for clients for the life division, for the P&C division. And they received the plan as exactly in the meantime we received the plan. And I know that they are going, maybe not read them themselves but give them to the service, certainly to the reinsurance department but also to the underwriting department because they want to know what we are going to do.

And so it's a superb tool to build up franchise and trust. Clients trust us because we don't catch them by surprise. We trust our clients and certainly that is at the heart of the value creation of what we do.

So we will remain prudent of the asset side. Today you have seen Francois was really bullish and so on and so on, of course. But we are remaining prudent. We take a lot of risk on the liability side.

We normalize the asset management policy. We tried to grab the extra returns that will be certainly nice to fuel the bottom line. But don't believe the group is going to start to go wild and, no, this is not at all neither a new culture, new culture of the group and what you expect.

But we have been so prudent over years that maybe there is a cost of extra prudence that we can remove today given the size and the track record. And that what Francois is going to do is just to eradicate the extra level or layer of prudence on the asset side. And I trust him and his team to do that.

So you know, sorry, it's not a lot of news and what we have presented you today. But in the meantime I think it's reassuring and I believe a reinsurer should reassure. That's a good -- maybe I should repeat, reinsurers should reassure clients, investors, bankers and, of course, all the personnel.

Now we are ready to implement Vision in Action so you know where we want to go. We have the teams. Teams are there and the teams are stable over time.

I think we have been able to assemble an extraordinary high-quality team. And this is true for everywhere in the world, not only for partners, COMEX partners but also everywhere in the group we have the infrastructure which is extremely important. We still need to build a few staff but that's marginal because infrastructure is there.

We have the organization. As you've seen we are going to rationalize the bids organization to generate a little bit of additional solvency. But don't expect any other big, big move.

So we have the organization, infrastructure, the team. So we have the systems, we have described the systems quite a few times today. We can always expand them, that's what we're doing. But, again, it's more like adding than changing.

It's really nice we have like a LEGO system, I'm quite sure you play LEGO, where you can build up all what you have without destroying what you have done before. And so I think systems infrastructure, organization, teams, everything is in place for the future.

So let's move on. It has been a real pleasure for the team to present the strategic plan. I hope you are convinced that we have a lot of passion.

We believe that nothing is done in the world without passion, without commitment and without the idea that we're going to improve the world. We are going to improve the organization to the benefit of the shareholders, to the benefit of personnel. So now we have just to -- but we have already done it because the plan is already active.

There is continuity with the previous plan. So it's not today that it starts, it's just going to speed up. Ourself we have to rush to pack a suitcase for Monte Carlo because the show goes on in at least three or four days. We are going to meet a lot of clients, we are going to send messages and I am quite sure that it will pave the way for good renewals on January 1 and that will be, again, positive news for the group because I believe that we know exactly client by client what we can do, what we want to propose and what we will refuse thanks to the hard work which has been done by all the teams. And if you come to Monte Carlo for some of you don't forget your swimsuit.

Thank you very much. In the name of all the COMEX I think we did appreciate yesterday night and today and don't hesitate to call us back if you have any kind of question. Thanks a lot.

FINAL

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