4 RISK FACTORS

The risk factors described below must be considered together with the other information contained in the Registration Document, and specifically with:

- Appendix B – Report from the Chairman of the Board of Directors on the terms and conditions for preparing and organizing the work of the Board of Directors and on internal control and risk management procedures in accordance with article L.225-37 of the French Commercial Code - Part II, which describes the internal control and risk management procedures set up by the Group to address the risks to which the Group is exposed;
- The consolidated financial statements of the Group that appear in Section 20.1 – Historical financial information: consolidated financial statements and in particular Note 26 – Insurance and financial risk;
- Section 6 – Business Overview.

These sections describe the risk management measures, processes and hedging positions planned or implemented by the Group in order to identify, assess and mitigate the risks. The Group conducted a review of the risks that could have a negative impact on its activity, its financial situation or its results (or capacity to reach objectives), and considers that no other significant risk than those disclosed exists.

Introduction

All risks described in Section 4 are managed through a variety of mechanisms in SCOR's ERM Framework.

Difficult conditions in the global capital markets and the economy generally may materially adversely affect SCOR's business and results of operations

The Group's results of operations could be materially affected by the global capital markets conditions and the economy generally, in France, other countries in continental Europe, the United Kingdom ("the U.K."), the United States of America ("the U.S.") and elsewhere around the world. Many economies around the world are experiencing negative macroeconomic trends, including widespread job losses, higher unemployment, lower consumer spending, lower credit availability, the failure of a number of companies and the growing threat of sovereign default. Any continued deterioration in macroeconomic trends could have an adverse effect on SCOR's business and results of operations. Since the second half of 2007, the global capital markets have been marked by extreme volatility in some securities prices, and by a very low interest rate level for the best rated sovereign debts, while other sovereign debt issuers, notably in the Eurozone, have been subject to high risk premiums. Although pressure on the most fragile sovereign issuers in Europe seems to have decreased since summer 2012, notably due to announcements from the European Central Bank, the financial situation in many countries of the Eurozone remains unstable and new downgrades of some states' financial rating have occurred (including downgrade to AA+ from AAA of France's government debt rating by Standard & Poor's in January 2012 and by Moody's in November 2012). While SCOR does not currently own any securities issued by the governments of Greece, Italy, Spain, Ireland or Portugal, it cannot predict whether any of the other government securities that it holds in its investment portfolio will be adversely affected in the future by ratings downgrades, the continuing debt crisis or other developments. For further information on investments, refer to "Section 6 – Business Overview – 6.1.5 Investments" and "Section 20.1.6 – Notes to the financial statements, Note 6 – Insurance Business Investments"

In addition, the fixed-income markets can experience a period of extreme volatility that has negatively impacted market liquidity conditions. These volatile conditions have affected a broad range of mortgage and asset-backed and other fixed-income securities, including those rated investment grade, the U.S. and international credit and interbank money markets generally, and a wide range of financial institutions and markets, asset classes and sectors. As a result, the market for fixed-income securities has experienced decreased liquidity, increased price volatility, credit downgrade events, increased probability of default and lower than expected recovery rates. Securities that are less liquid are more difficult to value and may be hard to dispose of.

These events and the continuing market upheavals may have an adverse effect on SCOR, in part because it has a large investment portfolio and also because it is dependent upon customer behaviour. The Group's premiums are likely to decline in such circumstances and its profit margins could erode. In addition, in the event of extreme prolonged market events, such as the global credit crisis, SCOR could incur significant losses in its investment portfolio. Refer to Section 20.1.6 – Notes to the financial statements, Note 6 – Insurance Business Investments", which includes analyses of unrealized and realized investment losses. See also "Section 4.2.2 –SCOR faces risks related to its equity-based portfolio." Even in the absence of a market downturn, SCOR is exposed to a substantial risk of loss due to market volatility. See "Section 4.2.3 – SCOR is exposed to other risks arising from the investments it owns."

Factors such as consumer spending, business investment, government spending, the volatility and strength of both debt and equity markets, and inflation all affect the business and economic environment and ultimately, the amount and profitability of SCOR's business. In an economic downturn characterized by higher unemployment, lower household income, lower corporate earnings, lower business investment and lower consumer spending, the demand for SCOR's and its clients' products could be adversely affected. In addition, the Group may experience an elevated incidence of claims or surrenders of policies that could affect the current and future profitability of its business. Although written premiums have seen steady growth in prior years, a prolonged economic crisis could result in lower written premiums in the future. These adverse changes in the economy could affect earnings negatively and could have a material adverse effect on SCOR's business, present and future revenues, net income, cash flows, financial position, and potentially, on the price of its securities.

See "Appendix B – II. Internal control and risk management procedures, B. Identification and assessment of risks" for further information on risk mitigation actions.

Governmental initiatives intended to alleviate the financial crisis that have been adopted may not be effective and, in any event, are expected to be accompanied by other initiatives, including new capital requirements, fiscal or other regulations, that could materially affect SCOR's results of operations, financial condition and liquidity in ways that it cannot predict

In a number of countries in which the Group operates, legislation has been passed in an attempt to stabilize the financial markets, including bank stabilization programs by the Government and Bank of England in the U.K. and similar programs under the Emergency Economic Stabilization Act of 2008 in the U.S., as well as the Financial and Banking Regulation Act of 2010 in France and the Basel III agreements reached by the Basel Committee on Banking Supervision. Additionally, the EU has established the European Financial Stability Facility (EFSF) to assist European governments with their budgetary deficits and to stabilize the sovereign debt markets in the Euro-zone. Such legislation or similar proposals, as well as accompanying actions, such as monetary or fiscal actions, of comparable authorities in the U.S., U.K., Euro-zone and other countries, may fail to stabilize durably the financial markets. This legislation and other proposals or actions may also have other consequences, including material effects on interest rates and foreign exchange rates, and in particular the future viability of the European currency or the European Monetary Union, which could materially affect SCOR's investments, results of operations and liquidity in ways that it cannot predict. The failure to effectively implement this legislation and related proposals or actions could also result in a material adverse effect, notably increased constraints on the liquidity available in the banking system and financial markets and increased pressure on stock prices, any of which could materially and adversely affect the Group's results of operations, financial condition and liquidity. In the event of future material deterioration in business conditions, it may need to raise additional capital or consider other transactions to manage its capital position or liquidity.

In addition, SCOR is subject to extensive laws and regulations that are administered and enforced by a number of different governmental authorities and non-governmental self-regulatory agencies, including the French prudential control Authority (*Autorité de Contrôle Prudentiel*, or "ACP") which regulate among other categories of entities the insurance and reinsurance companies, and other regulators. Since the bigining of the 2007 financial crisis, some of these authorities are considering or may in the future consider enhanced or new regulatory requirements intended to prevent future crises or otherwise assure the stability of institutions under their supervision. These authorities may also seek to exercise their supervisory or enforcement authority in new or more assertive ways. All of these possibilities, if they occurred, could affect the way SCOR conducts its business and manages its capital, and may require it to satisfy increased capital requirements, any of which in turn could materially affect its business, present and future revenues, net income, cash flows, financial position, and potentially, the price of its securities.

SCOR is exposed to uncertainty of the effects of emerging claim and coverage issues

SCOR takes into consideration the numerous changes to the environment in which the Group operates, examples being : the professional practices, the legal, jurisdictional, regulatory, social, political, economic, financial and environmental conditions. These emerging or latent risks may adversely affect SCOR's business due to either an interpretation of the contracts leading to an extension of coverage beyond its underwriting anticipation (e.g. through inapplicability of treaty clauses) or by increasing the frequency and /or severity of claims. This would have an adverse effect on business, present and future revenues, net income, cash flows, financial position, and potentially, on the price of securities.

See "Appendix B – II. Internal control and risk management procedures, B. Identification and assessment of risks" for further information on risk mitigation actions.

4.1 Risk related to the business environment

4.1.1 SCOR IS EXPOSED TO DIVERSE RISK FACTORS IN THE NON-LIFE AND LIFE REINSURANCE BUSINESSES

For further details on the terminology used to describe the Group activity, refer to “Section 6 – Business Overview.”

The principal risk the Group faces under insurance and reinsurance contracts is that the actual amounts of claims and benefit payments, or the timing thereof, differ from expectations. The frequency of claims, their severity, actual benefits paid, subsequent development of long-tail claims and external factors beyond the Group’s control, including inflation, legal developments and others have an influence on the principal risk faced by the Group. Additionally, the Group is subject to the quality of underwriting management for certain reinsutreaties and to claims management by ceding companies and other data provided by them. In spite of these uncertainties, the Group seeks to ensure that sufficient reserves are available to cover its liabilities.

Generally, SCOR’s ability to increase or maintain its portfolios of reinsurance risks in its Non-Life and Life divisions may depend on external factors such as economic risks and political risks.

A. Non-Life reinsurance

(a) Property

SCOR’s property business underwritten by its property and casualty division, which it refers to in this Registration document as “SCOR Global P&C,” “Non-Life” or its “Non-Life division,” is exposed to multiple insured losses arising from a single or multiple events, which can be catastrophic, being either caused by nature (e.g. hurricane, typhoon, windstorm, flood, hail, severe winter storm, earthquake, etc.) or by the intervention of a man-made cause (e.g. explosion, fire at a major industrial facility, act of terrorism, etc.). Any such catastrophic event can generate insured losses in one or several of SCOR’s lines of business.

The insured losses may be covered under various different lines of business within the Property business such as fire, engineering, aviation, space, marine, energy and agricultural.

(b) Casualty

For SCOR’s casualty business, the frequency and severity of claims and the related indemnification payment amounts can be affected by several factors. The most significant factors are the changing legal and regulatory environment, including changes in civil liability law and jurisprudence. Additionally, due to the length of amicable, arbitral and court claims settlement procedures, the casualty business is exposed to inflation risks regarding the assessment of claim amounts. Additional exposure could arise from so-called emerging risks, which are risks considered to be new or subject to constant evolution, and thus particularly uncertain in their impact. Examples of such risks are electromagnetic fields or nanotechnology.

(c) Cyclicality of the business

Non-Life insurance and reinsurance businesses are cyclical. Historically, reinsurers have experienced significant fluctuations in operating income due to volatile and unpredictable developments, many of which are beyond the control of the reinsurer including primarily, frequency or severity of catastrophic events, levels of capacity offered by the market and general economic conditions and to the competition level.

The primary consequences of these factors are to reduce or increase the volume of Non-Life reinsurance premiums on the market, to make the reinsurance market more competitive, and also to favour the operators who are most attentive to the specific needs of the cedants. This could lead potentially to a loss of competitive advantage for SCOR.

Beyond the general trends, the premium rate cycle affects certain geographic markets and/or certain lines of business in a differentiated fashion and independently of each other.

(d) SCOR Global P&C faces concentration risks related to its broker business

SCOR produces its Non-Life business both through brokers and through direct relationships with insurance company clients. For the year ended 31 December 2012, approximately 65% of Non-Life gross premiums were produced through brokers. In 2012, SCOR had two brokers that accounted for approximately 35% of its Non-Life gross premiums. Refer to "Section 6 – Business overview, 6.1.3.2 Distribution by Production Source." The risk for SCOR is mainly the significant concentration of premiums written thanks to a limited number of brokers. A significant reduction in the business generated through these brokers could potentially reduce premium volume and net income.

See “Section 20 – Note 26, Insurance and financial risk – Non-Life reinsurance risks” for further information on risk mitigation actions.

B. Life reinsurance

The main categories of risks for the life reinsurance underwritten by SCOR's Life division, which is referred to in this Registration document as "SCOR Global Life," "Life" or its "Life division," are biometric, behavioral and catastrophe risks as well as credit risk (see "Section 4.1.14 - SCOR is exposed to losses due to counterparty default risks or credit risks"), currency risks (see "Section 4.2.4 – SCOR is exposed to foreign currency exchange rate fluctuations") and market risks (see "Section 4.2 – Market risk" and "Section 4.2.3 – SCOR is exposed to other risks arising from the instruments it owns").

(a) Biometric risks

The assessment of biometric risks is at the centre of underwriting in life reinsurance. These are risks which result from adverse developments in mortality, morbidity, longevity or from epidemic/pandemic claims. These risks are evaluated by the actuaries, research centers and medical underwriters of SCOR Global Life, who analyze and use information from SCOR Global Life's own portfolio experience, from the ceding companies as well as relevant information available in the public domain, such as mortality or disability studies and tables as available from various sources, e.g. actuarial associations or medical research bodies.

Mortality Risk

Mortality risk is the risk of negative deviation from expected results due to higher than anticipated death rates resulting from either the inherent volatility, an adverse long-term trend or a mortality shock event in the reinsured portfolio.

Morbidity Risk

Products such as critical illness, short-term and long-term disability and long term care, which all contain morbidity risk, are subject to the risk of negative trends in health, as well as to the consequences of improved medical diagnoses capabilities which increase the number of claims that otherwise would possibly have remained undetected. Medical progress may enable better treatment resulting in higher claims since certain diseases would have otherwise led to immediate death of insureds. Products providing cover for medical expenses are in particular subject to the risk of higher than frequency incidence rates and inflation of medical costs.

Longevity Risk

Longevity risk refers to the risk of a negative deviation from expected results due to the insured or annuitant living longer than assumed in the pricing of the insurance cover. This risk exists within annuity and long-term care covers and within other longevity protection products.

Pandemic

In Life reinsurance, a severe pandemic is a major risk. In the past century, three major outbreaks of influenza occurred and claimed millions of lives. The occurrence of a similar event could cause large losses to SCOR due to an increased mortality far beyond the usual volatility. Experts closely monitor current influenza virus strains and those of other infectious diseases. A lethal virus strain not only of influenza but of any other communicable disease could lead to a heavy increase in mortality rates and increased medical costs which could significantly affect SCOR's results.

The potential loss relating to a severe pandemic is estimated using models. However, the limited amount of available historical data, combined with the generic model risk, creates a high degree of uncertainty in the results. The financial outcome of a severe pandemic could, therefore, differ considerably from that expected by the model, thus leading to a potentially significantly higher loss than expected.

(b) Behavioural risks

SCOR Global Life is also exposed to risks related to policyholder behaviour. This includes risks such as lapsation, anti-selection at policy issue, resale of policies, exercising of policy options by the policyholder different from expected, and fraudulent applications.

Lapsation

Lapses refer to either non-payment of premium by the policyholder or to policies which are terminated by the policyholder before the maturity date of the policy. Depending upon the product design, higher or lower policyholder lapses than assumed in the pricing may reduce SCOR Global Life's expected future income. Policyholder lapses may differ from expectations due to a changing economic environment or other reasons, such as changes in tax incentives for the insurance policies, tarnished reputation of the cedant or from the introduction of more attractive insurance products in the market. SCOR studies and closely monitors this risk.

Anti-selection

Anti-selection refers to the problem of asymmetry of information between the insured and the insurer. An individual applying for life or health insurance cover usually has better knowledge about his or her own state of health than the insurer. The risk to the (re)insurer is of policyholders deliberately deciding among other things to:

- take out a policy in the knowledge that either their chances of claiming is high or higher than average;
- terminate a policy in the knowledge that their chances of claiming are low or lower than average; or

- choose and exercise a policy option which allows to increase the policyholder's expected benefit.

This might lead to a portfolio composition which differs from the one assumed during pricing and might imply lower than expected profits for both the direct insurer and reinsurer.

Resale

In general, for most individual life covers, the policyholder and the insured person are identical. The pricing of these policies is based on this assumption. However, there is a trend, especially in the U.S., where policyholders who can no longer afford or for other reasons do not want to continue to pay the premiums, are selling their polices and the eventual death benefit to third parties who continue to pay the premium. These "stranger owned life insurance," or STOLI policies, lead to deviations between actual and expected lapse rates which can be a risk to the insurer and reinsurer of the cover.

(c) Catastrophe risks

As previously indicated, natural or man-made catastrophic events can cause very significant material damages affecting the Non-Life activities of the Group. In addition, such events could cause multiple deaths and serious injuries which could potentially seriously impact the Life activities of SCOR, particularly under contracts covering groups of employees working at the same location.

For further details, refer to "Section 4.1.2 – SCOR is exposed to losses from catastrophic events." See also "6.1.3.4 – Catastrophe (cat) Risk and Exposure Controls."

(d) Risks linked to the types of guarantees

Certain life insurance products include guarantees, most frequently with respect to premium rates, insurance benefits, and surrender or maturity values, or guarantees with regard to interest accrued on reserves or policyholder funds. Other guarantees may exist, for example, with regard to automatic adjustments of benefits or options applied in annuity policies.

Such guarantees may be explicitly or implicitly covered by the reinsurer under the reinsurance contract and if so expose the reinsurer to the risk of adverse developments which increase the value of the guarantee and thereby necessitate respective increases in benefit reserves.

(e) Risks linked to collateral requirements

The availability and cost of collateral, including letters of credit to represent the Group commitments, asset trusts and other credit facilities, could adversely affect SCOR's operations and financial condition.

Regulatory reserve requirements in various jurisdictions in which SCOR operates may be significantly higher than the reserves required under IFRS. A regulation in the U.S. (NAIC Model Regulation XXX or Valuation of Life Insurance Policies Model Regulation), commonly referred to as Regulation XXX (or Triple X) and adopted by most U.S. states as at 1 January 2000, requires a relatively higher level of regulatory, or statutory, reserves that U.S. life insurance and life reinsurance companies must hold on their statutory financial statements for various types of life insurance business, primarily certain level premium term life products. The reserve requirements under Regulation XXX increase over time and are normally in excess of reserves required under IFRS in other jurisdictions. The increase and the ultimate level of XXX reserves will depend upon the mix of business and future production levels in the U.S.

SCOR might over time retrocede certain XXX-related cash flows and reserves to such affiliated or unaffiliated reinsurers that are authorized in company's domicile or provide collateral of an amount equal to the reinsured reserves. Such collateral must be provided in the form of withheld funds, NAIC (National Association of Insurance Commissioners) approved commercial bank letters of credit, the placement of assets in trust for the ceding company's benefit, or by other means pre-approved by the ceding company's regulator.

Based on the assumed rate of growth in SCOR's current U.S. business plan, and the increasing level of XXX reserves associated with this business, it expects the amount of required XXX reserves, retrocession and required collateral to grow significantly. With regard to retrocession to affiliates, SCOR would be required to secure such collateral.

In connection with these reserve requirements, SCOR faces the following risks:

- The availability of collateral and the related cost of such collateral in the future could affect the type and volume of business it reinsures and could increase costs.
- The Group may need to raise additional capital to support higher regulatory reserves, which could increase the overall cost of capital.
- If its affiliated or not affiliated retrocessionaires, are unable to obtain or provide sufficient collateral to support their statutory ceded reserves or if regulatory changes lead to change the current retrocession structures, it may be required to increase regulatory reserves. In turn, this reserve increase could significantly reduce statutory capital levels and adversely affect SCOR's ability to satisfy required regulatory capital levels that apply, unless it is able to raise additional capital to contribute to its operating subsidiaries.
- Because term life insurance is a particularly price-sensitive product, any increase in insurance premiums charged on these products by life insurance companies, in order to compensate them for the increased

statutory reserve requirements or higher costs of reinsurance they face, may result in a significant loss of volume in their life insurance operations, which could, in turn, adversely affect life reinsurance operations.

SCOR cannot assure investors that it will be able to implement actions to mitigate the effect of increasing regulatory reserve requirements.

(f) Recapture risk

Under certain long term reinsurance treaties, ceding companies have the right to totally or partially recapture the book of business ceded under the reinsurance treaty after a pre-defined number of years after the inception of the treaty. The exercise of such recapture options may reduce SCOR Global Life's expected future income.

See "Section 20 – Note 26, Insurance and financial risk – Life reinsurance" for further information on risk mitigation actions.

C. Interdependence of the Non-Life and Life reinsurance businesses

The Group takes into account the effect of the diversification between its two divisions: Life and Non-Life, in its internal model, by setting parameters for the interdependence of the various lines of business.

Non-Life and Life reinsurance activities take place in two different market environments. They are subject to heterogeneous external constraints, which generally have only very limited correlation with each other. This diversification and the overall balance between the two business areas provide stability. However, in some cases, evolutions of the Non-Life and Life activities are linked together as well as to those of the financial market risks. This exposes SCOR to accumulation and/or correlation risks which are difficult to quantify.

Unforeseen events, such as natural catastrophes or terrorist attacks, can cause significant damage. These types of risk primarily affect Non-Life business areas. However, in cases where SCOR faces a large number of casualties, the possibility of the losses also affecting its Life lines of business cannot be excluded.

In the event of a very large natural catastrophe with many victims, the losses generated in Life and Non-Life could potentially accumulate, with losses on financial assets related to the potential reaction of markets (e.g., interest rates, exchange rates and equity market prices). In the same way, a major pandemic event may cause financial market turmoil or business interruptions.

SCOR's ability to grow or maintain its portfolios in the Life and Non-Life reinsurance divisions may be subject to correlated external factors, such as economic and political risks.

Economic risks are related to slowdowns in economic growth or recessions in the major markets. This may lead households and companies to take out less insurance, to suspend certain premium payments, or to terminate the insurance policies underlying the existing Life and Non-Life treaties earlier than anticipated.

Political risks, which are characterized by social and political instability in certain countries, are particularly significant in emerging markets. These risks could lead to significantly reduced business growth in the Group's markets.

There is no guarantee that SCOR is protected from unexpected changes in Life or Non-Life claims frequency or severity or erroneous assumptions in the underwriting and pricing that could have a material adverse impact on its business, present and future revenues, net income, cash flows, financial position, and potentially, on the price of its securities.

See "Section 20 – Note 26, Insurance and financial risk – Interdependence of the Non-Life and Life Reinsurance businesses" for further information on risk mitigation actions.

4.1.2 SCOR IS EXPOSED TO LOSSES FROM CATASTROPHIC EVENTS

Like other reinsurance companies, SCOR may be exposed to multiple insured losses to property or to individuals arising from a single occurrence, whether a natural catastrophe such as a hurricane, typhoon, windstorm, flood, hail, severe winter storm, earthquake, heat wave, or a man-made catastrophe such as an explosion, fire at a major industrial facility or an act of terrorism. Any such catastrophic event may generate insured losses in one or more of the Group's lines of business.

The frequency and severity of such catastrophic events, particularly natural hazards, are by their nature unpredictable. The inherent unpredictability of these events makes forecasts and risk evaluations uncertain for any given year. As a result, SCOR's claims experience may vary significantly from one year to the next, which can have a significant impact on its profitability and financial position. In addition, depending on the frequency and nature of losses, the speed with which claims are made and the terms of the policies affected, it may be required to make large claim payments within a short period. SCOR may be forced to fund those obligations by liquidating investments in distressed market conditions, or by raising funds under unfavorable conditions. In particular, its most significant exposure to natural catastrophes in Non-Life relates to earthquakes, storms, typhoons, hurricanes, floods and other weather-related phenomena like hail or tornados. The Group evaluates its natural catastrophe exposure by means of catastrophe modeling software.

The models it uses depend very much on the underlying parameters. Any future deviations in these parameters will produce varying results depending on the sensitivity of the model to each parameter. Furthermore, the models can only be applied to certain areas and must respect certain conditions. Catastrophic events could occur in areas not covered by the models and could therefore generate losses which exceed those predicted. Reality is always more complex than that reflected by the models and this represents a risk for SCOR.

Although the Group attempts to limit its exposure to acceptable levels, it is possible that multiple concurrent catastrophic events could have a material adverse effect on its business, present and future revenues, net income, cash flows, financial position, and potentially, on the price of its securities.

See "Section 6.1.3.4 – Catastrophe (Cat) risk and exposure controls" for further information on risk mitigation actions.

4.1.3 SCOR COULD BE SUBJECT TO LOSSES AS A RESULT OF ITS EXPOSURE TO TERRORISM

In the context of its business, SCOR may be exposed to claims arising from the consequences of terrorist acts. These risks, the potential significance of which can be illustrated by 11 September 2001 attack on the World Trade Center ("WTC") in the U.S., can affect both individuals and property.

Certain countries do not permit the exclusion of terrorist risks from insurance policies. Due to these regulatory constraints, the Group has actively supported the creation of insurance and reinsurance pools involving insurance and reinsurance companies as well as public authorities in order to spread the risks of terrorist activity among the members of these pools. It participates in pools created in certain countries, such as France (GAREAT), Germany (Extremus), the Netherlands (NHT) and Belgium (TRIP), which allows the Group to have limited and known commitments. In the U.S., the Terrorism Risk Insurance Act passed in November 2002 for a period of three years, which was extended to 31 December 2007 by the Terrorism Risk Insurance Extension Act, was renewed for seven years, until 31 December 2014 by the Terrorism Risk Insurance Program Reauthorization Act ("TRIPRA"). It established a federal assistance program to help insurance companies cover claims related to terrorist acts. TRIPRA requires that terrorist acts be covered by insurers. Despite TRIPRA, and the federal aid that it provides, the U.S. insurance market is still exposed to some significant risks in this area. Therefore, SCOR monitors very closely its exposure to the U.S. market, primarily because of the insurance obligation created by the law. In addition to the commitments described above, SCOR does reinsure, from time to time, terrorist risks, usually limiting by event and by year of insurance the coverage that ceding companies receive for damage caused by terrorist acts.

Beyond the potential impact on its non-life book, a terror event could also affect the Group's life portfolio. Although the insured losses from past events have been comparatively small in relation to the non-life losses, a future terrorist act, such as a "dirty bomb", could claim a substantial amount of insured lives.

As a result, future terrorist acts, whether in the U.S. or elsewhere, could cause SCOR significant claims payments, and could have a significant effect on its business, present and future revenues, net income, cash flows, financial position, and potentially, on the price of its securities.

See "Appendix B – II. Internal control and risk management procedures, B. Identification and assessment of risks" for further information on risk mitigation actions.

4.1.4 SCOR COULD BE SUBJECT TO INCREASED RESERVES FROM BUSINESS THAT IT DOES NOT ACTIVELY UNDERWRITE

A. SCOR is exposed to environment pollution and asbestos related risks

Like most reinsurance companies, SCOR is exposed to environmental pollution and asbestos related risks, particularly in the U.S. Insurers are required under their contracts to notify the relevant reinsurer of any claims or potential claims that they are aware of. However, the Group often receives notices from insurers of potential claims related to environmental and asbestos risks that are not precise enough, as the primary insurer may not have fully evaluated the loss at the time it notifies it of the claim. Due to the imprecise nature of these claims, the uncertainty surrounding the extent of coverage under insurance policies and whether or not particular claims are subject to any limit, the number of occurrences and new developments regarding the insured and insurer liabilities, it can, like other reinsurers, only give a very approximate estimate of its potential exposure to environmental and asbestos claims that may or may not have been reported.

Taking account of the above, it is difficult to estimate the reserves required for losses arising from asbestos and environmental pollution and to guarantee that the estimated amount will be sufficient.

The reserve amount for these risks in addition to the number and the amount of losses are indicated in "Section 20.1.6 – Notes to the financial statements, Note 16 – Contract Liabilities." Data related to the reserves arising from the risks related to asbestos and environmental pollution are also in "Section 4.1.5 – If SCOR's reserves prove to be inadequate, its net income, cash flow and financial position may be adversely affected."

As a result of this imprecision and uncertainty, SCOR cannot exclude the possibility that it could be exposed to significant environmental and asbestos claims, or have to increase its reserving level, which could have an adverse effect on its business, present and future revenues, net income, cash flows, financial position, and potentially, on the price of its securities.

B. SCOR is exposed to Guaranteed Minimum Death Benefit (GMDB) products

In connection with its October 2007 acquisition of Converium Holdings AG (“Converium”), SCOR Global Life inherited certain retrocession liabilities with regard to Guaranteed Minimum Death Benefit (“GMDB”) rider options attached to variable annuity policies written in the U.S. Its GMDB business indirectly exposes SCOR Global Life to asset risk on the variable annuity policyholders’ funds. SCOR Global Life must pay, in the event of death, the excess of the GMDB over the account balance or the excess of the GMDB over the cash surrender value, depending on the definition of the underlying reinsurance agreements. A fall in the value of the variable annuity policies’ funds therefore leads to higher expected claims amounts. The variable annuity policyholders invest their funds in a wide variety of U.S. equity, other equity, fixed interest, money market, balanced and other funds. Hence SCOR Global Life is exposed to losses, through higher death claims, if these funds fall in value. These funds are not held by SCOR Global Life. The assets remain with the originating ceding companies.

Business of this type which contains a specific economic risk in case of financial crisis is not within the usual scope of the SCOR Global Life underwriting policy. These treaties are all in run-off and, as at 31 December 2012, cover in total approximately 0.6 million policies written by two cedants. These treaties were issued mainly in the late 1990’s and incorporate various benefit types.

Different types of GMDBs are covered, including return of premium, ratchet, roll-up and reset. Guarantees that increase over time are, for a majority of the assumed business, only applied up to a certain age. This implies that SCOR Global Life will be released from the risk when the beneficiary reaches this age limit. See “Section 20.1.6 – Notes to the financial statements, Note 16 – Contract Liabilities.”

There are some risks which are specific to the GMDB portfolio. Due to the nature of the product, the remaining liability is influenced by developments on the financial markets, particularly changes in the price of equities and fixed income securities, fluctuations in interest rates, and the implied volatility on equity options. The liability is also dependent on policyholder behavior, particularly on the exercise of partial withdrawal options, but also on other aspects, such as lapse behavior and the use of options to choose the underlying funds. As a retrocessionaire, SCOR Global Life is exposed to uncertainties concerning data received from its retrocedants and the original ceding companies and also due to the inherent reporting lag. SCOR Global Life is also exposed to risks inherent to the model used for the assessment of the liability under its portfolio. More information about GMDB appears in “Section 20.1.6 – Notes to the financial statements, Note 16 – Contract Liabilities.”

There can be no assurance that SCOR’s GMDB portfolios will not deteriorate in the future, which could have a adverse effect on SCOR’s business, present and future revenues, net income, cash flows, financial position, and potentially, on the price of its securities.

See “Section 20 – Note 16, Contract liabilities – A. Guaranteed Minimum Death Benefit (GMDB)” for further information on risk mitigation actions.

C. SCOR is exposed to risks arising from its U.S. Non-Life subsidiaries

SCOR Non-Life ’s U.S. operations include both on-going and run-off portfolios. The latter principally consists of risks arising from various classes of insurance and reinsurance business written in the U.S. from the middle of the 1990’s to 2002 by SCOR Reinsurance Company ("SCOR Re U.S.") and General Security National Insurance Company (“GSNIC”), each a SCOR Group owned insurance company domiciled in the State of New York and in the Bermuda through Commercial Risk Partners Ltd. (“CRP”), a company absorbed by GSNIC in 2009. There can be no assurance that SCOR’s U.S. Non-Life subsidiaries will not face financial difficulties in the future. Today, discontinued business portfolios do not represent a material liability that is any greater than those associated with other entities of the Group.

4.1.5 IF SCOR’S RESERVES PROVE TO BE INADEQUATE, ITS NET INCOME, CASH FLOW AND FINANCIAL POSITION MAY BE ADVERSELY AFFECTED

SCOR is required to maintain reserves to cover its estimated ultimate liability for losses and loss adjustment expenses with respect to reported and unreported claims, incurred as at the end of each accounting period, net of estimated related recoveries. Its reserves are established both on the basis of information it receives from its cedant insurance companies, particularly their own reserving levels, as well as on the basis of its knowledge of the risks, the studies it conducts and the trends it observes on a regular basis. As part of the reserving process SCOR reviews, with the concerned insurers and co-insurers, available historical data and it tries to anticipate the impact of various factors such as change in laws and regulations and judicial decisions that may tend to affect potential losses from claims, changes in social and political attitudes that may increase exposure to losses and trends in mortality and morbidity, or evolution in general economic conditions.

As stated before, the Group’s reserves and policy pricing are based on a number of assumptions and on information provided by third parties, which, if incorrect and/or incomplete, could have an adverse effect on its business, present and future revenues, net income, cash flows, financial position, and potentially, on the price of its securities. Despite the audits it carries out on the companies with which it does business, and its frequent contacts with these companies, the Group is still dependent upon such companies' risk evaluations in establishing its reserves.

As is the case for all other reinsurers, the inherent uncertainties in estimating reserves are compounded by the significant periods of time that often elapse between the occurrence of an insured loss, the reporting of the loss to the primary insurer and ultimately to SCOR. In addition, reserving practices may differ among ceding companies.

Another factor of uncertainty resides in the fact that some of SCOR's businesses are "long-tail" in nature, in particular long term care, whole life products, term assurance, longevity, workers compensation, general liability, medical malpractice or those linked to environmental pollution or asbestos exposure. For some of these businesses, it has, in the past, been necessary for SCOR to revise estimated potential loss exposure and, therefore, to reinforce the related loss reserves.

Other factors of uncertainty, some of which have been mentioned above, are linked to changes in the law, regulations, case law and legal doctrines, as well as developments in class action litigation, particularly in the U.S.

As a consequence of the difficulties described above regarding the reserving of risks and their annual revision in Life and Non-Life, there can be no assurance that SCOR will not have to increase its reserves in the future, or that the reserves it constituted will be sufficient to meet all its future liabilities, which could materially impact its business, present and future revenues, net income, cash flows, financial position, and potentially, on the price of its securities.

See "Section 6.1.3.5 – Reserves.

4.1.6 SCOR MAY BE ADVERSELY AFFECTED IF ITS CEDANTS, RETROCESSIONAIRES, INSURERS OR MEMBERS OF POOLS IN WHICH IT PARTICIPATES DO NOT RESPECT THEIR OBLIGATIONS

SCOR is subject to a risk of possible non-payment of premiums due by the cedants and/or to the possible non-respect by one or several of its commercial partners, of their commitments to the Group.

The Group transfers a part of its exposure to certain risks to other reinsurers through retrocession arrangements. Under these arrangements, other reinsurers assume a portion of its losses and expenses associated with losses in exchange for a portion of premiums received. When SCOR obtains retrocession, it remains liable to its cedants for that part of the risk that is subsequently transferred to the retrocessionaire and it must meet its obligation even if the retrocessionaire does not meet its obligations to SCOR.

Similarly, when the Group transfers its own operational risks to insurers, it is subject to the risk of the insurers not respecting their obligations. See "Section 4.6 – Insurance of specific operational risks (excluding reinsurance activity)."

Thus, the non-respect of financial obligations, in particular the payment of premiums, return of funds withheld and payment of claims, of SCOR's cedants, retrocessionaires, insurers, or members of pools in which it participates could negatively affect its business, present and future revenues, net income, cash flows, financial position, and potentially, the price of its securities. The specific risk linked to the default of the retrocessionaires is provided in "Section 4.1.14 – SCOR is exposed to losses due to counterparty default risks or credit risks – B. Receivables from retrocessionaires."

4.1.7 SCOR OPERATES IN A HIGHLY COMPETITIVE SECTOR AND WOULD BE ADVERSELY AFFECTED BY LOSING COMPETITIVE ADVANTAGE OR IF ADVERSE EVENTS AFFECT THE REINSURANCE INDUSTRY

Reinsurance is a highly competitive sector. As is the case for all other reinsurers, SCOR's position in the reinsurance market is based on several factors, such as its financial strength as perceived by the rating agencies, its underwriting expertise, reputation and experience in the lines written, the countries in which it operates, the premiums charged, as well as the quality of the proposed reinsurance structures, the services offered among others in terms of claims payment. Nonetheless, the Group competes for business in the European, American, Asian and other international markets with numerous international and domestic reinsurance companies, some of which have a larger market share than ours, greater financial resources and, in certain cases, higher ratings from the rating agencies.

Therefore, SCOR remains exposed to the risk of losing its competitive advantage. In particular, when available reinsurance capacity is greater than the demand from ceding companies, its competitors, some of which have higher ratings than it does, may be better positioned to enter new contracts and gain market shares at its expense.

Furthermore, the Group's reputation can be affected by adverse events concerning competitors. For example competitors' bad results could have a significant impact on its business, present and future revenues, net income, cash flows, financial position, and potentially, on the price of its securities.

4.1.8 CONSOLIDATION IN THE INSURANCE INDUSTRY COULD ADVERSELY IMPACT SCOR

Insurance industry participants may seek to consolidate through mergers and acquisitions. These consolidated entities may use their enhanced market power and broader capital base to negotiate price reductions for SCOR's products and services, and reduce their use of reinsurance, and as such, the Group may experience price declines and possibly write less business. The occurrence of any of the foregoing could have a material and adverse effect on SCOR's business, present and future revenues, net income, cash flows, financial position, and potentially, on the price of its securities.

4.1.9 FINANCIAL RATINGS PLAY AN IMPORTANT ROLE IN SCOR'S BUSINESS

Financial ratings are very important to all reinsurance companies, including SCOR, as ceding companies wish to reinsure their risks with companies having a satisfactory financial position. The Group's Life reinsurance activities and the Business Solutions (large corporate accounts underwritten essentially on a facultative basis and occasionally as direct insurance) business area in Non-Life reinsurance are particularly sensitive to the way its existing and prospective clients perceive its financial strength notably through its ratings. This is also true for the reinsurance treaties business in Non-Life in the U.S. and U.K. markets. Some of reinsurance treaties, including the assumed retrocession treaties that were entered into with AEGON companies in the course of the acquisition of the mortality reinsurance business of Transamerica Re (see "Section 5.1.5 – Important events in the development of the issuer's business" for details on this acquisition), contain termination clauses triggered by ratings. Refer to "Section 4.1.10 – A significant portion of SCOR's contracts contain provisions relating to financial strength which could have an adverse effect on its portfolio of contracts and its financial position".

In addition, if SCOR's rating deteriorates, certain stand-by letter of credit facilities would require a higher level of collateralization and would increase the cost of the letters of credit. The timing of any review of the Group's financial ratings by the rating agencies is also very important to its business since the Non-Life contracts and treaties are renewed at various set times throughout the year.

Regarding the subordinated notes issued by SCOR SE, an equity credit has been assigned to certain notes in line with S&P existing methodology. A change in this methodology could lead to (i) a disqualification for equity credit of the notes and (ii) force SCOR SE to exercise the option that is offered in such case to redeem the notes. More information about subordinated debt appears in "Section 20.1.6 - Notes to the financial statements, Note 14 - Financial Debt."

Some of SCOR's cedants' credit models or reinsurance guidelines depend on their reinsurers' financial rating. If SCOR's rating deteriorates, cedants could be forced to increase their capital charge in respect of their counterparty risk on SCOR. This could lead to a loss of competitive advantage which, in turn, could significantly impact SCOR's revenues, net income, cash flow, financial position, and potentially, the price of its securities.

4.1.10 A SIGNIFICANT PORTION OF SCOR'S CONTRACTS CONTAIN PROVISIONS RELATING TO FINANCIAL STRENGTH WHICH COULD HAVE AN ADVERSE EFFECT ON ITS PORTFOLIO OF CONTRACTS AND ITS FINANCIAL POSITION

Many of SCOR's reinsurance treaties, notably in the U.S. and in Asia, and also increasingly in Europe, contain clauses concerning the financial strength of the Company and/or its operating subsidiaries having the contracts and beneficiating from the Group rating, and provide for the possibility of early termination for its cedants if the rating of such subsidiaries is downgraded, or when its net financial position falls below a certain threshold, or if it carries out a reduction in share capital. Accordingly, such events could allow some of SCOR's cedants to terminate their contract commitments, which could have a material adverse effect on its revenues, net income, cash flow, financial position, and potentially, on the price of its securities.

In the same way, many of the Group's reinsurance treaties contain a requirement for it to put in place letters of credit ("LOC") provisions, if the financial strength rating of the Company and/or its subsidiaries subsidiaries having the contracts and beneficiating from the Group rating deteriorates, the cedant has the right to draw down on a LOC issued by a bank in SCOR's name.

Banks providing such facilities usually ask SCOR to post collateral. Its value retained by the bank, which can be different from the market value since it includes haircuts, is at maximum equal to the amount of the LOC facility. In the case of a LOC being drawn by a cedant, the bank has the right to request a cash payment from this collateral, up to the amount drawn by the cedant. It enforces by offsetting the collateral the Group posted to such bank.

In the case of a large number of LOCs being drawn simultaneously, SCOR could encounter difficulties in providing the total amount of required cash or fungible assets, i.e. exposing it to a liquidity risk.

Moreover, some of SCOR's facilities contain conditions about its financial situation which, if not met, constitute a default and might result in the suspension of the use of current credit facilities and/or a prohibition on obtaining new lines of credit or result in the need to negotiate new LOC facilities under adverse conditions, which could have an adverse effect on its revenues, net income, cash flow and financial position, and potentially, the price of its securities.

For more details about the Group's lines of credit, refer to "Section 10 - Capital resources."

4.1.11 OPERATIONAL RISKS, INCLUDING HUMAN ERRORS OR COMPUTER SYSTEM FAILURE, ARE INHERENT IN SCOR'S BUSINESS

Operational risks are inherent in all businesses including SCOR's. Their causes are multiple and include, but are not limited to, poor management, employee fraud or errors, failure to document a transaction as required, failure to obtain required internal authorizations, non-compliance with regulatory or contractual obligations, information technology ("IT") system flaws, poor commercial performance or external events.

The failure to attract or retain the necessary personnel could have a material adverse effect on SCOR's results and/or financial condition. As a global financial services organization with a multi-centric management structure, the Group relies, to a considerable extent, on the quality of local management in the regions and countries in which it operates. The success of its operations is dependent, among other things, on its ability to attract and retain highly qualified professional people on a global scale. Competition for such key people in most countries in which it operates is intense. SCOR's ability to attract and retain key people, and in particular directors, experienced managers and investment managers, fund managers, underwriters and actuaries, is dependent on a number of factors, including prevailing market conditions and compensation packages offered by companies competing for the same talent. If SCOR is unable to attract or retain key personnel, this could have a material and adverse effect on its financial condition, results of operations and business.

The Group believes its modeling, underwriting, price calculation and information technology and application systems are critical to the operation of its businesses. Moreover, its proprietary technology and applications are an important part of the Group's underwriting and claims management processes and are a contributing factor to its competitiveness. It is, therefore, exposed to a major breakdown in its IT systems, outages, disruptions due to viruses, attacks by hackers and theft of data. SCOR is also exposed to risks relating to the integration of the underlying data of newly acquired companies into its operating and financial accounting IT systems.

A major defect or failure in SCOR's internal controls or IT and application systems could result in a loss of efficiency of its teams, harm to its reputation, increase in the risk of external fraud, or increased expense or financial loss.

The Group also uses certain licensed systems and data from third parties. It cannot be certain that its technology or applications owned or licensed will continue to operate as intended, or that they will continue to be compatible with each other, or that it will have access in the future to these or comparable licensors or service providers.

Some of SCOR's processes are partly or completely outsourced. Outsourcing can increase operational risk which could cause a significant impact on its results and/or reputation.

SCOR, as every company, must comply with laws and regulations. Furthermore, as an international Group, it must take into account international laws and regulations. The level of legal or regulatory requirements depends on the country and the legal structure of the entity. The risk is that it might not respect the level of required compliance appropriate to each location and legal structure. Its reputation could be affected.

For direct business, SCOR is subject to the laws, regulations and tax rules governing direct insurance which can create specific compliance risks (i.e. different from those relating to reinsurance business). Any violation of such laws and regulations could expose SCOR to legal risks or class actions.

In the case of medical underwriting (including SCOR Telemed, a subsidiary of SCOR Global Life), some information required from the policyholders may be confidential. SCOR Telemed is a dedicated tele-underwriting company. The company uses IT software to conduct telephone interviews and has a specialized underwriting system to assess individual risks. There is a risk regarding compliance with data privacy laws in force in each country.

An operational risk failure, in particular the failure of internal control procedures, could have an adverse impact on the Group's business, present and future revenues, net income, cash flows, financial position, and potentially, on the price of its securities.

See "Appendix B – II. Internal control and risk management procedures, C. Principal activities and participants of risk control" for further information on risk mitigation actions.

4.1.12 SCOR'S RISK MANAGEMENT POLICIES AND PROCEDURES MAY LEAVE IT EXPOSED TO UNIDENTIFIED OR UNANTICIPATED RISK, WHICH COULD NEGATIVELY AFFECT ITS BUSINESS

Risk management requires, among other things, policies and procedures to record properly and verify a large number of transactions and events. SCOR's risk management policies and procedures may not be sufficient. Many of its methods for managing risk and exposures are based upon the use of observed historical market behavior or statistics based on historical models. As a result, these methods may not fully predict future exposures, which can be significantly greater than the historical measures indicate, particularly in unusual markets and environments. Other risk management methods depend upon the evaluation of information regarding markets, clients, catastrophe occurrence or other matters that is publicly available or otherwise accessible to SCOR. This information may not always be accurate, complete, up-to-date or properly evaluated. Furthermore, the Group cannot exclude the possibility of exceeding SCOR's risk tolerance limits due to an incorrect estimation of its risks and exposures. If its policies and procedures prove to be insufficient, the business, present and future revenues, net income, cash flows, financial position, and potentially, the price of its securities could be materially and adversely affected.

See "Appendix B – II. Internal control and risk management procedures, C. Principal activities and participants of risk control" for further information on risk mitigation actions.

4.1.13 SCOR IS EXPOSED TO RISKS RELATED TO ITS ACQUISITIONS

In recent years, SCOR has completed a number of acquisitions around the world. The Group may make further acquisitions in the future. Growth by acquisition involves risks that could adversely affect its operating results, including the substantial amount of management time that may be diverted from operations to pursue and complete acquisitions. Acquisitions could also result in the incurrence of additional indebtedness, costs, contingent liabilities, and impairment and amortization expenses related to goodwill and other intangible assets, all of which could materially adversely affect SCOR's businesses, financial condition and results of operations. Future acquisitions may have a dilutive effect on the ownership and voting percentages of existing shareholders. The Group may also finance future acquisitions with debt issuances or by entering into credit facilities, each of which could adversely affect its business, present and future revenues, net income, cash flows, financial position, and potentially, the price of its securities.

In addition, acquisitions may expose SCOR to operational challenges and various risks, including:

- the ability to integrate the acquired business operations and data with its systems;
- the availability of funding sufficient to meet increased capital needs;
- the obligation to comply with new regulatory requirements;
- the ability to fund cash flow shortages that may occur if anticipated revenues are not realized or are delayed, whether by general economic or market conditions or unforeseen internal difficulties; and
- the possibility that the value of investments acquired in an acquisition, may be lower than expected or may diminish due to credit defaults or changes in interest rates and that liabilities assumed may be greater than expected (due to, among other factors, less favorable than expected mortality or morbidity experience, or increase reserving of long tail lines of business).

A failure to successfully manage the operational challenges and risks associated with or resulting from acquisitions could adversely affect SCOR's business, present and future revenues, net income, cash flows, financial position, and potentially, the price of its securities.

The businesses SCOR has recently acquired are described in "Section 5 – Information about the issuer, 5.1.5 Important events in the development of the issuer's business."

Specific risks relating to the acquired businesses are as follows:

A. The integration of the acquired activities may prove to be difficult

The success of SCOR's business combinations will be assessed with regards to the success of the integration within the Group. Subsequently, integrations may take longer or may be more difficult than expected. The success of integrations will depend, notably, on the ability to maintain the former client base to coordinate development efforts effectively, at the operational and commercial levels among others, and to streamline and/or integrate the information systems and internal procedures and the ability to retain key employees. Difficulties encountered in integrations could entail higher integration costs and/or less significant savings or fewer synergies than expected.

SCOR is also exposed to risks relating to the integration of the underlying data of newly acquired companies into its operating and financial accounting systems.

B. An insolvency of AEGON might impair the value of business acquired (value-of inforce) of SCOR Global Life

Since August 2011, the majority of the mortality reinsurance business in the United States of the former Transamerica Reinsurance Co. ("Transamerica Re") flows into SCOR via retrocession from AEGON companies. As long as underlying reinsurance agreements between cedants and AEGON companies are not novated, an AEGON insolvency might lead to premiums from clients no longer being passed on to SCOR, and thus potentially impair the value of business acquired ("VOBA") (value of inforce) and have a significantly negative impact on SCOR's business, present and future revenues, net income, cash flows, financial position, and potentially, on the price of its securities.

C. Certain risks relating to acquired companies may not yet be known

Due notably to the size and complexities of acquisitions and despite pre-acquisition due diligence work carried out (SCOR not having always been granted complete access to exhaustive data at the time of the acquisition) and the integration work performed to date, there is a risk that all financial elements may not have been fully and/or correctly evaluated or unknown or unexpected financial risks emerge, which may have significant consequences on the initially estimated impact of the relevant acquisition on the combined Group.

D. SCOR could be exposed, due to acquired companies, to certain litigation matters

SCOR could have to assume the burden of the litigation matters of acquired companies or relating to those acquisitions. The costs of these litigation matters could have an adverse effect on its future operating income and an unfavorable outcome to one or more of these litigation matters could have a material adverse effect on revenues, net income, cash flow and financial position. For further details, refer to "Section 20.1.6 – Notes to the financial statements, Note 27 – Litigation" and "Section 4.4.7 – SCOR is exposed to certain litigation matters."

SCOR remains committed to exploring acquisition opportunities which may present themselves and which would be likely to deliver value for shareholders, and will rely on the consistent application of its strategic plans.

4.1.14 SCOR IS EXPOSED TO LOSSES DUE TO COUNTERPARTY DEFAULT RISKS OR CREDIT RISKS

SCOR is mainly exposed to the following credit risks:

A. Bond portfolios

Credit risks on fixed and variable income securities cover two areas at risk.

Firstly, a deterioration in the financial situation of an issuer (sovereign, public or private) may result in an increase in the relative cost of refinancing and a reduction in the liquidity of the securities issued leading to a reduction in the value of such securitiets. Secondly, the borrower's financial situation can cause it to become insolvent and lead to the partial or total loss of coupons and of the principal the Group invested.

The risk of losing all or part of bonds the Group owns could have a material adverse impact on its business, present and future revenues, net income, cash flows, financial position, and potentially, on the price of its securities.

B. Receivables from retrocessionaires

SCOR transfers part of its risks to retrocessionaires via retrocession programs. The retrocessionaires then assume, in exchange for the payment of premiums by SCOR, the losses related to claims covered by the retrocession contracts. In the event of default of a retrocessionaire, SCOR would be liable to lose the coverage provided by its retrocessionaire whereas it would retain liability to the cedant for the payment of all claims covered under the reinsurance contract.

Moreover, the Group is exposed to a credit risk in the event of a payment default by the retrocessionaires of the balance of the profit and loss retrocession account due in respect of its cession.

The risk of non-performance of retrocessionaire undertakings is set out in "Section 4.1.6 – SCOR may be adversely affected by its cedants, retrocessionaires, insurers or members of pools in which it participates do not respect their obligations."

The retrocessionaires' part in the reserves split by retrocessionaires' financial rating is included in "Section 20.1.6 – Notes to the financial statements, Note 16 – Contract Liabilities."

In spite of the measures to control and reduce the risk of defaults of its retrocessionaires, the occurrence of one or more of such default could have a material adverse impact on SCOR's business, its present and future premium income, its net income, its cash flows, its financial position, and potentially on the price of its securities.

C. Receivables and deposits with cedants

There are three aspects of credit risk related to contracts with cedants.

Firstly, SCOR may be exposed to credit risk in relation to amounts deposited with ceding companies in respect of reserves which cover its current and future liabilities. Depositing these amounts does not a priori discharge the Group of its liability towards cedants in case it is not able to recover these amounts in the event of default of cedants.

Secondly, SCOR is exposed to a credit risk in the event of a payment default by the cedants of the balance of the profit and loss reinsurance account due under its acceptance of a portion of their risks.

Thirdly, SCOR is exposed to a credit risk in the event of a payment default by the cedants of the premiums due under its acceptance of a portion of their risks. In cases where such an event does not lead to termination of the reinsurance contract, any offset between contractual obligations between the two parties is dependent on court decisions, and it is possible that the Group will remain liable for paying claims without being able to offset the unpaid premiums.

Thus, the inability of its cedants to fulfill their financial obligations could affect SCOR's current and future revenues, net income, cash flow, financial position, and potentially the price of its securities.

D. Receivables from non-(re)insurance debtors

SCOR is exposed to a credit risk in the event of a payment default by a debtor not linked to the Group by a reinsurance or retrocession treaty. This can be, for instance, advances to providers, social security contribution collection agencies or states, or loans to employees, etc.

The risk of losing all or part of receivables the Group owns could have a material adverse impact on its business, present and future revenues, net income, cash flows, financial position, and potentially, on the price of its securities.

E. Cash deposits at banks

SCOR is exposed to the risk of losing all or part of any cash deposited with a retail bank in the event such a bank is no longer able to honor its commitments (e.g., following liquidation).

The current main risk for the Group is the significant concentration of deposits in a small number of banks. This risk is a direct result of the selection of the most stable banks.

The inability of one or several banks to return its deposits to SCOR could have a material adverse impact on its business, present and future revenues, net income, cash flows, financial position, and potentially, on the price of its securities.

F. Deposits with custodians

As part of the management of its investment portfolio, SCOR deposits the securities it owns with a number of approved custodians. In the case of default of a custodian, depending on the local regulation applicable to the custodian, all or part of these securities could become blocked.

The risk of losing all or part of securities the Group owns could have a material adverse impact on its business, present and future revenues, net income, cash flows, financial position, and potentially, on the price of its securities.

G. Credit & Surety

SCOR is exposed to credit risk through its Credit & Surety portfolio. By reinsuring the liabilities of its clients, which are insurers providing surety bonds and/or credit insurance policies, the Group must indemnify its ceding companies, for the portion that it reinsures, in the event of the default of companies on which its ceding companies are exposed.

This business is situated in many countries, and across a diverse range of risks, cedants and activity sectors.

Multiple defaults of companies (or in the event of the default of a major company) on which the ceding companies are exposed could have a material adverse impact on SCOR's business, present and future revenues, net income, cash flows, financial position, and potentially, on the price of its securities.

H. Future profits of Life reinsurance treaties

Credit risk on future profits from Life reinsurance policies arises from two risk factors.

First of all, the payment of future profits expected under Life reinsurance contracts necessarily implies that the cedant is solvent: for this reason, SCOR risks a reduction in the value of its portfolio of Life contracts in the event of a deterioration in the financial strength of the cedant. In such a case, it is possible that the VOBA and deferred acquisition costs ("DAC") may as a consequence need to be written down and as a consequence, its shareholders' equity would be reduced accordingly.

In particular this affects the US book of business acquired in the course of the Transamerica Re acquisition. The majority of the former Transamerica Re's reinsurance contracts flow into SCOR via retrocession from Aegon companies. An AEGON insolvency might lead to premiums from clients no longer being passed on to SCOR, and thus potentially impair the value of business acquired ("VOBA").Secondly, a reduction in the value of future profits could arise from a massive unexpected lapsation of policies following a deterioration of the cedant's financial rating or an event which has a negative effect on SCOR's image.

The Group, therefore, has exposure to a credit risk linked to the insolvency and to the image of its cedants, which, if this were to occur, could have an adverse impact upon its business, present and future revenues, net income, cash flows, financial position, and potentially, on the price of its securities

For further details on the impact of the assessment of intangible assets upon SCOR's results, see "Section 4.2.5 – The valuation of SCOR's intangible assets and deferred tax assets may significantly affect its shareholders' equity and the price of its securities" and "Section 20.1.6 – Notes to the financial statements, Note 4 – Intangible Assets."

I. Default of pool members

SCOR participates, for certain risk categories that are material (particularly terrorist risks), in various groups of insurers and reinsurers ("pools") aimed at pooling the relevant risks among the members of each group. In the event of a total or partial default by one of the members of a group, it could be required to assume, in the event of joint liability of the members, all or part of the liabilities of the defaulting member. In such a case, its business, present and future revenues, net income, cash flows, financial position, and potentially, the price of its securities could be adversely impacted.

For further details, refer to "Section 4.1.3 – SCOR could be subject to losses as a result of its exposure to terrorism."

J. Risk of accumulation of the above risks

The aforementioned risks could accumulate in either a single counterparty, in the same sector of activity or the same country.

See "Section 20 – Note 26, Insurance and financial risk – Credit risk" for further information on risk mitigation actions.

4.1.15 SCOR IS EXPOSED TO THE RISK OF NO LONGER BEING ABLE TO RETROCEDE LIABILITIES ON ECONOMICALLY VIABLE TERMS AND CONDITIONS

Some capacities SCOR offers are not achievable solely with its current available capital. These capacities (mainly catastrophic and large risks) rely on retrocession whereby it purchases, mainly on a one-year basis, additional resources (retrocession) that allows the Group to provide capacity to its clients. SCOR tries to reduce its dependence vis-à-vis the traditional reinsurance market by entering into alternative risk transfer solutions (e.g. the multi-year securitization of catastrophic risk in the form of Insurance-Linked Securities ("ILS") and mortality swaps and the issuance of contingent capital securities). For more information on SCOR's securitization of catastrophic risk and issuance of contingent capital securities, see "Section 6 – Business Overview, 6.1.4 Capital shield policy". Nevertheless, SCOR is exposed to the risk that it may not be able to retrocede liabilities on economically viable terms and conditions.

4.1.16 SCOR IS EXPOSED TO AN INCREASE IN THE RATE OF GENERAL INFLATION AND TO INCREASED INFLATIONARY EXPECTATIONS

The Group's liabilities are exposed to an increase in the rate of general inflation (prices and salaries) which would require an increase in the value of non-life reserves, in particular in respect of long-tail business, e.g., general liability (medical among others) and motor bodily injury claims. In addition, SCOR is exposed to claims inflation over and above general inflation and in particular to the inflation of court awards in respect of general liability and bodily injury claims.

SCOR's assets are exposed to increased inflation or inflationary expectations, which would be accompanied by a rise in the yield curve with a consequent reduction in the market value of the fixed income portfolios. A further impact of increased inflation could be on the solvency of bond issuers; a widening of credit spreads would lead to a loss of value for the issuers' bonds. Finally, depending on the macroeconomic environment, an increase in inflation could also reduce the value of its equities portfolio. Any negative fluctuations in equity values would lead to a similar decrease in the shareholders' equity.

In conclusion, inflation would have a significant negative impact on SCOR's business, present and future revenues, net income, cash flows, financial position, and potentially, on the price of its securities.

See "Section 20 – Note 26, Insurance and financial risk – Market risk" for further information on risk mitigation actions.

4.2 Market risk

4.2.1 SCOR FACES RISKS RELATED TO ITS FIXED INCOME INVESTMENT PORTFOLIO

A. SCOR is exposed to interest rate risks

Interest rate fluctuations have direct consequences on the market value of SCOR's fixed income investments and therefore on the level of unrealized capital gains or losses of the fixed-income securities held in its portfolio. The return on the securities held also depends on changes in interest rates. Interest rates are very sensitive to a number of external factors, including monetary and budgetary policies, the national and international economic and political environment, and the risk aversion of economic agents.

During periods of declining interest rates, income from investments is likely to fall due to investment of net cash flows at rates lower than those of the existing portfolio (dilutive effect of new investments). During such periods, there is therefore a risk that SCOR's return on equity objectives are not met. In addition, in these periods of declining interest rates, fixed-income securities are more likely to be redeemed early in cases where bond issuers benefit from an early redemption option and can borrow at lower interest rates. Consequently the probability of needing to reinvest the proceeds at lower interest rates is increased.

On the other hand, an increase in interest rates and/or fluctuations in the capital markets could lead to a fall in the market value of fixed income securities that SCOR holds. In the case of a need for cash, SCOR may be obliged to sell fixed income securities, possibly resulting in capital losses to the Group.

The Group analyses the impact of a major change in interest rates on each of its investment portfolios and at the global level. Here, it identifies the unrealized capital loss that would result from a rise in interest rates. The instantaneous unrealized capital loss is measured for a uniform increase of 100 basis points in rates or in the event of a distortion of the structure of the yield curve. Portfolio sensitivity analysis to interest rate changes is an important risk measurement and management tool which may lead to decisions for reallocation or hedging.

However, there can be no assurance that its risk management measures and sensitivity analysis will be sufficient to protect the Group against all the risks related to variations in interest rates.

For information on the maturities of financial assets and liabilities, related interest rates and sensitivities to interest rate fluctuations as well as the allocation of the fixed income securities portfolio by rating of the issuer, see "Section 20.1.6 – Notes to the financial statements, Note 26 – Insurance and Financial Risk."

B. Credit spread risk

Credit spread variations have a direct impact on the market value of the fixed-income securities, and as a consequence, on the unrealized capital gains or losses of the fixed-income securities held in portfolio.

Credit spreads vary notably due to changes in the counterparty risk of an issuer and in the liquidity of the securities. Some securities's valuations, like corporate bonds or structured products, rely on assumptions and estimations which can fluctuate from one period to another due to market conditions.

See "Section 4.1.14 – SCOR is exposed to losses due to counterparty default risks or credit risks – A. Fixed income portfolios."

See "Section 20 – Note 26, Insurance and financial risk – Market risk" for further information on risk mitigation actions.

4.2.2 SCOR FACES RISKS RELATED TO ITS EQUITY-BASED PORTFOLIO

SCOR is also exposed to equity price risk. A widespread and sustained decline in the equity markets could result in an impairment of its equity portfolio. Such an impairment could affect its net income.

The Group's exposure to the equity market results both from direct purchases and through certain (re)insurance products including GMDB business. See "Section 4.1.4 – SCOR could be subject to increased reserves from business that it does not actively underwrite."

Equity prices are likely to be affected by risks which affect all of the market (uncertainty on economic conditions in general, such as changes in gross domestic product ("GDP"), inflation, interest rates, sovereign risk, etc.) and/or by risks which influence a single asset or a small number of assets (specific or idiosyncratic risk).

The impact of a uniform drop of 10% in equity markets is included in "Section 20.1.6 – Notes to the financial statements, Note 26 – Insurance and Financial Risk."

SCOR is, therefore, exposed to a risk of capital losses on its equity exposures - if it were to occur - which could adversely impact its business, present and future revenues, net income, cash flows, financial position, and potentially, the price of its securities.

See "Section 20 – Note 26, Insurance and financial risk – Market risk" for further information on risk mitigation actions.

4.2.3 SCOR IS EXPOSED TO OTHER RISKS ARISING FROM THE INVESTMENTS IT OWNS

A. Valuation risk

Some financial instruments do not have a sufficient and recurrent number of transactions to allow valuation with reference to a market price and therefore need to be valued using an appropriate model. There is a risk that the price provided by the model is noticeably different from the price which would be observed in the event of rapid disposal of the financial instrument, which could have an adverse effect on SCOR's financial position. This risk is higher for non-listed assets, structured products (e.g. asset backed securities, collateralized debt obligations, collateralized loan obligations, collateralized mortgage obligations, commercial mortgage backed securities, residential mortgage backed securities, structured notes, etc.) on the loans and on the alternative investment portfolio (e.g. hedge funds, infrastructure, commodities, private equity, etc.).

For further details on valuation, refer to "Section 20.1.6 – Notes to the financial statements, Note 6 – Insurance Business Investments." See also "Section 4.2.5 – The valuation of SCOR's intangible assets and deferred tax assets may significantly affect its shareholders' equity and the price of its securities."

B. Market disruption

The financial markets context remains uncertain and exposes SCOR to significant financial risks linked to changes in macroeconomic variables, inflation, interest rates and sovereign debts, credit spreads, equity markets, commodities, exchange rates and real estate securities but also to changes in the models used by the rating agencies. Due to the current economic and financial environment, the Group may also be faced with the deterioration of the financial strength or rating of some issuers.

C. Real estate risks

The rental income of the property portfolio is exposed to the variation of the indices on which the rents are indexed (for instance in France, the Construction Cost Index) as well as risks related to the rental market (changes in supply and demand, changes in vacancy rates, impact on market rental values or rent renewals) and the default of lessees.

The value of property assets, owned directly or through funds, is exposed to changes in the investment market itself (changes in interest rates, liquidity) but potentially also to the risk of regulatory obsolescence of properties (regulatory developments related to the accessibility of buildings for handicapped people, on the reduction of energy consumption and the production of carbon dioxide, etc.) which would lead to losses of value in the event of a sale of the assets or to additional expenditure to restore the value of the property.

D. "Side Pockets" or "gates"

SCOR holds shares of private equity or hedge funds or funds of funds in its alternative assets portfolio. Some of these funds have the possibility to temporarily restrict the liquidity of these shares pursuant to restrictions that are commonly referred to as "side pockets" or "gates." The Group does not hold a material portfolio of such assets.

The occurrence of one or more of the above risks could have a material adverse impact on SCOR's business, present and future revenues, net income, cash flows, financial position, and potentially, on the price of its securities.

See "Section 20 – Note 26, Insurance and financial risk – Market risk" for further information on risk mitigation actions.

E. Insurance Risks

SCOR holds in its investment portfolio a some securities related to insurance risks (e.g. Insurance Linked Securities (ILS)). These securities can be indexed bonds ("CAT bonds"), Over-The-Counter (OTC) (e.g. Insurance Loss Warranty

(ILW) or collateralized reinsurance). Such securities could be impacted by the occurrence of insurance risks (e.g. natural catastrophe, mortality,…) that could significantly result in changes in value, or even possibility the full loss of the invested amount. These risks could also have a significant impact on the liquidity of such securities.

4.2.4 SCOR IS EXPOSED TO FOREIGN CURRENCY EXCHANGE RATE FLUCTUATIONS

Currency risk is the risk that the fair value or future cash flows of a financial instrument or balance sheet amount will fluctuate because of changes in foreign exchange rates. The following types of foreign exchange risk have been identified by SCOR:

A. Transaction risk

Fluctuations in exchange rates can have consequences on SCOR's reported net income because of the conversion results of transactions expressed in foreign currencies, the settlement of balances denominated in foreign currencies and the lack of perfect matching between monetary assets and liabilities in foreign currencies.

B. Translation risk

SCOR publishes its consolidated financial statements in Euros, but a significant part of its income and expenses, as well as its assets and liabilities, are denominated in currencies other than the Euro. Consequently, fluctuations in the exchange rates used to convert these currencies into Euros may have a significant impact on its reported net income and net equity from year to year.

SCOR's main non-French legal entities are located in Switzerland, the Americas, the U.K. and Asia Pacific. The shareholders' equity of these entities is denominated mainly in Euros, U.S. dollars, Canadian dollars or British pounds.

As a result, changes in the exchange rates used to convert foreign currencies into Euros, particularly the fluctuation of the U.S. dollar against the Euro, have had and may have in the future, an adverse effect on the Group's consolidated shareholders' equity. SCOR does not fully hedge its exposure to this risk. The impact of the fluctuation in the exchange rates used to translate foreign currencies into Euros on its consolidated shareholders' equity is described in "Section 20.1.5 – Consolidated Statements of Changes in Shareholders' Equity."

SCOR has issued debt instruments in currencies other than the Euro, currently U.S. dollars and Swiss Francs, and to the extent that these are not used as a hedge against foreign currency investments, it is similarly exposed to fluctuations in exchange rates.

Forward sales and purchases of currencies are included in "Section 20.1.6 – Notes to the financial statements, Note 8 – Derivative Instruments."

Some events, such as catastrophes, can have an impact on the matching of assets and liabilities in a currency, which can generate a temporary unmatched position which is not covered by currency contracts or hedges.

For the consolidated net position of assets and liabilities by currency, and for an analysis of sensitivity to exchange rates, refer to "Section 20.1.6 – Notes to the financial statements, Note 26 – Insurance and Financial Risk."

In spite of the measures to control and reduce SCOR's exposure to fluctuations of exchange rates of major currencies, such fluctuation could have a material adverse impact on its business, present and future revenues, net income, cash flows, financial position, and potentially, on the price of its securities.

4.2.5 THE VALUATION OF SCOR'S INTANGIBLE ASSETS AND DEFERRED TAX ASSETS MAY SIGNIFICANTLY AFFECT ITS SHAREHOLDERS' EQUITY AND THE PRICE OF ITS SECURITIES

A significant portion of SCOR's assets consists of intangible assets, the value of which depends on its expected future profitability and cash flow. The valuation of intangible assets also assumes that the Group is making subjective and complex judgments concerning items that are uncertain by nature. If a change were to occur in the assumptions underlying the valuation of its intangible assets (including goodwill, VOBA and DAC), SCOR would have to reduce their value, in whole or in part, thereby reducing shareholders' equity and its results.

The recognition of deferred tax assets, i.e., the likelihood of recognizing sufficient profits in the future to offset losses, depends on applicable tax laws and accounting methods as well as the performance of each entity concerned. The occurrence of events, such as changes in tax legislation or accounting methods, operational earnings lower than currently projected or losses continuing over a longer period than originally planned could lead to the derecognition of part or all of the deferred tax assets.

Acquisition costs, including commissions and underwriting costs, as well as the VOBA for life reinsurance, and the contractual rights with clients are recognized as assets subject to the profitability of the contracts. They are amortized on the basis of the residual term of the contracts in Non-Life, and on the basis of the pattern of recognition of future margins for Life contracts. As a result, the assumptions considered concerning the recoverable nature of the deferred acquisition costs, are affected by factors such as operating results and market conditions. If the assumptions for recoverability of DAC or VOBA are no longer appropriate, it would then be necessary to accelerate amortization.

Details of intangible assets, related impairment testing policy and recent acquisitions is included in "Section 20.1.6 – Notes to the financial statements, Note 1 – Accounting Principles and Methods; Note 3 – Acquisitions; Note 4 – Intangible Assets; and Note 19 – Income Tax."

Considering the above, SCOR is exposed to the risks related to the assessment of impairment of intangible assets and derecognition of deferred tax assets, given that such assessments are notably based on assumptions and subjective opinions. Those assessments, if they were to be revised, could have a material adverse impact on SCOR's business, present and future revenues, net income, cash flows, financial position, and potentially, on the price of its securities.

4.3 Liquidity risk

The Group undertakes specific reviews of its liquidity risk and considers it is able to face forthcoming settlement dates. Forthcoming settlement dates are estimated based on reasonable hypotheses and are composed of the following: incurred and future claims, re-insurance commissions, profit sharing granted to cedants, payments to suppliers, operating expenses, and other settlements, for which related amounts are not material for the analysis of the liquidity risk.

4.3.1 SCOR FACES LIQUIDITY REQUIREMENTS IN THE SHORT TO MEDIUM TERM IN ORDER TO COVER, FOR EXAMPLE, CLAIMS PAYMENTS, OPERATIONAL EXPENSES AND DEBT REDEMPTIONS. IN THE CASE OF CATASTROPHE CLAIMS, IN PARTICULAR, IT MAY NEED TO SETTLE AMOUNTS WHICH EXCEED THE AMOUNT OF AVAILABLE LIQUIDITY

SCOR needs liquidity to pay its operating expenses, interest on its debt and dividends on its capital stock, and replace certain maturing liabilities. Without sufficient liquidity, the Group may be forced to curtail its operations, and business will suffer. The principal internal sources of the Group's liquidity are insurance premiums, cash flow from its investment portfolio and other assets, consisting mainly of cash or assets that are readily convertible into cash.

Liquidity risk is increased in situations of market disruption as SCOR may need to sell a significant portion of its assets quickly and at unfavorable terms. Additional information on the Group's liquid assets is included in "Section 20.1.6 – Notes to financial statements, Note 6 – Insurance Business Investments."

Some facilities SCOR uses to grant letters of credit to cedants require a 100% collateral in case of non-compliance with financial covenants or in case of a decrease in the Group's financial strength rating. Significant changes in the Group's solvency or rating could force it to collateralize these facilities at 100%, which would thus result in a deterioration of its liquidity level. Additional information on SCOR's letter of credit facilities is included in "Section 20.1.6 - Notes to financial statements, Note 25 – Commitments Received and Granted."

Considering the above, SCOR is exposed to risks of short-term or medium-term payouts, and it cannot be guaranteed that it will not be exposed to such risks in the future, which could have a material adverse impact on its business, present and future revenues, net income, cash flows, financial position, and potentially, on the price of its securities.

Additional information on the timing of repayments is included in "Section 20.1.6 – Notes to the consolidated financial statements, Note 26 – Insurance and Financial Risk."

4.3.2 ADVERSE CAPITAL AND CREDIT MARKET CONDITIONS MAY SIGNIFICANTLY AFFECT SCOR'S ABILITY TO ACCESS CAPITAL AND/OR LIQUIDITY OR INCREASE THE COST OF CAPITAL

The capital and credit markets have been experiencing extreme volatility and disruption. In some cases, the markets have exerted downward pressure on availability of liquidity and credit capacity for certain issuers.

External sources of liquidity in normal markets include a variety of short- and long-term instruments, including repurchase agreements, commercial paper, medium- and long-term debt, junior subordinated debt securities, capital securities and stockholders' equity.

In the event current internal and/or external resources do not satisfy its needs, SCOR may have to seek additional financing. The availability of additional financing will depend on a variety of factors such as market conditions, the general availability of credit, the volume of trading activities, the overall availability of credit to the financial services industry, its credit ratings and credit capacity, as well as the possibility that customers or lenders could develop a negative perception of its long- or short-term financial prospects if the Group incurs large investment losses or if the level of its business activity decrease due to a market downturn. Similarly, access to funds may be impaired if regulatory authorities or rating agencies take negative actions against SCOR. Internal sources of liquidity may prove to be insufficient, and in such case, SCOR may not be able to successfully obtain additional financing on favorable terms, or at all.

Disruptions, uncertainty or volatility in the capital and credit markets may also limit the Group's access to capital required to operate its business, most significantly its insurance operations. Such market conditions may limit its ability to :

- replace, in a timely manner, maturing liabilities;
- satisfy statutory capital requirements;

- generate fee income and market-related revenue to meet liquidity needs;
- access the capital necessary to grow its business.

As such, SCOR may be forced to delay raising capital, issue shorter term securities than it prefers, or bear an unattractive cost of capital which could decrease its profitability and significantly reduce its financial flexibility. The group's results of operations, financial condition, cash flows and statutory capital position could be materially adversely affected by disruptions in the financial markets.

4.4 Legal risk

4.4.1 SCOR IS EXPOSED TO RISKS RELATED TO LEGISLATIVE AND REGULATORY CHANGES AND POLITICAL, LEGISLATIVE, REGULATORY OR PROFESSIONAL INITIATIVES CONCERNING THE INSURANCE AND REINSURANCE SECTOR, WHICH COULD HAVE ADVERSE CONSEQUENCES FOR ITS BUSINESS AND ITS SECTOR

The operations of the Group and its subsidiaries are subject to regulatory requirements within the jurisdictions where they operate. Such regulations not only prescribe the approval and monitoring of activities, but also impose certain restrictive provisions (e.g., statutory capital adequacy) to meet unforeseen liabilities as these arise, in order to minimize the risk of default and insolvency.

As at this date, SCOR is subject to comprehensive and detailed regulations and to the supervision of the insurance and reinsurance regulatory authorities in all countries in which it operates. Changes in existing laws and regulations may affect the way in which it conduct its business and the products it may offer or the amount of reserves to be posted, including on claims already declared. Insurance and reinsurance supervisory authorities have broad administrative power over many aspects of the reinsurance industry and SCOR cannot predict the timing or form of any future regulatory initiatives. Furthermore, these authorities are concerned primarily with the protection of policyholders and policy beneficiaries, rather than shareholders or creditors. The diversity of the regulations to which the Group is subject has been substantially reduced by the implementation into French law of Directive n. 2005/68/EC (the "2005 Directive") dated 16 November 2005, by ordinance n. 2008-556 of 13 June 2008 and application decrees n. 2008-711 of 17 July 2008 and n. 2008-1154 of 7 November 2008, as well as a regulation (arrêté) of 7 November 2008. The 2005 Directive prescribes the application of a "single passport" and confers the supervision of EU reinsurance companies upon the supervisory authorities of the headquarters of the company. This should simplify and clarify the supervisory conditions applicable to the Group, in the EU at least. Moreover the 2005 Directive, implemented into national law, establishes regulations relating to reserves and to the Life and Non-Life solvency margins applicable to the Group as at 2008 in France and in all European countries. The 2005 Directive defines minimal conditions common to all member States of the European Union, and gives national legislators the option to set more stringent requirements. The national provisions adopted for the implementation of this Directive and their interpretations, as well as other legislative or regulatory changes, increase the harmonization of regulations governing reinsurers with the regulations governing insurers. These new regulations may increase solvency margin obligations, thereby restricting SCOR's underwriting capacity.

The reinsurance sector has been exposed in the past –and may be in the future – to involvement in legal proceedings, regulatory inquiries and actions by various administrative and regulatory authorities, as well as to regulation concerning certain practices used in the insurance sector. This involvement notably concerned agreements over the payment of "contingency commissions" by insurance companies to their agents or brokers and the consequences of such payments on competition between insurance operators, as well as the accounting of various alternative risk transfer products.

In addition to this, the public authorities in the U.S. and the rest of the world are closely examining the potential risks presented by the reinsurance sector as a whole, as well as their consequences on commercial and financial systems in general.

Adverse changes in laws or regulations or an adverse outcome of these proceedings could have adverse effects on SCOR's business, present and future revenues, net income, cash flows, financial position, and potentially, on the price of its securities.

See "Appendix B – II. Internal control and risk management procedures, C. Principal activities and participants of risk control" for further information on risk mitigation actions.

4.4.2 INCONSISTENT APPLICATION OF EU DIRECTIVES BY REGULATORS IN DIFFERENT EU MEMBER STATES MAY PLACE SCOR'S BUSINESS AT A COMPETITIVE DISADVANTAGE TO OTHER EUROPEAN FINANCIAL SERVICES GROUPS

Insurance regulation in France is largely based on the requirements of EU Directives. Inconsistent application of directives by regulators in different EU member states may place SCOR's business at a competitive disadvantage to other European financial services groups. In addition, changes in the local regulatory regimes of designated territories could affect the calculation of its solvency position and have a material adverse impact on SCOR's business, present and future revenues, net income, cash flows, financial position, and potentially, on the price of its securities.

See "Appendix B – II. Internal control and risk management procedures, C. Principal activities and participants of risk control" for further information on risk mitigation actions.

4.4.3 CHANGES IN CURRENT ACCOUNTING PRACTICES AND FUTURE PRONOUNCEMENTS MAY MATERIALLY IMPACT SCOR'S REPORTED FINANCIAL RESULTS

Unanticipated developments in accounting practices may require SCOR to incur considerable additional expenses to comply with such developments, particularly if it is required to prepare information relating to prior periods for comparative purposes or to apply the new requirements retroactively. The impact of potential changes in accounting practices cannot be predicted but may affect the calculation of net income, net equity and other relevant financial statement line items and the timing of when impairments and other charges are tested or taken. In particular, recent guidance and ongoing projects put in place by standard setters globally have indicated a possible move away from the current insurance accounting models toward more "fair value" based models which could introduce significant volatility in the earnings of insurance industry participants. This could have a material adverse impact on SCOR's business, present and future revenues, net income, cash flows, financial position, and potentially, on the price of its securities.

See "Appendix B – II. Internal control and risk management procedures, C. Principal activities and participants of risk control" for further information on risk mitigation actions.

4.4.4 IN 2010, THE U.S. CONGRESS ENACTED THE DODD FRANK WALL STREET REFORM AND CONSUMER PROTECTION ACT ("DODD-FRANK ACT"), WHICH COULD HAVE AN ADVERSE IMPACT ON SCOR'S BUSINESS

On 21 July 2010, the Dodd-Frank Act was enacted and signed into law. The Dodd-Frank Act effects sweeping changes to financial services regulation in the U.S. The Dodd-Frank Act establishes the Financial Services Oversight Council ("FSOC"), which is authorized to recommend that certain systemically significant non-bank financial companies, including insurance companies, be regulated by the Board of Governors of the Federal Reserve. The Dodd-Frank Act also establishes a Federal Insurance Office ("FIO") within the Department of Treasury. While not having a general supervisory or regulatory authority over the business of insurance the director of this office will perform various functions with respect to insurance, including serving as a non-voting member of the FSOC and making recommendations to the Council regarding insurers to be designated for more stringent regulation. The Dodd-Frank Act also authorizes the federal preemption of certain state insurance laws in limited instances. The FSOC and FIO are authorized to study, monitor and report to Congress on the U.S. insurance industry and the significance of global reinsurance to the U.S. insurance market, which could result in additional legislative or regulatory action.

The requirements of the regulations ultimately adopted under the Dodd-Frank Act, the effect such regulations will have on the U.S. insurance market and the additional costs of compliance with such regulations is not clear. However, SCOR's business could be materially and possibly adversely affected by changes to the U.S. system of insurance regulation or its designation or the designation of insurers or reinsurers with which it does business as systemically significant non-bank financial companies. This could have a material adverse impact on SCOR's business, present and future revenues, net income, cash flows, financial position, and potentially, on the price of its securities.See "Appendix B – II. Internal control and risk management procedures, C. Principal activities and participants of risk control" for further information on risk mitigation actions.

4.4.5 CAPITAL AND LIQUIDITY MAY NOT BE COMPLETELY FUNGIBLE BETWEEN DIFFERENT REGULATED LEGAL ENTITIES, WHICH MAY HAVE NEGATIVE CONSEQUENCES FOR THE LEGAL ENTITIES.

SCOR's regulated legal entities must satisfy local regulatory capital requirements and must have sufficient liquidity to pay claims and expenses. In certain circumstances, and depending on local regulations, it may be difficult to transfer capital or liquidity to a legal entity which could have negative consequences for the legal entity concerned and have a material adverse impact on SCOR's business, present and future revenues, net income, cash flows, financial position, and potentially, on the price of its securities.

See "Appendix B – II. Internal control and risk management procedures, C. Principal activities and participants of risk control" for further information on risk mitigation actions.

4.4.6 SCOR IS EXPOSED TO RISKS LINKED WITH SOLVENCY II IMPLEMENTATION

The “Solvency II” European Directive, no. 2009/138/EC of 25 November 2009, related to the solvency standards applicable to insurers and reinsurers ("Solvency II Directive"), lays down, at the level of individual companies and at the level of groups, the minimum amounts of financial resources that insurers and reinsurers operating in the European Economic Area will be required to have in order to cover the risks to which they are exposed and the principles that should guide insurers' and reinsurers' overall risk management and reporting..

The new regime represents a significant change in the basis for regulating insurance and reinsurance business in Europe. SCOR has to review its regulatory capital structures and implement the systems, processes and cultural changes necessary to meet the new requirements.

Although it is of course not possible to quantify the impact of these requirements, nor their scope, it is very likely that risk management and control measures will be reinforced for reinsurers in the near future, which may in turn result in an increase in regulatory capital requirements (or a reduction in the underwriting capacity) and increase their operating costs. This could have a material adverse impact on SCOR’s business, present and future revenues, net income, cash flows, financial position, and potentially, on the price of its securities.

The official date of application according to the latest texts published in the Official Journal of the European Union is 1 January 2014, but there could be further delays. The legislative process setting down the final versions of the Solvency II regime is still ongoing. The published Solvency II Directive will be amended by the Omnibus II Directive which is still being negotiated between European co-legislators. When this is concluded, the European Commission will have to adopt Level 2 delegated acts and the European Insurance and Occupational Pensions Authority (EIOPA) will be in a position to consult on technical standards that are necessary to make the Solvency II regime effective. Delays in the application of Solvency II may increase the costs of implementation. Inversely, a fast implementation of certain aspects of the new regime could also take place, with a yet another risk of increased cost for SCOR. This could have a material adverse impact on SCOR’s business, present and future revenues, net income, cash flows, financial position, and potentially, on the price of its securities

See “Appendix B – II. Internal control and risk management procedures, C. Principal activities and participants of risk control” for further information on risk mitigation actions.

4.4.7 SCOR IS EXPOSED TO CERTAIN LITIGATION MATTERS

SCOR is involved in legal and arbitration proceedings in certain jurisdictions, particularly in Europe and in the U.S. For more information on this issue, refer to “Section 20.1.6 – Notes to the financial statements, Note 27 - Litigation.”

An unfavourable outcome in one or more of the court or arbitration proceedings described above could have a material adverse impact on SCOR’s business, present and future revenues, net income, cash flows, financial position, and potentially, on the price of its securities.

See “Appendix B – II. Internal control and risk management procedures, C. Principal activities and participants of risk control” for further information on risk mitigation actions.

4.4.8 SCOR’S TAX POSITIONS ARE SUBJECT TO AUDIT AND APPROVAL BY TAX AUTHORITIES

SCOR operates in numerous tax jurisdictions around the world. Tax risk is the risk associated with changes in tax law or in the interpretation of tax law. Additionally, tax laws and regulations may change with retroactive impact. Tax risk also includes the risk of changes in tax rates and the risk of failure to comply with procedures required by tax authorities. Failure to manage tax risks could lead to an additional tax charge. It could also lead to a financial penalty for failure to comply with required tax procedures or other aspects of tax law. If, as a result of a particular tax risk materializing, the tax costs associated with particular transactions are greater than anticipated, it could affect the profitability of those transactions.

There are also specific rules governing the taxation of policyholders. SCOR will be unable to accurately predict the impact of future changes in tax law on the taxation of life insurance in the hands of policyholders. Amendments to existing legislation (particularly if there is the withdrawal of any tax relief or an increase in tax rates) or the introduction of new rules may affect the future long term business and the decisions of policyholders. The impact of such changes upon the Group might depend on the mix of business in force at the time of such change and could have a material adverse effect on its business, results of operations and/or financial condition.

The design of life insurance products by SCOR’s life insurance companies takes into account a number of factors, including risks, benefits, charges, expenses, investment returns (including bonuses) and taxation. The design of long term insurance products is based on the tax legislation in force at that time. Changes in tax legislation or in the interpretation of tax legislation may therefore, when applied to such products, have a material adverse effect on the financial condition of the relevant long term business fund of the entity in which the business was written and have a material adverse impact on SCOR’s business, present and future revenues, net income, cash flows, financial position, and potentially, on the price of its securities.

See “Appendix B – II. Internal control and risk management procedures, C. Principal activities and participants of risk control” for further information on risk mitigation actions.

4.5 Other risk

4.5.1 SCOR'S ORDINARY SHARES PRICE COULD BE VOLATILE AND COULD DROP UNEXPECTEDLY AND INVESTORS MAY NOT BE ABLE TO SELL THEIR ORDINARY SHARES AT OR ABOVE THE PRICE THEY PAID

The price at which SCOR's Ordinary Shares will trade may be influenced by a large number of factors, some of which will be specific to the Group and its operations and some of which will be related to the insurance industry and equity markets generally. As a result of these factors, investors may not be able to resell their Ordinary Shares at or above the prices which they paid for them. In particular, the following factors, in addition to other risk factors described in this section, may have a significant impact on the market price of Ordinary Shares:

- a degrade or rumored degrade of SCOR's solvency, credit or financial strength ratings, including placement on credit watch;
- potential litigation involving the Group or the insurance or reinsurance industry generally;
- changes in financial estimates and recommendations by securities research analysts;
- fluctuations in foreign exchange rates and interest rates;
- the performance of other companies in the insurance or reinsurance sector;
- regulatory and legal developments in the principal markets in which SCOR operates;
- international political and economic conditions, including the effects of terrorism attacks, military operations and other developments stemming from such events and the uncertainty related to these developments;
- investor perception of SCOR, including actual or anticipated variations in its revenues or operating results;
- SCOR's announcements of acquisitions, disposals or financings or speculation about such acquisitions, disposals or financings;
- changes in dividend policy, which could result from changes in SCOR's cash flow and capital position;
- sales of blocks of SCOR's shares by shareholders; and
- general economic and market conditions.

4.6 Insurance of specific operational risks (excluding reinsurance activity)[1]

SCOR is exposed to specific operational risks. See “Section 4.1.11 – Operational risks, including human errors or computer system failure, are inherent in SCOR's business.”, some of which are transferred in whole or in part to direct insurers as follows:

- The properties and other assets of SCOR and its subsidiaries are covered locally through property and fire damage as well as IT risk policies.
- Liability risks are mostly covered at Group level and include civil liability risks related to the operation of the company caused by employees and real estate, professional liability risks and civil liability risks of directors and officers.

Nevertheless, these insurance covers could prove to be insufficient. In case of a loss, the insurance companies could also possibly contest their liability towards SCOR. This could have a material adverse impact on SCOR's business, present and future revenues, net income, cash flows, financial position, and potentially, on the price of its securities.

4.7 Risk and litigation: Provisioning methods

Refer to “Section 20.1.6 – Notes to the financial statements, Note 1 – Accounting principles and methods.”

[1] Generally speaking, the insurance covers mentioned in this section illustrate the Group policy of transferring some of its own risks.However ,these insurance covers remain subject to the provisions of corresponding contracts, specifically those regarding possible sub-limits of cover, particular deductibles, geographic scope of cover and/or particular exclusions.

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5 INFORMATION ABOUT THE ISSUER

5.1 History and development of the issuer

5.1.1 LEGAL NAME AND COMMERCIAL NAME OF ISSUER

Legal name: SCOR SE

Commercial name: SCOR

5.1.2 PLACE AND REGISTRATION NUMBER OF ISSUER

R.C.S. number: Paris 562 033 357

A.P.E. Code: 6520Z

5.1.3 DATE OF INCORPORATION AND LENGTH OF LIFE OF ISSUER

Incorporated: 16 August 1855 under the name Compagnie Impériale des Voitures de Paris; name changed to SCOR S.A. on 16 October 1989, to SCOR on 13 May 1996, then to SCOR SE on 25 June 2007.

Expiration: 30 June 2024 unless otherwise extended or previously dissolved.

Pursuant to French law, the duration of a company is for a limited term that cannot exceed 99 years. The Company's bylaws (statuts) provide that the current term will expire on June 30, 2024. Prior to such expiration date, the shareholders of the Company (in extraordinary shareholders' meeting) will be asked to vote upon the extension of the duration of the Company for an additional period of up to 99 years. Such further extension is typically approved by shareholders and we expect that the duration of the Company will be extended again prior to the expiration of the current term.

5.1.4 DOMICILE AND LEGAL FORM OF ISSUER, LEGISLATION GOVERNING ITS ACTIVITIES, COUNTRY OF INCORPORATION, ADDRESS AND TELEPHONE NUMBER OF ITS REGISTERED OFFICE

5.1.4.1 Registered office and contact information of issuer

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5.1.4.2 Legal form and applicable legislation

A. Corporate law

SCOR SE is a European Company (Societas Europaea) governed by the provisions of Council Regulation (EC) No. 2157/2001, dated 8 October 2001 on the Statute for a European Company (the "SE Regulation"), and that of the European Council Directive 2001/86/EC of 8 October 2001 supplementing the Statute for a European Company with regard to the involvement of employees, and by the provisions of French law relating to European Companies, as well as for all other matters partially covered or not covered by the SE Regulation, by the French corporate law provisions applicable to a société anonyme, where not contrary to the specific provisions applicable to European Companies.

On 24 May 2007, the annual General Shareholders' Meeting approved the conversion of the Company into a European Company or Societas Europaea, pursuant to Articles 1 §1, 2 §4 and 37 of the SE Regulation, and Article L. 225-245-1 of the Commercial Code, thereby becoming, on 25 June 2007, the first French listed company to adopt the Societas Europaea statute.

Following approval of this conversion, SCOR SE is registered with the Nanterre Trade and Companies Register under the corporate name SCOR SE and has taken the form of a European company as at the date of such registration.

The conversion did not result in either the dissolution of SCOR SE or the creation of a new legal entity.

The conversion had no impact upon the rights of the Company's shareholders or bondholders who automatically became shareholders and bondholders of SCOR SE without any action being required on their part. They remain shareholders and bondholders in proportion to their rights acquired prior to the completion of the conversion. Thus, the financial liability of each shareholder of SCOR SE is limited to the amount of his subscription prior to the conversion. The proportion of the voting rights held by each shareholder in the Company has not been affected by the conversion into a European Company.

The conversion in itself did not have any impact on the value of the SCOR SE shares. The number of shares issued by the Company was not changed as a result of the conversion and the shares of the Company, remain listed on the Eurolist market of Euronext Paris. As at the date of this Registration Document, the SCOR SE shares are also listed on the SIX Swiss Exchange (formerly SWX Swiss Exchange) in Zurich since 8 August 2007. The Company's American Depositary Shares which were listed on the New York Stock Exchange since 11 October 1996 were delisted on 14 June 2007 and the Company's securities were deregistered with the Securities and Exchange Commission (SEC) on 4 September 2007.

Following the reorganization of Euronext indices on January 3, 2005, the Ordinary Shares are now included in the following indices: SBF 80, SBF 120, SBF 250, CAC All-Shares, CAC LARGE 60, CAC Next 20, CAC Financials and EURONEXT 100. The SBF 120 and 250 consist of the 120 most actively traded French stocks and the 250 largest stocks by capitalization. The SBF 80 is made up of the SBF120 stocks not included in the CAC 40 index, which are the most traded on the continuous segments. EURONEXT 100 index comprises the 100 largest and most liquid stocks traded on Euronext. The CAC All-shares index is composed of all the stocks listed on Euronext Paris for which annual velocity ratio exceeds 5% of their shares. The CAC Next 20 index includes the most representatives stocks in terms of free float adjusted capitalization and turnover not included in the CAC 40 index. The CAC Large 60 index is composed of the constituents of the CAC 40 and CAC Next 20 indices.

On March 6, 2010, STOXX announced the addition of SCOR SE to its "EuroStoxx Select Dividend 30" index of the 30 most attractive European companies in terms of dividends. The underlying component data (new numbers of shares and free-float factors) for all indices were announced on March 12, 2010 after the close of European markets. The listing became effective on March 19, 2010 after the close of the European markets. SCOR SE was chosen as one of five new securities to join the EuroStoxx Select Dividend 30".

On 14 September 2012, SCOR announced its inclusion in the ASPI (Advanced Sustainable Performance Indices) Eurozone® index when the composition of the index changes after the closing hour on Friday 21 September 2012.

B. Insurance law

In Europe

Specific provisions apply to the reinsurance activity of SCOR. Under the Reinsurance Directive 2005/68/EC dated 16 November 2005, implemented into French law by ordinance n. 2008-556 of 13 June 2008 and application decrees n. 2008-711 of 17 July 2008, and n. 2008-1154 of 7 November 2008, as well as regulation (arrêté) of 7 November 2008, reinsurance companies and their subsidiaries situated in a country within the European Economic Area ("EEA"), are subject to state control, under the conditions defined by Book III of the French Insurance Code. The Reinsurance Directive also states rules for the offsetting of underwriting reserves by assets and the rules of acceptability of assets.

The main provisions are:

- French companies, whose exclusive business is reinsurance, can only practice after having obtained an administrative license, issued by the Autorité de Contrôle Prudentiel (ACP - prudential control Authority) and published in the Official Journal. The licenses for SCOR SE, SCOR Global Life SE and SCOR Global P&C SE were validated by virtue of the decision of the President of the Comité des Entreprises d'Assurances (Committee for Insurance Companies, now merged into the prudential control Authority), dated 15 July 2008.
- the authorized reinsurers in France can thus operate in the EEA relying on the freedom to provide services and/or on establishment (branches).
- European reinsurance companies are under an obligation to meet the defined regulatory solvency demand, to establish a guarantee fund and to put a permanent internal control policy in place.
- the obligation imposed upon reinsurers, to establish an adequate solvency margin, aims to protect the insurance companies, and hence, the consumers, in order to ensure that in the event of a decline in business or in investment income, the reinsurance companies have additional reserves, protecting those interests and consequently, the policy holders, while providing both executives and oversight and regulatory authorities with sufficient time to resolve the problems that have arisen.
- reinsurers authorized in France and their branches are monitored by the prudential control Authority. The role of this body is to ensure that at any point, these entities are able to conform to the commitments that they have entered into with reinsurance companies and that they fulfill the regulatory solvency margin demands.
- The prudential control Authority is authorized to address prevention measures and to issue warnings to the monitored company or its executives.

In the U.K., SCOR's Non-Life subsidiaries are regulated by the Financial Services Authority while Life subsidiaries in Ireland are regulated by the Central Bank of Ireland. In Sweden, the Group transformed its Swedish subsidiary into a branch which, as at 2013, is no longer regulated by the Swedish FSA.

Switzerland

In Switzerland (which is neither a member of the EU nor the EEA), the Group subsidiary is subject to the federal law dated 17 December 2004 as amended "Insurance Supervision Act" and the federal law dated 20 June 2007 on Financial Market Supervision (FINMA), as amended, governing the oversight of insurance companies, which also governs reinsurance companies and stipulates that an insurance company must have sufficient assets, free of any predictable commitment, for all its activities (solvency margin).

In the United States

In the United States, the Group's reinsurance and insurance subsidiaries are regulated primarily by the insurance regulators in the state in which they are domiciled, but they are also subject to regulations in each state in which they are authorised or licensed. SCOR Reinsurance Company, the Group's main Non-Life subsidiary in the United States, is domiciled in the State of New York and SCOR Global Life Americas Reinsurance Company, the Group's main Life insurance subsidiary in the United States, is domiciled in North Carolina. The Group's other subsidiaries in the United States are currently domiciled in Arizona, Delaware, Florida and Texas.

Asia

SCOR offers Life and property and casualty coverage within the Asia Pacific region through a network of subsidiaries, branches, and service companies. It operates in Singapore, Hong Kong and Australia through subsidiaries. The Group also operates in Australia, China, India, New Zealand, Malaysia, Taiwan, Japan and Korea through branches or service companies. In the region, each entity is subject to local supervision regardless of legal form. The Asia Pacific region is made up of a number of widely differing and independent markets. Each has its own regulatory structures and SCOR complies with the local regulation in each of the countries in which it operates. Industry regulation across the region typically focuses on financial stability and the basis for calculating solvency, reserves and policyholder liabilities. In many of the markets across the region, regulators have the power to revoke operating licenses, regulate shareholder structures and the participation in and the payment of dividends. Markets within the region are developing quickly with an increasing focus on governance and conduct of business.

5.1.5 IMPORTANT EVENTS IN THE DEVELOPMENT OF THE ISSUER'S BUSINESS

SCOR was founded in 1970, at the initiative of the French government and with the participation of the Paris insurance market place, to create a reinsurance company of international stature under the name of Société Commerciale de Réassurance. SCOR rapidly developed in various world markets, building up a substantial international portfolio.

At the beginning of the 1980s, the French government's stake in its share capital, held through the Caisse Centrale de Réassurance, was progressively reduced in favor of insurance companies that were active on the French market.

In 1989, the Group and UAP Reassurances, a subsidiary of the state-owned Société Centrale de l'Union des Assurances de Paris, combined their property and casualty and life reinsurance businesses as part of a restructuring of SCOR share capital. The Company listed its Ordinary Shares on the Paris stock exchange after completion of a reverse merger with Compagnie Générale des Voitures, listed on the Paris Stock Exchange and changed its name to SCOR S.A. on 16 October 1989 and to SCOR on 13 May 1996. The withdrawal of Compagnie UAP, which held 41% of the share capital, was completed in October 1996 via an international public offering at the time of SCOR listing on the New York Stock Exchange.

In July 1996, SCOR acquired the reinsurance portfolio of the American insurer Allstate Insurance Company, which doubled its then existing U.S. business.

In 2000, SCOR acquired Partner Re Life, a U.S. life reinsurer,, thus gaining a platform from which to expand its then existing life reinsurance business in the U.S. market.

In 2002, SCOR's subsidiary, Investors Insurance Corporation, or "IIC", signed a cooperation agreement in the life reinsurance business with the Legacy Marketing Group of California for the distribution and management of annuity products in the U.S. IIC was sold in July 2011.

In 2003, the Group reorganized its Life reinsurance business. The companies of the Group transferred to SCOR Vie and its subsidiaries all of the Group's Life reinsurance business throughout the world. SCOR Vie, whose corporate name was changed to SCOR Global Life in 2006, and which became a European Company (*Societas Europaea*) in 2007, along with its subsidiaries, are all directly or indirectly wholly owned by its parent company, SCOR SE.

On 16 May 2006, SCOR transferred all of its non-life reinsurance business in Europe, including Property & Casualty Treaties (including Credit & Surety business). Large Corporate Accounts and Construction reinsurance to Société Putéolienne de Participations, a French subsidiary wholly owned by SCOR,whose corporate name was changed to SCOR Global P&C, effective retroactively to 1 January 2006. In 2007, SCOR Global P&C adopted the European Company (*Societas Europaea*) statute via a merger by absorption of SCOR Deutschland Rückversicherungs AG and SCOR Italia Riassicurazioni SpA.

On 21 November 2006, SCOR completed the acquisition of Revios Rueckversicherung AG ("Revios"), which secured its position as a top worldwide life reinsurer. Based in Cologne (Germany), Revios was the former Life reinsurance unit of

Gerling Global Re Group, which developed successfully autonomously from 2002 onward. Revios had since developed into one of the leading European reinsurers specializing in Life reinsurance, with offices in 17 countries. SCOR combined Revios and SCOR Vie to create SCOR Global Life SE. SCOR Global Life SE is now one of its three primary operational entities (along with SCOR Global P&C SE and SCOR Global Investments SE, described below), with responsibility for the Life reinsurance business.

On 10 January 2007, SCOR increased the level of its investment (which stood at 10.2% since 1994) to 39.7% of the share capital and 40.2% of the voting rights of ReMark Group BV ("ReMark") and on 22 August 2007, SCOR Global Life SE announced that it held 98.67% of the share capital of ReMark. Since 2009, SCOR Global Life SE holds 100% of the share capital of ReMark. Established in 1984, ReMark is an important player of the direct global marketing of Life insurance products.

In August 2007, SCOR acquired, Converium (which became SCOR Holding (Switzerland) AG ("SCOR Holding Switzerland")). SCOR also listed its Ordinary Shares to trading in Swiss Francs on the SWX Swiss Exchange (which later became the SIX Swiss Exchange) in Zurich, thereby enabling Converium shareholders who tendered their Converium shares to SCOR (in exchange for SCOR's Ordinary Shares) in the context of the acquisition to keep their assets in the same currency and on the same stock exchange.

Following the acquisition of Converium's control, SCOR became the world's fifth-largest global multi-line reinsurer (excluding Lloyd's of London), based on the 2009 pro forma gross written premiums of SCOR's operating entities according to"Standard & Poor's Global Reinsurance Highlights 2010,"

Following its integration of Revios and Converium, SCOR restructured its operations around six regional management platforms, or "Hubs." Each of the Hubs has local, regional and Group responsibilities, with the heads of each Hub reporting to the Group Chief Operating Officer. Each Hub includes the following functions: a Legal and Compliance Officer, a Head of Information Systems, a Head of Finance, a Head of Human Resources and a Risk Manager. The Hubs were progressively implemented:

- on 5 May 2008 for the Cologne Hub;
- on 20 May 2008 for the London Hub;
- on 18 June 2008 for the Americas Hub;
- on 27 June 2008 for the Singapore Hub;
- on 27 January 2009 for the Zurich Hub;
- on 24 February 2009 for the Paris Hub.

For more information on the Hub structure, see "Section 7.1.1.5 - " Structuring in Hubs"

On 7 January 2008, SCOR Holding (Switzerland), the former Converium, delisted its ADSs from the NYSE. SCOR Holding (Switzerland) then requested the deregistration of its securities with the SEC. The deregistration of the securities of SCOR Holding (Switzerland) took place on 4 September 2008. Moreover, at the request of SCOR Holding (Switzerland), the SWX Swiss Exchange (which later became the SIX Swiss Exchange), by order dated 14 November 2007, delisted SCOR Holding (Switzerland)'s shares as from 30 May 2008.

On 31 July 2008, SCOR SE entered into an agreement with the Malakoff Médéric Group, the leading group in the French social protection market (providing supplementary retirement, health insurance and contingency plans), in order to acquire 100% of the share capital and voting rights of Prévoyance et Réassurance and its Life and health reinsurance subsidiary Prévoyance Ré. This acquisition was completed on 24 October 2008, and gave rise to the contribution by SCOR SE to the Malakoff Médéric Group of 3,459,075 of its treasury Ordinary Shares. In addition, Malakoff Médéric Group, in accordance with its commitment, acquired on the market, as from November 2008, an additional number of SCOR SE shares enabling it to hold 3% of the share capital and voting rights of SCOR SE. As part of the 31 July 2008 transaction, the Company entered into a five-year commercial agreement with Malakoff Médéric Group. Malakoff Médéric Group was later appointed as a director on the Board of Directors of the Company. Through this acquisition, SCOR increased its leading role in the French Life and Health reinsurance market and the social protection reinsurance market.

On 29 October 2008, SCOR announced its decision to create SCOR Global Investments SE, its asset management company (*société de gestion de portefeuille*) and third operational entity within the Group along with SCOR Global P&C SE and SCOR Global Life SE. This new company, incorporated on 2 February 2009, carries the asset management of SCOR's investments portfolio and implements the investment strategy as determined by the Group's Investment Committee chaired by the Group Chairman and Chief Executive Officer. SCOR Global Investments SE was approved by the French market regulator (*Autorité des marchés financiers or "AMF"*) as a portfolio management company with effect from 15 May 2009. As a regulated asset management company, SCOR Global Investments SE carries out its activities on an arms-length basis and with the operational independence required under Article L. 214-9 of the French monetary and financial code

On 18 July 2009, SCOR Global Life US Reinsurance Company, a wholly-owned subsidiary of the Group, reached a definitive agreement to acquire XL Re Life America Inc., a subsidiary of XL Capital Ltd, for an amount of EUR 31 million.

The acquisition closed on 4 December 2009. The acquisition helped SCOR Global Life SE strengthen its services in the mortality protection field and reinforce its position in the U.S. Life reinsurance market.

On 18 November 2009, SCOR Global Life launched SCOR Telemed to prove clients with value-added services in the field of tele-underwriting.

On 1 November 2010 Lloyd’s Market Franchise Board gave its “in principle” approval to the creation of Channel Syndicate 2015. SCOR is the sole capital provider for Channel Syndicate, which in 2011 had an initial annual stamp capacity of GPB 75 million. Underwriting by the Channel Syndicate began on 5 January 2011. The portfolio of Channel Syndicate focuses on shorter tail lines of direct insurance business in markets outside the US, including property, marine, accident and health, financial institutions and professional liability. On 21 December 2010, the Mexican Ministry of Finance granted SCOR Global Life SE a licence to set up a representative office in Mexico, under the name of SCOR Global Life SE Oficina de Representación en Mexico. This office supports the activity of SCOR Global Life SE on the Mexican, Central American and Caribbean markets. Effective opening of these offices occurred in January 2011.

On 20 January 2011, SCOR successfully placed on the Swiss franc market perpetual subordinated notes with a first call date in August 2016, for an aggregate total amount of CHF 400 million.

On 11 May 2011, SCOR successfully placed CHF 225 million additional perpetual subordinated notes on the Swiss franc market. These notes are interchangeable with those of the placement announced on 20 January 2011, and the conditions are similar to those of this placement.

On 18 May 2011, SCOR Global Life opened a subsidiary in Sydney, Australia for the Australian and New Zealand markets, after the Australian Prudential Regulation Authority granted SCOR Global Life Australia Pty Limited the authorisation to conduct reinsurance business in the Australian market.

On 8 July 2011, the newly incorporated subsidiary, SCOR Alternative Investments SA, was registered by the Commission de Surveillance du Secteur Financier (CSSF) in Luxemburg as a company in charge of the management of the portfolio of assets specialized in the asset class, known as “Insurance-Linked Securities” (ILS).

On 18 July 2011, SCOR closed the sale of its subsidiary Investors Insurance Corporation (IIC) to Athene Holding Ltd., as initially announced on 16 February 2011. This sale of its US fixed annuity business, for USD 57 million, is in line with the Group’s strategy to develop Life reinsurance activities around biometric risks, as set out in the Group’s strategic plan for the period 2010-2013, “Strong Momentum”. See “Section 6.1 - Business Overview” for further information about Strong Momentum and the Group’s other historical strategic plans. SCOR define biometric risks as those risks which could result from adverse developments in mortality, morbidity, longevity or epidemic/pandemic claims for direct insurers and reinsurers. With the sale of IIC, SCOR substantially exited the U.S. fixed annuity business, which was a direct insurance business.

On 25 July 2011, in line with its strategic plan for the period 2012-2013 "Strong Momemtum", SCOR decided to extend and strengthen its value-added service offering for its insurer clients. To this end, SCOR Global Life, which already held 50% of the capital of SOLAREH SA, acquired the remaining 50% by purchasing shares from Solareh International Inc. As part of the integration of SOLAREH SA into SCOR, the company was renamed REHALTO SA in September 2011.

On 9 August 2011, SCOR has finalised the acquisition of the mortality portfolio of Transamerica Re, a part of AEGON. The transaction also includes the acquisition of an Irish legal entity, which underwrites Transamerica Re business. The total consideration for the acquired business amounts to USD 919 million, including a statutory capital of USD 497 million for the Irish entity at the closing date. Refer to section Section 20.1.6 – Notes to the consolidated financial statements - Note 3 – Acquisitions and disposals for further information on the price development. This acquisition was financed without issuance of new shares. Transamerica Re is the world’s 3rd largest Life reinsurer in the U.S. based on the volume of its business in 2009 and the 7th largest reinsurer based on its net earned premium in 2010. SCOR Global Life and Transamerica Re business have been merged into a new entity SCOR Global Life in North America: SCOR Global Life Americas Reinsurance Company (“SCOR Global Life Americas”).

On 31 August 2011, SCOR launched Atropos SICAV-SIF (“**Atropos**”), ILS fund dedicated to insurance risks, which is managed by its subsidiary SCOR Alternative Investments SA and domiciled in Luxemburg. This fund enables institutional investors to benefit from extreme natural catastrophe market risks, such as hurricanes, earthquakes and storms. This asset class, known as “Insurance-Linked Securities” (ILS), is not correlated to the financial markets, offers high historical yields and facilitates real investment portfolio diversification. With USD 100 million in seed capital provided by the Group, Atropos marks the Group’s entry into the business of third-party asset management. From the end of 2011, the Group opened to external clients an important number of its funds handled by SCOR Global Investments or SCOR Alternative Investments. In June 2012, SCOR Global P&C created a branch in Argentina

On 10 September 2012, SCOR successfully placed on the Swiss franc market perpetual subordinated notes with a first call date in June 2018, for an aggregate total amount of CHF 250 million.On 24 September 2012, SCOR successfully increased its recently placed perpetual subordinated notes by CHF 65 million to a cumulated issuance of CHF 315 million, following the strong market demand.

With effect on 14 January 2013, the Commission de Surveillance du Secteur Financier ("CSSF") approved the fund, SCORLUX SICAV-SIF, established by SCOR Global Investments and dedicated to investments in SICAV funds.

5.2 Investments

5.2.1 PRINCIPAL INVESTMENTS MADE OVER THE PAST THREE FINANCIAL YEARS

Refer to Section 20.1.6 – Notes to the consolidated financial statements - Note 26 - Insurance and financial risk for the detailed ranking by maturity of fixed-term investments in the Group’s portfolio as at 31 December 2011.

Refer to Section 4.2.1 –SCOR faces risks related to its fixed income investment portfolio - and 4.2.2 – SCOR faces risks related to our equity based portfolio, for a description of risk management connected with its investments in debt instruments and equity securities - and 4.2.3 - SCOR is exposed to other risks arising from the investments it owns.

Refer to Section 8 – Property, plant and equipment for a description of risk management connected with our investments in real estate.

5.2.1.1 Kléber

On 30 June 2011, the Group acquired company 5 avenue Kléber SAS, whose primary asset is an office building in Paris as described in Section 20.1.6.5 – Notes to the Consolidated Financial Statements – Note 5: Tangible assets and real estate investments. See also Section 8 - Property, plant and equipment.

5.2.2 PRINCIPAL INVESTMENTS IN PROGRESS

None.

5.2.3 PRINCIPAL FUTURE INVESTMENTS

SCOR's success relies on the consistent implementation of the four principles on which its strategic plans, Dynamic Lift and now, Strong Momentum, are based, i.e. a high diversification, a robust capital shield, a strong franchise and a controlled risk appetite. Success in implementing such a strategy requires that, at regular intervals, the Group assesses whether opportunities which may present themselves relating to the optimization of its business portfolio via acquisitions and cessions and which would be likely to deliver value for its shareholders are in line with this consistent set of principles. Thus, the closing of such operations should only occur within this consistent framework, for the best interest of SCOR SE.

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6 BUSINESS OVERVIEW

Between 2002 and 2010, SCOR developed and implemented four three-year strategic plans to strengthen its balance sheet and achieve its profitability goals through an underwriting policy focused on profitability, including by optimum allocation of capital throughout the business cycle, and by maintaining its strong customer base and franchise in its three geographical areas, Europe, Middle East and Africa (“EMEA”), Asia-Pacific, North America and particularly in developing countries. The Group's acquisitions of Revios (in 2006) and Converium (in 2007) contributed to its diversification strategy by balancing the proportion of its consolidated premiums written, respectively, in its Non-Life division and in its Life division.

In September 2010, SCOR launched a new three-year Strategic Plan, known as “Strong Momentum,” which replaced its previous strategic plan for 2007-2010, known as “Dynamic Lift.” On 7 September 2011, SCOR presented to the public an update of its Strong Momentum plan called Strong Momentum "SMV1.1". SMV1.1 took into account the August 2011 acquisition of the mortality reinsurance business of Transamerica Re, the July 2011 sale of IIC which was SCOR's U.S. fixed annuity business, and the latest (at the time) financial and economic developments. SMV1.1 confirmed the three main targets to be achieved during the 2010-2013 business cycle:

- Optimization of the Group’s risk profile

The Group's strategy is based on a moderate risk appetite, both on the underwriting side and on the asset side. SCOR continuously seeks to “optimize” its risk profile and has further decided to gradually and moderately increase its risk appetite in the belly (rather than in the tail) of its target profit/loss probability distribution.

As compared to the previous strategic plan "Dynamic Lift", "Strong Momentum" therefore targets slightly higher expected returns coupled with slightly higher earnings volatility. The Group believes an increase in risk appetite is appropriate given its increased size and stronger balance sheet and risk management as compared to the prior three-year plan period.

- “AA” level of financial security

SCOR seeks to provide a level of security to its insurance and reinsurance clients that is consistent with an "AA" financial strength rating, based on Standard & Poor’s financial strength rating scale. Such level of security is currently estimated with its Group Internal Model GIM-SMV1.1 on the basis of a 0.05% probability of default (which corresponds to the average of Moody's and Standard & Poor's expected default statistics). Although SCOR's objective is to provide an AA level of security, the Group cannot commit on behalf of the rating agencies to be rated AA.

- Profitability of 1,000 basis points above the three-month risk-free rate over the cycle

SCOR targets a return on equity of 1,000 basis points above the three-month risk-free rate over the three year plan period. The Group considers the three-month risk-free rate to be the weighted three months daily interest rate of Treasury bills in the Euro area, the U.S., U.K., Canada and Switzerland averaged over the period under consideration. The weighted average used for this calculation is based on the percentage of SCOR's managed assets denominated in the currency of these assets.

SCOR aims to achieve this goal through higher technical profitability (defined as profitability related to underwriting), increased investment income, generating new fee income streams and higher productivity and efficiency.

On 6 September 2012, SCOR presented to the public an update of its Strong Momentum plan, called "Strong Momentum" Season 3. "Strong Momentum" Season 3 presented updated information and analyses demonstrating that the Group is consistently delivering on its promises and is well positioned to seize new profitable growth opportunities, leveraging on its competitive advantages.

In spite of an increasingly uncertain environment with high market volatility, low yields and economic stagnation, "Strong Momentum Season Three" demonstrated that SCOR's operational performance is consistent with the assumptions and objectives of its strategic plan "Strong Momentum V1.1":

- SCOR's return on equity is in line with its "Strong Momentum V1.1" target
- Improved solvency and recent A+ upgrades confirm SCOR's capacity to provide an AA level of security to its clients
- The Group experiences double-digit growth, supported by robust January, April and July 2012 P&C renewals and a deepening global franchise.
- SCOR Global P&C exceeds "Strong Momentum V1.1" technical profitability assumptions, confirming an on-going positive trend.
- SCOR Global Life delivers a technical performance consistent with "Strong Momentum V1.1" assumptions, with the successful integration of the ex-Transamerica Re.
- SCOR Global Investments maintains a prudent strategy with high investment flexibility.
- SCOR's cost ratio trends towards the "Strong Momentum V1.1" assumption, while actively investing for the future, with more than 25 on-going projects.

The targets of the strategic plan are supported by the consistent application of the four cornerstones of SCOR's business model, which are:

- a strong franchise, achieved by deepening its presence in the local property and casualty and life markets in which SCOR operates by strengthening client relationships and through best-in-class service and product innovation, and by expanding into new markets through organic growth and through acquisitions, such as the acquisition of the mortality reinsurance business of Transamerica Re;
- high diversification, achieved both by Non-Life business area and Life lines of business diversification and by geographical presence , providing better stability of results and robust required capital diversification benefits;
- a controlled risk appetite, on both sides of the balance sheet, respecting a moderate risk appetite; and
- a robust “Capital Shield” policy, with a four layer-framework that is optimized according to severity and frequency levels of risks:
    - traditional retrocession, which includes a combination of proportional / non-proportional, per-event and aggregate covers;
    - alternative risk transfer solutions, which include the securitization of catastrophic risk in the form of ILS and mortality swaps (see “Paragraph 6.1.3 Underwriting, Catastrophe Risk and Claims” and “Paragraph 20.1.6 - Notes to the financial statements, Note 8 - Derivative assets”) and provide multiyear protection that is not dependent on short-term market fluctuations;
    - buffer capital, defined as the amount of capital above the required capital having an annual probability of total erosion of 1 in 33 (3%);
    - contingent capital securities, which are designed as tools of last resort. See "Paragraph 20.1.6 Financial Statements - Notes to the consolidated financial statements, Note 8 - Derivative assets.”

SCOR’s risk appetite framework

SCOR’s risk appetite framework is an integral part of the Group’s strategic planning. It is approved by the Company’s Board of Directors in connection with the review of new strategic plans, based on recommendations from the Group’s executive management committee and the Risk Committee of the Company’s Board of Directors (the “Risk Committee”). The Company’s Board of Directors may vary the amount and the composition of risk that the Group is prepared to take.

SCOR’s risk appetite framework encompasses three concepts: risk appetite, risk preferences and risk tolerances:

Risk appetite

Risk appetite defines the quantity of risk that SCOR wishes to accept to achieve a desired level of profitability. This determines where the Group wishes to position itself on the assumed risk-expected return spectrum, between extremely risk averse (i.e. low risk-low return) and an extreme risk taker (i.e. high risk-high return). SCOR uses a target retained risk profile (probability distribution of economic profits and losses) and target expected profitability to provide a complete definition of its risk appetite. The Group actual retained risk profile and profitability are regularly reported to the Company’s Board of Directors via the Risk Committee.

Risk preferences

Risk preferences are qualitative descriptions of the risks which SCOR is willing to accept. The Group aims to cover a wide range of reinsurance risks and geographical areas. However it has no desire to take operational, legal, regulatory, tax and reputation risks (but this does not mean that the Group are immune to these risks). This choice of risk preferences determines the risks to be included in the Group’s underwriting guidelines.

Risk tolerances

Risk tolerances are the limits required by SCOR’s stakeholders (e.g., clients, shareholders, regulators etc). The Company’s Board of Directors defines and approves risk tolerance limits for the Group by line of business, asset class and extreme scenario in order to ensure that the Group’s risk profile remains aligned with its risk appetite framework. SCOR uses various risk measures to verify that its exposures remain within these limits. These measures can take several forms depending on the technical constraints or the level of information available and are based on either internal model outputs or expert opinions.

6.1 Primary activities

6.1.1 THE REINSURANCE BUSINESS

6.1.1.1 Principles

Reinsurance is a contract under which a company, the reinsurer, agrees to indemnify an insurance company, the ceding company, against all or part of the primary insurance risks underwritten by the ceding company under one or more insurance contracts. Reinsurance differs from insurance, primarily because of its higher level of mutualization by geography and by line of business.

6.1.1.2 Functions

Reinsurance provides four essential functions:

- it offers the direct insurer greater security for its equity and solvency, as well as protection against the potentially high volatility of results when abnormally high frequency or severity of losses or events occur, by covering the direct insurer above certain contractually set amounts per event or in the aggregate;
- it allows insurers to increase the maximum amount they can insure for a given loss or series of losses by enabling them to underwrite a greater number of risks, or larger risks, without excessively raising their need to cover their solvency margin and, therefore, to increase their shareholders' equity;
- it makes substantial quantities of liquidity available to insurers in the event of major loss events; and
- it provides insurers with efficient substitute capital solutions.

Reinsurance, however, does not discharge the ceding company from its liability to policyholders. Reinsurers themselves may feel the need to transfer some of the risks underwritten and/or some of the accumulated exposures derived from such risks to other reinsurers (known as retrocessionaires).

In addition, reinsurers may also provide advisory services to ceding companies by:

- defining their reinsurance needs and devising the most effective reinsurance program to better plan their capital needs and solvency margin;
- supplying a wide array of support services, particularly in terms of the sharing of know-how, best practices and risk assessment, modeling and management tools;
- providing expertise in certain highly specialized areas such as the analysis of complex risks and risk pricing; and
- enabling ceding companies to build up their business with less upfront capital requirement, particularly when launching new products requiring heavy investment or financing.

Reinsurers, including SCOR, are usually compensated for the provision of such advisory services through the cedants' reinsurance premiums, rather than through fee-based compensation.

6.1.1.3 Types of reinsurance

A. Treaty and Facultative

The two basic types of reinsurance arrangements are treaty and facultative reinsurance.

In treaty reinsurance, the ceding company is contractually bound to cede and the reinsurer is bound to assume a specified, contractually defined portion of a type or category of risks insured by the ceding company. Treaty reinsurers, including SCOR, do not separately evaluate each of the individual risks assumed under their treaties and, consequently, after a review of the ceding company's underwriting practices, such reinsurers are dependent on the original risk underwriting decisions made by the ceding company's primary policy writers.

Such dependence exposes reinsurers in general, including SCOR, to the possibility that the ceding companies have not adequately evaluated the risks to be reinsured and, therefore, that the premiums ceded in connection therewith may not adequately compensate the reinsurer for the risk assumed. The reinsurer's evaluation of the ceding company's risk management and underwriting practices and policies, as well as claims settlement practices and procedures, therefore, will usually impact the pricing of the treaty.

In facultative reinsurance, the ceding company cedes and the reinsurer assumes all or part of the risks covered by a particular specified insurance policy or by insurance policies related to a specific ultimate group insured in the same program. Facultative reinsurance is negotiated separately for each insurance contract that is reinsured. Facultative reinsurance is normally purchased by ceding companies for individual risks not covered by their reinsurance treaties, for amounts in excess of the monetary limits of their reinsurance treaties and for unusual risks. Underwriting expenses and, in particular, personnel costs, are higher relative to premiums written on facultative business because each risk is individually underwritten and administered. The ability to separately evaluate each risk reinsured, however, increases the probability that the underwriter can price the contract more accurately to reflect the risks involved.

B. Proportional and non-proportional reinsurance

Both treaty and facultative reinsurance can be written on (i) a proportional (or quota share) basis and/or (ii) a non-proportional (or excess of loss or stop loss) basis.

With respect to proportional (or quota share) reinsurance, the reinsurer, in return for a predetermined portion or share of the insurance premium charged by the ceding company, indemnifies the ceding company against a predetermined portion of the losses of the ceding company under the covered insurance contract or contracts. In the case of reinsurance written on a non-proportional, through an excess of loss or a stop loss, basis, the reinsurer indemnifies the ceding company against all or a specified portion of the losses sustained, on a claim by claim basis or in the aggregate over the contract period, in excess of a specified amount, known as the ceding company's retention or reinsurer's attachment point, and up to a negotiated reinsurance contract limit.

Although the frequency of losses under a quota share reinsurance contract is usually greater than on an excess of loss contract, it is generally simpler to predict the losses on a quota share basis and the terms and conditions of a quota share contract can be structured to limit the indemnity offered under the contract. A quota share reinsurance contract therefore does not necessarily imply that a reinsurance company assume greater risk exposure than on an excess of loss contract.

Excess of loss reinsurance is often written in layers. One or a group of reinsurers accepts the risk just above the ceding company's retention up to a specified amount, at which point another reinsurer or a group of reinsurers accepts the excess liability up to a higher specified amount or such liability reverts to the ceding company. The reinsurer taking on the risk just above the ceding company's retention layer is said to write primary or working layer or low layer excess of loss reinsurance. A loss that reaches just beyond the ceding company's retention will create a loss for the lower layer reinsurer, but not for the reinsurers on the higher layers. Loss activity in lower layer reinsurance tends to be more predictable than that in higher layers due to a greater historical frequency, and therefore, like quota share reinsurance, better enables underwriters and actuaries to accurately price the underlying risks.

Premiums payable by the ceding company to a reinsurer for excess of loss reinsurance are not directly proportional to the premiums that the ceding company receives because the reinsurer does not assume a directly proportionate risk. In contrast, premiums that the ceding company pays to the reinsurer for quota share reinsurance are proportional to the premiums that the ceding company receives, consistent with the proportional sharing of risk. In addition, in quota share reinsurance, the reinsurer generally pays the ceding company a ceding commission. The ceding commission is usually based on the ceding company's cost of acquiring the business being reinsured, including commissions, premium taxes, assessments and miscellaneous administrative expense, and also may include a profit factor for producing the business.

6.1.2 BREAKDOWN OF THE GROUP'S BUSINESS

The Group is organized into two operating divisions and one corporate cost center Group Functions. The operating divisions are: the SCOR Global P&C division, with responsibility for the property and casualty insurance and reinsurance (also referred to in this Registration Document as "Non-Life" or the "Non-Life division"); and the SCOR Global Life division, with responsibility for the life reinsurance (also referred to in this Registration Document as "Life" or the "Life division"). These two divisions represent SCOR's two "operating segments" for purposes of IFRS 8 and are presented as "operating segments" in its consolidated financial statements, included in Paragraph 20.1.6. However, in accordance with longstanding management convention, the Group uses the term "divisions" in this Registration Document, rather than "operating segments." Each operating division underwrites different types of risks and offers different products and services, which are marketed via separate channels; responsibilities and reporting within the Group are established on the basis of this structure.

The SCOR Global P&C division operates in four business areas being: Property and Casualty Treaties; Specialty Lines (including Credit & Surety, Inherent Defects Insurance, Aviation, Space, Marine, Engineering, Agriculture and Structured Risk Transfer); Business Solutions (large corporate accounts underwritten essentially on a facultative reinsurance basis and occasionally as direct insurance for industrial groups and services companies); and Joint Ventures and Partnerships.

The SCOR Global Life division offers the following lines of business: Life (treaties with mainly mortality risks); Life Financing Reinsurance; Disability; Long Term Care; Critical Illness; Health; Annuities; Personal Accident and Longevity. Longevity reinsurance was previously reported as part of the Life line of business.

SCOR also writes a small amount of direct insurance, primarily on a business-to-business basis to cover certain non-life large industrial risks through the Business Solutions business area of SCOR Global P&C. For a description of products and services, see Paragraph 6.1.2.1 – Non-Life reinsurance. Before the sale of Investors Insurance Corporation SCOR Global Life also offered fixed annuity contracts in the US direct insurance markets.

As at 1 January 2011, the cost allocation estimation methodology of the Group was refined, including with respect to the preparation of division information, resulting in the creation of a new cost center, which is referred to in this Registration Document as "Group Functions". Group Functions is not an operating division and does not generate revenues. The costs in Group Functions are Group related costs that are not directly attributable to either the Non-Life or Life division.

Group Functions includes the cost of departments fulfilling duties for the benefit of the whole Group, such as the costs for Group Internal audit, Group Chief Financial Officer functions (Group Tax, Group Accounting, Group Consolidation and Reporting), Group Chief Operating Officer functions (Group Legal, Group Communication, Group Human Resources) and Group Chief Risk Officer expenses. The segment financial information included in this Registration Document and in the consolidated financial statements, included in Paragraph 20.1.6, was revised to reallocate expenses to Group Functions.

The Group organizes its operations around six regional management platforms, or Hubs located in Paris, Zurich, Cologne and London for Europe, Singapore for Asia and New York / Charlotte for the Americas Hub. Each of the Hubs has local, regional and Group responsibilities, with heads of each Hub reporting to the Group Chief Operating Officer. Each Hub includes the following functions: a Legal and Compliance Officer, a Head of Information Systems, a Head of Finance, a Head of Human Resources and a Risk Manager. Hub shared service costs are allocated to the divisions based on a headcount allocation key. For a description of the Hub structure, see “Paragraph 7.1.1.5 - Structuring in “hubs"

SCOR Global P&C and SCOR Global Life, through their respective legal entities, are leading global reinsurers, executing an underwriting policy focused on profitability, developing value-added services and adhering to a cautious financial policy. As at 31 December 2012, the Group serves more than 4,000 clients throughout the world. SCOR’s strategy of offering both non-life and life products provides it with well-balanced diversification benefits (both in terms of risks and markets), which represent a key cornerstone of its strategy.

SCOR Global P&C carries out its operations through a European Company (Societas Europaea) incorporated in France, SCOR Global P&C SE, which has branches in Spain, Italy, Switzerland, the U.K. and Germany and a network of dedicated subsidiaries, branches and representative offices in the U.K., the Americas and Asia-Pacific, as well as composite subsidiaries and branches (which also operate in the Life division) in Russia, South Africa, China, Hong Kong and South Korea. SCOR Global Life also carries out its operations through a European Company (Societas Europaea) incorporated in France, SCOR Global Life SE, which has branches in Germany, the U.K., Italy, Spain, Switzerland, Austria, the Netherlands, Canada and in Asia, representative office in Belgium, as well as through SCOR Global Life Americas in the U.S. and its network of entities and representative offices in North and South America, SCOR Global Life Reinsurance Ireland and SCOR International Reinsurance Ireland Ltd. in Ireland, composite subsidiaries and branches (which also operate in the Non-Life division) in Russia, South Africa, China and South Korea, and subsidiaries in Europe, Australia and South Africa. As per 1 January 2013 the business of Sweden Re, a subsidiary of SCOR Global Life SE was transferred to the new Stockholm branch of the company.

6.1.2.1 Non-Life reinsurance

SCOR’s Non-Life division is divided into four business areas:

- Property and Casualty Treaties;
- Specialty Treaties;
- Business Solutions (large corporate accounts underwriting essentially on a facultative business/occasionally direct insurance); and
- Joint Ventures and Partnerships.

A. P&C Treaties

SCOR's Property and Casualty Treaties business area underwrites proportional and non-proportional reinsurance treaties.

Property

SCOR's property treaties typically cover damages to the underlying assets (automobile and industrial and commercial lines of business) and direct or contingent business interruption losses caused by fire or other perils, including natural catastrophes.

Casualty

SCOR's casualty treaties typically cover original risks of general liability, products liability or professional indemnity. Accordingly, they include treaties covering motor liability and general third-party liability. Motor liability reinsurance covers property damage, bodily injuries and other risks arising from the coverage of both drivers and passengers in private vehicles and commercial fleets.

B. Specialty Lines

The Group’s main Specialty reinsurance activities include Credit & Surety, Inherent Defects Insurance, Aviation, Space, Marine, Engineering, Agricultural Risks and Structured Risk Transfer. It underwrites these risks through both treaties and facultative reinsurance and can be underwritten on a proportional or non-proportional basis.

Credit & Surety

The reinsurance of credit insurance, surety commitments and occasionally political risk is managed by the SCOR Global P&C teams (primarily based in Europe). Under credit insurance, the insurer covers the risk of losses from the non-payment of commercial debts. Surety insurance is a contract under which a guarantor makes a commitment to a beneficiary to perform the obligation to ensure payment by or to pay the debt of the secured debtor. Political risk insurance covers the risk of losses due to measures taken by a government or similar entity which endangers the existence of a sales contract or commitment made by a public or private citizen of the country in which the covered operations are performed. SCOR underwrites these risks through proportional and non-proportional treaties as well as facultative reinsurance.

Inherent Defects Insurance

According to French, Italian and Spanish laws as well as laws in other jurisdictions, or by contractual obligation, inherent defects insurance must be purchased to cover major structural defects and collapse for a certain period, typically ten years after completion of construction. SCOR underwrites these risks through proportional and non-proportional treaties as well as through facultative reinsurance.

Aviation

Aviation insurance covers damages caused to aircraft, injuries to persons transported and to third parties caused by aircraft or air navigation, as well as losses resulting from products manufactured by companies in the aerospace sector. SCOR underwrites these risks through proportional and non-proportional treaties as well as through facultative reinsurance.

Space

Insurance for the space sector cover the launch preparation, launch, and the in-orbit life operation of satellites, primarily commercial telecommunication and earth observation satellites. SCOR underwrites these risks through treaties and facultative insurance and reinsurance.

Marine

Insurance for shipping risks includes insurance for hull, cargo and liability for the ships and shipped merchandise as well as shipbuilding insurance. It also includes insurance for offshore oil and gas fixed and mobile units in construction and in operation. Within the Marine Specialty Line, SCOR underwrites these risks mainly through treaties and occasionally through facultative reinsurance.

Engineering

Engineering insurance, which is divided into Construction All Risks and Erection All Risks insurance, includes basic Property and Casualty coverage and may be extended to the financial consequences of a delay in start-up (advanced loss of profits) caused by losses indemnifiable under basic Property and Casualty coverage. Within the Engineering Specialty Line, SCOR underwrites these risks mainly through treaties and occasionally through facultative reinsurance.

Agricultural Risks

In order to address the increased risk and the coverage needs associated with agriculture, the Group has been strengthening its agricultural risks underwriting teams since 2006 to provide reinsurance solutions in the field of multiple peril crop insurance, aquaculture insurance, forestry insurance and livestock insurance. SCOR underwrites these risks through treaties and facultative reinsurance.

Structured Risk Transfer

To cope with the broader needs of reinsurance buyers in transferring risk, and to benefit from these changes by broadening its services to clients, the Group has developed a dedicated competency center that analyses and studies specific risk transfer solutions.

C. Business Solutions (large corporate accounts underwritten essentially on a facultative basis and occasionally as direct insurance)

The Group's activity in the Business Solutions business area covers all insurable risks of industrial groups and services companies. These risks are underwritten primarily through facultative insurance and reinsurance contracts by SCOR's specialized teams deployed as an international network around two main business departments: “Natural Resources” and “Industrial & Commercial Risks.”

Natural Resources

Provides coverage to midstream and downstream business (main business sectors being oil and gas, refining, petrochemicals, liquefaction, gasification, power generation and distribution, new energy sources and mining), and to upstream business (oil and gas exploration and production, offshore construction) and shipbuilding industrial groups and oil services companies.

Industrial & Commercial Risks

Provides coverage to manufacturing and heavy industries (automotive, pulp and paper, aeronautics / defense, high tech) and finance and services (infrastructures, intellectual services, general contractors, distribution and trading).

The teams are also responsible for alternative solutions for the transfer and financing of risks for the Business Solutions clients.

Business Solutions is aimed at risk managed enterprises and professional buyers seeking global risk financing solutions. The risks shared with the ceding and/or captive companies are high-value industrial or technically complex risks. In property and casualty lines, such as Property Damage & Business Interruption, Construction All Risks, Erection All Risks, Comprehensive General Liability, Product Liability or Professional Indemnity, the risks involve insured amounts which typically are beyond the ceding companies' own means.

Industrial clients are particularly sensitive to the ratings of the reinsurers that cover their risks. See "Paragraph 4.1.9 Financial ratings play an important role in SCOR's business."

D. Joint Venture and Partnerships

SCOR's Joint Ventures and Partnerships business area has historically included the provision of capital to third party businesses, including Lloyd's syndicates. SCOR contributes to 12 Lloyds syndicates, including the new syndicate Channel 2015, which SCOR is the sole capital provider. SCOR also offers professional indemnity insurance to the members of MDU (Medical Defence Union), a leading medical defense organization based in the U.K., under a joint venture agreement. See Paragraph 20.1.6 Note 4 – Intangible assets for further information. In 2012, SCOR has taken a participation in La Réunion Aerienne aviation insurance pool.

6.1.2.2 Life Reinsurance

SCOR's Life division is divided into nine lines of business:

- Life;
- Life Financing Reinsurance;
- Disability;
- Long-Term Care;
- Critical Illness;
- Health;
- Annuities; and
- Personal Accident.
- Longevity

Life

Reinsurance for individuals and groups of individuals, commonly known as Life reinsurance, includes life, health and personal insurance, for events such as accidents, disability and illness.

SCOR's Life reinsurance business covers the mortality risk of individuals and is predominantly underwritten in the form of proportional treaties (quota share or surplus basis or a combination of both), and less frequently on the basis of excess of loss per person, or catastrophe excess of loss or stop loss. Longevity reinsurance is reported as part of the Life line of business.

More than 50% of the SCOR Global Life portfolio of reinsurance risks is a traditional portfolio of mortality reinsurance business, based on gross written premiums as at 31 December 2012.

In connection with the October 2007 acquisition of Converium, SCOR Global Life inherited certain retrocession liabilities with regard to Guaranteed Minimum Death Benefit "GMDB" rider options attached to variable annuity policies written in the U.S. Business of this type is not within the usual scope of the SCOR Global Life underwriting policy. These treaties are all in run-off and, as at 31 December 2012, cover in total approximately 0.6 million policies written by two cedants. These treaties were issued mainly in the late 1990's. Different types of Guaranteed Minimum Death Benefits are covered, including return of premium, ratchet, roll-up and reset.

The reinsurance portfolio acquired in 2011 from Transamerica Re predominantly covers mortality risk of individuals via yearly renewable term, coinsurance, modified coinsurance or other typical reinsurance agreements.

The other eight lines of business currently underwritten by SCOR's Life division are:

Life Financing reinsurance

Life Financing Reinsurance combines proportional traditional Life reinsurance with financing components providing liquidity, balance sheet and income statement improvements to the client. This type of treaty is typically used in connection with new business, special reserves, solvency or other needs. Life Financing Reinsurance necessarily involves biometric risks. Pre-financed amounts are amortized from the profitability of the reinsured business.

Disability

The purpose of disability insurance is to mitigate the loss of income when the insured is totally or partially unable, by reason of sickness or accident, to follow his or her professional occupation or any occupation for which he or she is suited.

Long-Term Care

Long-Term Care ("LTC") insurance covers policyholders unable to perform predefined activities of daily living, and as a result, needing the constant assistance of another person. SCOR Global Life has been pioneering LTC reinsurance solutions in the French market for approximately twenty years, and has acquired sound practical experience in dealing with problems related to underwriting and managing LTC risks. The Group believes that one of the main private LTC insurance markets is France with over two million lives and it believes that SCOR Global Life enjoys a leading position in the French market. At the forefront of industry development, SCOR Global Life is now expanding its geographical scope in LTC by introducing its LTC reinsurance coverage to several markets. It already enjoys strong positions in Korea and Israel.

Critical Illness

Critical Illness ("CI") insurance pays a lump sum benefit, to be used at discretion, if the insured person suffers a serious condition and survives a defined period. The use and effectiveness of CI covers varies considerably between countries. SCOR Global Life is a market leader in reinsurance of CI in the U.K. It leverages experience and expertise from the U.K. to cross-sell into selected markets, such as Taiwan, Korea and Sweden.

Health

Health represents a small proportion of SCOR Global Life's portfolio. It is written predominantly in the Middle East with a book inherited from Converium as well as Asia, and small volumes in markets such as France and Canada. The SCOR Global Life approach to underwriting of health risks is selective, with a careful market entry strategy.

Annuities

SCOR Global Life was until the sale of this business on 18 July 2011 present in the fixed annuity market in the U.S., as a reinsurer of IIC, a member of the Group. The products provided either the performance of an index (often the S&P 500) with a zero percent floor, or a fixed interest rate which are credited to the policyholder's account value. With the sale of IIC, SCOR no longer actively writes annuities coverage.

Personal Accident

Personal accident is a cover provided by SCOR Global Life. A main source of business is ReMark, which provides direct global marketing of life insurance products to insurers, financial institutions and affinity partners. ReMark designs and executes direct marketing programs.

Longevity

Longevity refers to producs with risk of negative deviation from expected results due to the insured or annuitant living longer than assumed in the pricing of the insurance cover. This activity includes annuity and long-term care covers. SCOR has exclusively usined in this line of business coming from the UK pension skim market. This portfolio is the most dynamic part of SCOR's UK portfolio.

6.1.3 UNDERWRITING, DISTRIBUTION, CATASTROPHE RISK, CLAIMS AND RESERVES

6.1.3.1 Underwriting

Consistent with the Group's strategy of selective market and business division development, SCOR seeks to maintain a portfolio of business risks that is strategically diversified both geographically and by line and class of business. The Group's insurance risk exposure is also mitigated by diversification across a large portfolio of reinsurance contracts. The volatility of risks is also reduced by careful business selection, implementation of underwriting guidelines, the use of retrocession and other risk transfer arrangements and proactive claims handling as well as underwriting, claims and administration audits at ceding companies.

SCOR's underwriting covers reinsurance in Non-Life and Life and occasionally insurance in Non-Life. Such underwriting is conducted through duly authorized subsidiaries and branches of the Group, as well as from the Group's Lloyds syndicate (Channel Syndicate 2015).

Underwriting, actuarial, accounting and other support staff are located in the Group's six Hubs as well as in local subsidiaries and branches. However, SCOR's overall exposure to particular risks and in particular geographic zones is centrally monitored thanks to a unique integrated Group IT system.

Non-Life Business

In order to mitigate its property exposure, the Group retrocedes a portion of the risks it underwrites. See "Paragraph 6.1.4 Capital shield policy" below for a description of the use of retrocession. SCOR's Non-Life retrocession mainly deals with, but is not limited to, natural catastrophes and large corporate risks for which the Group purchases protection beyond certain levels of severity of losses or impact of events. In particular, it has a global retrocession program, which is revised annually, and which provides partial coverage for catastrophic events, on an occurrence basis. The retrocession program includes both traditional retrocession as well as the use of alternative risk transfer solutions (e.g., the multi-year securitization of catastrophic risk in the form of ILS and mortality swaps and the issuance of contingent capital securities). See "Paragraph 6.1.4 Capital shield policy"

With regard to its casualty business, the Group allocates proportionately less capacity to business of this type than to property. Furthermore, SCOR's underwriting guidelines restrict its shares of casualty reinsurance programs and are more restrictive regarding certain areas with difficult or uncertain legal environments.

The Group's Property and Casualty Treaties underwriters manage client relationships and offer reinsurance support after a careful review and assessment of the cedants' underwriting policy, portfolio profile, exposures and management procedures. They are responsible for writing treaty business as well as associated support small and medium size facultative risks in their respective territories within the limits of their individually delegated underwriting authority and the scope of underwriting guidelines.

The Group's underwriting teams are supported by the SCOR Global P&C Underwriting Management function, located in the Group's Paris Hub. This function provides worldwide treaty and facultative underwriting guidelines, policies regarding the delegation of capacity, underwriting support to specific lines of business or individual risks when required, ceding company portfolio analysis and risk surveys and is responsible for monitoring and referral of non-standard business and for authorizing exemption to the underwriting guidelines.

The Group's Property and Casualty Treaties and Specialty Lines underwriting teams are also supported by the SCOR Global P&C actuarial pricing function, headed from Zurich. This function is responsible for the pricing methods and tools to be applied by the pricing actuaries, who team up with underwriters and modelers by market or by lines of business.

Most of SCOR's facultative underwriters work in the Business Solutions business area of SCOR Global P&C, which operates worldwide. This business area is dedicated to large corporate businesses and is geared to provide the clients of SCOR Global P&C with solutions for coverage of large conventional risks. The underwriting of facultative in support of Property and Casualty treaties is handled by duly qualified members of the Property and Casualty Treaties underwriting teams.

Underwriting guidelines in place within SCOR Global P&C specify (i) the underwriting rules and principles to be complied with, (ii) underwriting capacities delegated to the underwriters and pricing actuaries in each of the markets and lines of business in which the Group operates, as well as (iii) the relevant maximum acceptable commitments per risk and per event. They are reviewed and updated annually by the Underwriting Management function and approved by the Chief Executive Officer and Chief Risk Officer of SCOR Global P&C. Any request for deviations from the underwriting guidelines is subject to special referral procedures at two key levels. At the first level, the request is submitted by the underwriting units to the Underwriting Management function, and where applicable, to the Legal Department. At the second level, for exposures exceeding certain thresholds or with specified characteristics, the request is submitted by the Underwriting Management function to the Group Risk Management function of SCOR, and to the Chief Executive Officer of SCOR Global P&C.

Pricing guidelines and parameters are set to provide consistency and continuity across the organization but also to take into account differences between markets and lines of business as well as the geographical location of the client and the risks insured. Parameters are revised at least once a year to consider, as the case may be, the changing market conditions and environment. Contracts that meet certain risk thresholds are subject to mandatory peer reviews that have to be performed and documented before the pricing is completed. SCOR Global P&C employs a data system which allows management to monitor and review the results from the pricing tools.

Underwriting cross-reviews are initiated by SCOR Global P&C Risk Management to evaluate the quality of underwriting, *pricing and claims handling of* particular *business* units or certain lines of business, to identify and assess risks, to evaluate the appropriateness and effectiveness of controls and to propose risk-management measures, including mitigating actions.

Life Business

In order to reduce risks linked to potential behavior of insured persons , SCOR Global Life carries out a thorough assessment of the client, the client's target clientele, the market and the design of the insurance product.

Anti-selection risks are mitigated through careful product design and a well-defined medical and financial underwriting selection process. SCOR mitigates lapse risk through appropriate reinsurance treaty clauses, as well as product, client and market diversification in which the lapse risk exposure is variable.

Biometric risks, other than pandemic risk, are diversified on a geographic and a product basis. Biometric risks are those risks which result from adverse developments in mortality, morbidity, longevity or from epidemic/pandemic claims.

A significant part of the reinsured premium in respect of Disability, Long Term Care (LTC) and Critical Illness (CI) products includes premium adjustment clauses. In the case of LTC, the premium adjustments are designed to offset potentially improving longevity. In the case of CI, premium adjustments mitigate potential negative impacts on future claims patterns due to a general deterioration in health and improved medical diagnosis.

Peak mortality, disability and critical illness risks are covered either by surplus per life retrocession programs, or, in some cases, by excess of loss per life or per event retrocessional coverage.

The underwriting of life business within the Group is under the worldwide responsibility of SCOR Global Life. The clients are life, pension or accident and health insurance companies worldwide. They are served by SCOR's specialized underwriters and actuaries who are familiar with the specific features of the markets in which they operate, in particular with local lines of business and policy conditions as well as the technical specifics such as mortality tables, morbidity incidence rates and persistency. In the Life underwriting process, consideration is typically given to the quality of the client's medical and financial underwriting standards, the target clientele of the ceding company as well as past experience to the extent credible data is available.

Mandates for underwriting life reinsurance business are assigned to teams on a mutually exclusive basis. Life reinsurance treaties are underwritten by life reinsurance experts familiar with the specific features of their markets. The life business is underwritten in line with the market specific underwriting and pricing guidelines.

Underwriting and pricing guidelines defined by SCOR Global Life specify the underwriting rules and principles to be complied with, underwriting capacities delegated to the underwriters and pricing actuaries in each of the markets in which the Group operates, as well as maximum acceptable commitment per risk and per event. In particular, these guidelines specify the type and the terms and conditions under which business is considered as acceptable. Furthermore, they set out the retention of SCOR Global Life for various risks and types of covers. They are approved by the Chief Executive Officer and Chief Risk Officer of SCOR Global Life. Business opportunities going beyond the stipulations of these guidelines are subject to a special referral procedure at two key levels in order to ensure that the business respects defined risk-adjusted return criteria and risk tolerance limits. These cases are examined at the SCOR Global Life level by the Life Central Actuarial and Underwriting Department and by the Risk Management Department and, where applicable, the Finance Department. These departments are located in Charlotte, Cologne, Paris and Zurich. Cases which may have a significant impact on the balance sheet of the Group are additionally reviewed by the Group Risk Management function. Thresholds or conditions for a referral to Group Risk Management are defined in specific guidelines.

In order to ensure that SCOR Global Life is continually kept up-to-date with biometric trends and scientific developments, SCOR Global Life uses the expertise of four dedicated technical research centers within the Life Central Actuarial and Underwriting Department to analyze and assess the key factors underlying mortality/longevity, Long-Term Care and disability risks. The SCOR Global Life Research Centers provide recommendations for the implementation of the research results into the pricing, underwriting control and determination of exposure limits.

Immediately after the acquisition of the mortality portfolio and the operations from Transamerica Re in 2011 SCOR Global Life launched a project to integrate teams, processes and systems to create a uniform business platform and significant progress was achieved during 2012 with a move to offices for the SCOR Global Life teams in Charlotte, a uniform organizational structure for the Americas life markets fully integrated into the global and group-wide organization and processes, reallocation of portfolios between entities to be closer to clients and continuous system projects with a target implementation in 2013.

Interdependence of the Group's Non-Life and Life reinsurance businesses

The activities of Non-Life and Life reinsurance take place in two different market environments. They are subject to heterogeneous external constraints, which generally have only very limited correlation with each other. The diversification and the overall balance between these two business areas provide stability. However, in some extreme scenarios Non-Life and Life risks and financial market and credit risks could accumulate. This exposes SCOR to accumulation and/or correlation risks which are difficult to quantify.

SCOR takes into account the effect of the diversification between Life and Non-Life in its internal model by setting parameters for the interdependence of the various lines of business.

6.1.3.2 Distribution by production source

Reinsurance can be written through professional reinsurance brokers or directly from ceding companies. The involvement of a broker in the placement of a reinsurance contract is a decision belonging to the ceding company, which depends on local market practices, the cedant's worldwide reinsurance market knowledge, the complexity of the risks the cedant intends to transfer and the corresponding available reinsurance capacity in the market, the cedant's capability and resources to structuring a market submission data, placing risks and administrating the placements. In most of the cases, reinsurance programs are syndicated to several reinsurers, which follow a leader, and in some instances a co-leader.

The relative amount of brokered and direct business written by the Group's subsidiaries varies according to local market practices.

For the year ended 31 December 2012, Non-Life wrote approximately 65% of gross written premiums through brokers and 35% through direct business, while Life wrote approximately 10% through brokers and 90% through direct business.

For the year ended 31 December 2012, for Life the largest brokers SCOR wrote gross premiums written with were AON Benfield with approximately 3% of the Life total gross written premiums and Willis with approximately 1%. For Non-Life, the largest brokers that the Group used were AON Benfield with approximately 22% of its Non-Life total gross premiums written, Guy Carpenter with approximately 12% and Willis Gras Savoye with approximately 9%.

The direct reinsurance market remains an important distribution channel for reinsurance business written by the Group. Direct placement of reinsurance enables SCOR to access clients who prefer to place their reinsurance partly or in totality directly with reinsurers based upon the reinsurer's in-depth understanding of the ceding company's needs.

6.1.3.3 Claims

Non-life

The Group's P&C Claims & Commutations function, located in its six Hubs, is in charge of the implementation and overview of the overall claims handling policy for SCOR Global P&C, implementing worldwide control and reporting procedures and managing commutation of portfolios and commitments.

The claims handling function is performed by the claims teams, located in Paris, New York, Zurich, London, Singapore and Cologne, which review, process and monitor reported claims. The P&C Claims & Commutations function supports and controls the day to day activity and takes over the direct management of large, litigious, serial and latent claims. Additionally, periodic audits are conducted on specific claims and lines of business, and claims processing and procedures are examined at the ceding companies' offices with the aim of evaluating their claims adjusting process, valuation of case reserves and overall performance. Technical and legal assistance is provided to underwriters before and after accepting certain risks.

When needed, recommendations are given to underwriters and local management.

Life

The Group's Life claims department, located in Paris, is tasked with implementing the general claims handling policy for SCOR Global Life, as well as worldwide control and reporting procedures and managing commutation of claim portfolios. The claims handling function is performed by local claims teams, located among other cities in Paris, Charlotte, Zurich, London, Singapore and Cologne, which initially process and monitor reported claims. The Life Claims Department supports and controls the day-to-day activity and takes over the direct management of large, litigious, serial and latent claims. Additionally, periodic audits are conducted on specific claims and lines of business. Claims processing and procedures are examined at the ceding companies' offices with the aim of evaluating their claims adjusting process, valuation of reserves and overall performance. Technical and legal assistance is provided to underwriters before and after accepting certain risks. When needed, recommendations are given to underwriters and local management.

6.1.3.4 Catastrophe (cat) Risk and Exposure Controls

SCOR manages its exposure to catastrophes through selective underwriting practices, especially by limiting its exposure to certain events in certain geographic zones, by monitoring risk accumulation on a geographic basis and by retroceding a portion of those risks to other selectively chosen reinsurers.

Non-Life reinsurance

Catastrophe management is split into three sections under SCOR Global P&C: portfolio accumulation, optimization and procedures; research and development; and modeling in support of underwriting. Descriptive guidelines for each of the main business processes are available: 'catastrophe methodologies', 'data quality & modeling', 'accumulation control', , 'Cat pricing' and 'system & processes'. For Cat pricing, a matrix organization described in the guidelines has been implemented in each Hub, distributing the responsibility of Cat pricing to the Cat modelers, the pricing actuaries or the underwriter. In addition, a system of Cat referrals has been introduced in excess of a given threshold.

For all SCOR's property business, it evaluates the accumulations generated by potential natural events and other risks. Pursuant to the rules and procedures, Regional Managers from SCOR's natural catastrophes risks modeling team monitors the structure of the portfolio for each region or country and the data is consolidated under the supervision of the Head of natural catastrophes risks modeling.

The Group tracks natural catastrophe accumulation (earthquakes, wind and flood perils…) for all exposed countries worldwide. Depending on the region of the world and the peril in question, it uses a variety of techniques to evaluate and manage its total exposure. The Group quantifies this exposure in terms of a maximum commitment. It defines this maximum commitment, taking into account policy limits, as the potential maximum loss caused by a catastrophe affecting a geographic area, such as a storm, hurricane or earthquake, and occurring within a given return period. SCOR estimates that its potential maximum losses for catastrophes, before retrocession, come from windstorms in Europe, hurricanes in the U.S., typhoons in Japan or from earthquakes in Japan or the U.S.

The Group makes extensive use of proprietary external models from industry-leading catastrophe model suppliers, including Risk Management Solutions RiskLink® ("RMS") and AIR Worldwide Catrader® ("AIR"), and licenses all the region/peril combinations available from each vendor. In addition, it has access to local cat model expertise for Australia from Risk Frontiers, a commercial provider of tools developed at Macquarie University. Access to multiple external models allows the Group to better appreciate the strengths and limitations of each model and make adjustments where appropriate, and it is well equipped with alumni from the main model providers.

Since 2011, SCOR has operationally used the RMS modelling results format as its common framework for assessing accumulations of natural catastrophe risk, including catastrophe risk management controls (Capacity Monitoring) and provision of data to its internal capital models, and retrocession department.

These tools enable the Group to quantify its exposure in terms of a probable maximum loss ("PML") at various levels of probability for each peril and geographic location. The overall aggregate annual PML per peril, allowing for potential multiple events, provides the information required to determine the level of retrocession and other alternative risk transfer solutions (e.g., catastrophe bonds) that are needed to ensure that the net aggregate exposure remains within predefined tolerance limits.

The probabilistic catastrophe modelling approach captures the uncertainty related to the likelihood of a given event occurring (frequency uncertainty) as well as the uncertainty associated with the amount of loss, given that a particular event has occurred (severity uncertainty). A sound understanding of the uncertainties associated with the model's key parameters is essential for the interpretation of the model outcome and thus for decision-making. The outcomes for each model describe a bandwidth of loss estimates and not a unique value. In order to identify and stress-test the key parameters, systematic sensitivity analyses are carried out.

For peril/zones where neither internal nor external models are available, the following approaches are used:

- Pricing is performed based on actuarial techniques using historical losses and other benchmarks.
- Accumulations are performed either on a notional basis (i.e. sum of event limits for underwritten share), or on a "manual PML" basis, applying a mean damage ratio to the peak zone aggregates.

This method is validated by the Research & Development Cat team, who performs comparative studies with other peril/zones of similar hazard and vulnerability characteristics.

See Section 9 Operating and Financial review for certain data regarding SCOR's catastrophe loss experience

Life reinsurance

Accumulations of risk particularly exposed to catastrophes or other significant events in the life business are regularly assessed in group-wide extreme scenarios. Every year, limits for the acceptance of specific catastrophe covers by market are reviewed taking into account the capacities obtained by the retrocession coverage purchased by the Group.

SCOR is making use of the RMS model for infectious diseases in order to assess the exposure to catastrophe risk arising from global and regional pandemics. This exposure is monitored throughout the year against SCOR's defined risk limits and used for decisions on mitigating measures. Specifically designed retrocession programs aim to protect its life reinsurance business. One program protects assumed catastrophe excess of loss acceptances; the other protects the retained lines in respect of all other acceptances.

Maximum underwriting capacities are defined to limit SCOR Global Life's exposure on various types of treaties underwritten, proportional and non-proportional, covering individual or Group policies. These capacities are revised each year, taking into account the capacities obtained by the retrocession coverage purchased by the Group. These limits include: maximum commitment per life accumulated for all SCOR exposures, maximum annual commitments for non-proportional cover per life or per event, maximum commitment per country for non-proportional exposures by event. Aggregate portfolio exposures are continually monitored. Specialized information technology software, developed by SCOR allows an inventory of insured persons across SCOR Global Life's markets and is fed with single risk information as received by the client companies. Through this system, an accumulation control is carried out and risks under which the accumulated exposure exceeds SCOR Global Life's retention are identified and retroceded to a pool of retrocessionaires. The retention limits are revised regularly.

6.1.3.5 Reserves

The Non-Life and Life reserves adequacy is controlled by internal actuaries who make a quarterly review and annual detailed reports, validated by the Group Chief Actuary. External consulting firms also review on an annual basis the Non-Life reserves. Life reserving assumptions are reviewed as well by an external firm in the framework of the embedded value calculation. If necessary, internal audits of its portfolios are performed. Centrally defined and tightly controlled reserving process, strong portfolio diversification, prudent reserving policy, sound reserving tools and, state of the art actuarial methods used by highly skilled professionals and high level of transparency, both internally and externally, tends to minimize the risk of inadequate reserves.

However, the Group is subject to all of the factors of uncertainty mentioned above and, in consequence, to the risk that its reserves are inadequate compared to its liabilities. Therefore, if its claims reserves prove to be inadequate, its net income, cash flow and financial position may be adversely affected.

See "Paragraph 4.1.5 - If SCOR's reserves prove to be inadequate, its net income, cash flow and financial position may be adversely affected" for further information on reserves.

A. Non-Life business

SCOR regularly reviews and updates its methods for determining outstanding claims reserves and IBNR Reserves. However, it is difficult to accurately value the amount of reserves required, especially in view of changes in the legal environment, which could affect the reserve development.

When a claim is reported to the ceding company, its claims department establishes a reserve corresponding to the estimated amount of the ultimate settlement for the claim. The estimate is based on the cedant's own methods of evaluation. The ceding company reports the claim and its suggested reserve amount to the Group entity with which it concluded its contract of reinsurance. The Group records the ceding company's suggested reserve and is free to establish greater or smaller reserves based on the review and analysis by the Group's claims division and internal actuaries. Such greater or smaller potential reserves are based upon the consideration of many factors, including the level of the commitments, seriousness of the claims and the Group's assessment of the ceding company's claims' management.

Conforming to applicable regulatory requirements and in accordance with industry practices, the Group maintains in addition to outstanding claims reserves, IBNR Reserves. These reserves represent:

- the estimated final amount that may be paid by the Group on losses or events that have occurred, but are not yet reported to the ceding company or to the SCOR entity concerned; and
- the estimated cost variation on claims already reported to the Group.

In determining the amount of its reserves, the Group generally uses actuarial techniques that take into account quantitative loss experience data, together with qualitative factors, where appropriate. The reserves are also adjusted to reflect reinsurance treaty terms and conditions, the variety of claims processing that may potentially affect the Group's commitment over time. With the exception of the reserves for worker's compensation in the USA and most of the reserves of Commercial Risk Partners ("CRP"), the former Bermudan entity of the Group now in run-off and merged within GSNIC, which are discounted pursuant to American and Bermudan regulations, the Group does not discount Non-Life reserves.

A table showing historical changes in reserves for Non-Life claims is provided in Paragraph 20.1.6 - Notes to the consolidated financial statements, Note 16 – Net Contract liabilities.

The Group continues to pursue the active commutations policy of its portfolios initiated in 2003, the main goals being to reduce the volatility of claims reserves, to reduce the administrative costs particularly the oldest, and to allow the reallocation of capital. This policy will be continued by focusing efforts on the U.S. run-off activities, business exposed to Asbestos and Pollution risks, and some treaties written by the former Converium company acquired by SCOR.

B. Life business

For SCOR's Life business, it is required to maintain adequate reserves for future policy benefits that take into account expected investment yields and mortality, morbidity, lapse rates, exercise of options and other assumptions.

Reserves for policy claims are established on initial recognition on the basis of the Group's best estimates' assumptions of mortality, morbidity as well as investment income plus a provision for adverse deviation. These assumptions are subsequently locked in. Reserves are subject to liability adequacy test.

In determining its best estimates, the Group takes into consideration its past experience, current internal data, external market indices and benchmarks and other relevant information. The contracts' liabilities established by the Group with respect to individual risks or classes of business may be greater or less than those established by ceding companies due to the use of different mortality tables or other assumptions. Actual events in a given period may be more costly than projected and, therefore, may adversely affect SCOR's operating results for such period.

A table showing changes in the mathematical reserves in Life reinsurance is provided in Paragraph 20.1.6 - Notes to the consolidated financial statements, Note 16 – Net Contract liabilities.

As a consequence of the uncertainties described above regarding the correct reserving of risks and their annual revision in Life and Non-Life, there can be no assurance that the Group will not have to increase its reserves in the future, or that the reserves constituted by the Group will be sufficient to meet all its future liabilities, which could materially impact its current and future revenues, net income, cash flow, financial position, and potentially, the SCOR share price.

6.1.4 CAPITAL SHIELD POLICY

Reinsurers typically purchase reinsurance to cover their own risk exposures. Reinsurance of a reinsurer's business is called a retrocession. SCOR retrocedes a portion of the risks it underwrite in order to limit its exposures and losses, and it pays premiums based upon the risks and exposures of its facultative and treaty portfolios, subject to such retrocession cover. Retrocession cover is subject to collectability in all cases where the original business underwritten suffers from a loss that falls into the retrocession contractual scope. SCOR remains primarily liable to the direct insurer on all risks reinsured although the retrocessionaire is liable to the Group to the extent of the cover limits purchased. SCOR monitors the financial condition, including ratings, of its retrocessionaires regularly on an ongoing basis. The financial condition is monitored upon receipt of any information on retrocessionaires and automatic feeding of retrocessionaires rating on a quarterly basis, paying particular attention to the retrocessionaires' default risk in the treaty renewal period. The Group meets with the security departments of two large reinsurance brokers at least twice a year as part of this monitoring. It also analyzes external studies prepared by the security departments of these two reinsurance brokers. It reviews its retrocession arrangements periodically, to ensure that they fit closely to the development of its business, and revise its global retrocession program annually. Furthermore, to reduce the credit risk arising from its retrocessionaires, SCOR requests that certain of its retrocessionaires provide that all or a portion of the receivables from its retrocession contracts be supported by collateral (cash deposits, letters of credit, pledging of securities etc.) in its favor. For further information see "Paragraph 4.1.6 - Risk Factors - SCOR may be adversely affected if its cedants, retrocessionaires, insurers or members of pools in which it participates do not respect their obligations" and "Paragraph 4.1.14 - Risk factors - SCOR is exposed to losses due to counterparty default risks or credit risks".

Retrocession procedures are centralized in the retrocession function of the Non-Life division. The level of retrocession is selected each year to ensure that SCOR's retained risk profile respects the specific Group risk tolerance limits, to help achieve its return on capital and solvency objectives. The Group utilizes a variety of retrocession agreements with non-affiliated retrocessionaires to control its exposures to large property losses. In particular, it has implemented an overall program set in place on an annual basis that provides partial coverage for up to three major catastrophic events, natural or not, within one occurrence year. A major event is likely to be a natural catastrophe such as an earthquake, a windstorm, a hurricane or a typhoon in a region where SCOR has major aggregate exposures stemming from the business written.

SCOR's capital shield policy includes traditional retrocession as well as the use of alternative risk transfer solutions (e.g., the multi-year securitization of catastrophic risk in the form of ILS and mortality swaps) and contingent capital securities, which are designed as tools of last resort. See below for a description of the securitization of catastrophic risk, mortality swaps and contingent capital securities. The credit risk that SCOR may be exposed to through these alternative risk transfer solutions can be more limited than the credit risk related to traditional retrocession arrangements because alternative retrocession is usually fully collateralized, which is not the case with traditional retrocession.

See "Paragraph 4.1.15 - Risk Factors - SCOR is exposed to the risk of no longer being able to retrocede liabilities on economically viable terms and conditions” and “Paragraphe 4.1.2 – SCOR is exposed to losses from catastrophic events” for more information on the risks related to the retrocession.

An analysis of the share of retrocessionaires in contract liabilities by rating of the retrocessionaires and collateral from retrocessionaires in favor of SCOR at 31 December 2012 and 2011 is presented in Paragraph 20 – Financial information concerning the issuer's assets and liabilities, financial position and profits and losses, Note 16 – Net Contract liabilities and Note 21 - Net results of retrocession.

Atlas Special Purpose Vehicles Catastrophe Bonds

The Group seeks to reduce its dependence on traditional retrocession and diversify its strategy in light of a potentially continued volatile retrocession market by using alternative risk transfer solutions, which includes the securitization of catastrophic risk in the form of ILS. Accordingly, on 21 December 2006, SCOR signed a multi-year catastrophe property retrocession agreement with Atlas III Capital Limited, a special purpose vehicle organized pursuant to the laws of Ireland and financed by the issuance of a catastrophe bond (“cat bond”). The purpose of Atlas III was to provide EUR 120 million in additional retrocession coverage for SCOR SE and its subsidiaries against exposure to storms in Europe and earthquakes in Japan, the losses of which were determined by a model over a period running from 1 January 2007 to 31 December 2009. Continuing this strategy to diversify retrocession sources, the Group issued two similar cat bonds, Atlas IV Reinsurance Limited (“Atlas IV”) on 29 November 2007 for a term of three years and one month, providing EUR 160 million in additional retrocession coverage for SCOR SE and its subsidiaries against exposures to storms in Europe and earthquakes in Japan, and, in three series, Atlas V Capital Limited (“Atlas V”) on 19 February 2009 for a term of three years providing USD 200 million in additional retrocession coverage for SCOR SE and its subsidiaries against exposure to earthquakes and hurricane in the U.S. and Puerto Rico.

The Group succeeded in the renewal of its retrocession programs in 2010 and 2011. On 9 December 2010, SCOR successfully placed a new cat bond, Atlas VI Capital Limited Series 2010-1, which provides the Group with EUR 75 million of protection against European windstorms and Japanese earthquakes for a risk period extending from 10 December 2010 to 31 March 2014. This transaction succeeds Atlas IV, which matured on 31 December 2010 and provided similar geographical cover of EUR 160 million. On 12 December 2011 the Group successfully placed a new cat bond, Atlas VI Capital Limited (“Atlas VI”) Series 2011-1 and 2011-2, which provides SCOR with USD 270 million of protection against U.S. hurricanes and earthquakes and EUR 50 million of protection against European windstorms, for a risk period extending from 13 December 2011 to 31 December 2014 for the U.S. series and 31 March 2015 for the European series. This transaction succeeded Atlas V, which matured on 24 February 2012 and provided geographical cover that is similar to that covered by Series 2011-1 of Atlas VI.

Atlas IV property retrocession agreements were accounted for as reinsurance contracts (See "Paragraph 20.1.6 Financial Statements - Note 1 (N) Classification and accounting of reinsurance contracts). Due to the absence of ultimate loss clause, catastrophe agreements with Atlas V Capital Limited, Atlas VI Capital Limited Series 2010-1, 2011-1 and 2011-2 have been accounted for as derivatives and are considered as balance sheet protection. See " Paragraph 9.2.4 Capital shield policy."

On 1 November 2012 SCOR successfully places a new catastrophe bond (“cat bond”), Atlas Reinsurance VII Limited, which provides the Group with twofold protection of USD 60 million (“Class A Notes”) against US hurricanes and earthquakes, and EUR 130 million (“Class B Notes”) against European windstorms, for a risk period extending from 1 January 2013 to 31 December 2015.

Atlas Reinsurance VII Limited is an Irish reinsurance vehicle. Aon Benfield Securities Inc., Natixis and BNP Paribas managed the transaction and the book on the deal. Standard & Poor's rates Atlas VII Class A Notes at BB-, and Atlas VII Class B Notes at BB.

The loss payments covered by the Class A Notes are based on market share factors applied to the market insured loss, as reported by PCS for the US on an annual aggregate basis. Class B Note losses are covered on per-occurrence basis, using the PERILS index. These Atlas VII catastrophe retrocession agreements will be accounted for as reinsurance contracts in 2013 (See "Paragraph 20.1.6 Financial Statements - Note 1 (N) Classification and accounting of reinsurance contracts).

Mortality Swap

In 2008, SCOR Global Life SE signed a four-year mortality swap with an affiliate of J.P. Morgan Chase & Co. pursuant to which SCOR would have received cash up to a nominal amount of USD 100 million and EUR 36 million in the event of a significant rise in mortality rates due to major pandemics, natural catastrophes or terrorist attacks. In 2009, SCOR Global Life extended the protection offered by the 1st tranche by arranging an additional tranche with a lower attachment point. The Mortality Swaps reduced SCOR's exposure to major mortality shock events. The agreements, which ran for a risk period from 1 January 2008 to 31 December 2011 and 1 January 2009 to 31 December 2011 respectively, matured on 15 January 2012.

Contingent capital

As part of the "Capital shield" policy of the Group, contingent capital securities were issued, which are considered as tools of last resort. See "Paragraph 20.1.6 Financial Statements - Notes to the consolidated financial statements, Note 8 - Derivative assets."

6.1.5 INVESTMENTS

Fixed income investments are managed by SCOR Global Investments SE or by external managers monitored by SCOR. In all cases, investment guidelines are provided to managers and strict monitoring is carried out over the global portfolio by the respective Group entities. Whether managed internally or externally, each entity monitors, either directly or via an intermediary, the changes in value of the investment assets. In general, the tactical allocation of the global portfolio is defined by the Group Investment Committee which meets each quarter at least. It is chaired by the Group's Chief Executive Officer and is composed of the Group Chief Financial Officer, the Group Chief Risk Officer, the Chief Economist, the Chief Executive Officer of SCOR Global P&C and the Chief Executive Officer of SCOR Global Life, the Chief Executive Officer of SCOR Global Investments SE and other representatives of SCOR Global Investments.

The Group has a prudent investment policy and put great importance on several selection criteria including internal assessments, the rating provided by the rating agencies to the issuer and the liquidity of the securities purchased. See Paragraph 20.1.6 – Notes to the consolidated financial statements, Note 26 – Insurance and Financial Risks – Credit Risk for a description of SCOR's exposures to sovereign bonds.

SCOR is exposed to equity price risk on its equities portfolio. The Group's goal in managing its equities portfolio is to develop a diversified portfolio of high-quality equities that will appreciate over the medium term. It also seeks equities which offer high dividends or are equities which it believes are likely to appreciate in value based on increases in inflation. Equities selection is therefore predominantly based on an analysis of the underlying fundamentals.

Because equities are more volatile than fixed income securities, this asset class is closely and regularly monitored. All equity positions (direct positions and mutual funds) are aggregated and valued daily. This approach allows SCOR to monitor changes in the portfolio and to identify investments with higher-than-average volatility as soon as possible, using alert signals. It also facilitates arbitrage or portfolio re-allocation decisions.

The equity risk is controlled and measured:

- On a Group level, exposure is decided and reviewed at least quarterly by the Group Investment Committee.
- The equity risk is also controlled by the definition of maximum exposures per stock or mutual fund and is reviewed regularly (e.g., exposure to large-cap stocks will generally be greater than exposure to mid-cap stocks). The control ratios on mutual funds are also reviewed regularly, based on the mutual fund's holdings.

To measure the risk, an assumed "equity" beta of 1 is generally used. This assumes that the whole portfolio varies homogeneously and with the same magnitude as the equity market. SCOR therefore uses an instantaneous change in the equity market as a measure of the change in the unrealized capital gains or losses of the equity portfolio.

Interest rate risk is managed within the Group primarily at two levels. At the level of each entity, the Group takes into account the regulatory and accounting constraints. At the Group level, SCOR reviews its consolidated investment portfolios in order to identify the overall level of risk and return. It uses analytical tools which guide both its strategic allocation and local distribution of assets. Sensitivity to changes in interest rates is generally analyzed on a weekly basis.

At 31 December 2012, SCOR's total investments and cash were EUR 22,580 million (EUR 21,429 million as at 31 December 2011). The 2012 increase in total investments and cash as compared to 2011 was mainly due to positive Unrealised Gains and Losses (URGL) developments within SCOR's invested assets and the investment of the Group's strong operating cash flows.

The portion invested in equities decreased from EUR 1,247 million at 31 December 2011 to EUR 1,176 million at 31 December 2012 given the macro-economic and financial environment. Most of the equity investments were in European companies with large market capitalization.

The portion invested in fixed income investments increased from EUR 8,372 million at 31 December 2011 to EUR 9,707 million at 31 December 2012. As set forth in SMV1.1, SCOR maintains a “rollover investment strategy” for its fixed income portfolio in order to have significant financial cash flows to reinvest in the event of a sudden change in the economic and financial environment, while seizing market opportunities. The outlook for the world economy in 2013 and beyond continues to be extremely uncertain, with various possible future outcomes (e.g., a double-dip scenario, a return of inflation or a progressive or sudden rise in interest rates). Its investment strategy is designed to immunize itself as much as possible from the negative consequences of these shocks.

The duration of SCOR’s fixed income portfolio including short term investment increased slightly from 2.6 years at 31 December 2011 to 2.7 years at 31 December 2012.

In terms of credit quality, despite the downgrade of several sovereign and private issuers, the Group maintained the quality of its fixed income portfolio including short term investments, to a high level with an average rating of “AA-” as at 31 December 2012 against an average rating of “AA” last year. In this Registration Document, when the Group refers to the ratings of securities held in its investment portfolio, or the counterparty credit rating of the issuers of such securities, it uses an average of available ratings of the relevant securities and/or issuer published by the applicable nationally recognized statistical rating organizations.

SCOR's total exposure to government bonds and assimilated in its investment portfolio was EUR 3,601 million at 31 December 2012 of which EUR 1,449 million was invested in government bonds of countries within the EU, primarily Germany, France, the Netherlands and the UK. As at 31 December 2012 SCOR had no government bonds exposure to Greece, Ireland, Portugal, Spain or Italy.

SCOR's total exposure to covered and agency MBS in its investment portfolio was EUR 1,359 million at 31 December 2012. SCOR's total exposure to corporate bonds in its investment portfolio was EUR 3,997 million at 31 December 2012, of which exposures to Greece, Ireland, Italy, Portugal, and Spain was EUR 71 million, primarily in Italy. SCOR's total exposure to structured and securitized products in its investment portfolio was EUR 750 million at 31 December 2012.

The portion invested in real estate investments increased from EUR 499 million at 31 December 2011 to EUR 584 million at 31 December 2012, due to acquisitions of new buildings.

The liquidity, defined as cash, cash equivalent and short term investments, has decreased from EUR 3,055 million at 31 December 2011 to EUR 2,735 million at 31 December 2012.

For further detail on the investment portfolio for the years ended 31 December 2012 and 2011 see “Paragraph 20.1.6 - Notes to the consolidated financial statements, Note 6 - Insurance Business Investments". For a table summarizing the investment income of SCOR for the years ended 31 December 2012, 2011 and 2010 see “Paragraph 20.1.6 - Notes to the consolidated financial statements, Note 20 – Investment income.”

Portfolios

The following table details the distribution by category of investment of SCOR’s total investments and cash, by net carrying value:

Consolidated Investments

	As at December 31					
	2012		2011		2010	
	In EUR million	%	In EUR million	%	In EUR million	%
Real estate investments	584	2.6%	499	2.3%	378	1.8%
Available-for-sale equities	1,016	4.5%	1,158	5.4%	1,273	6.1%
Available-for-sale fixed income	9,651	42.7%	8,334	38.9%	10,188	48.8%
Fair value through income equity investments	160	0.7%	89	0.4%	31	0.1%
Fair value through income fixed income	56	0.2%	38	0.2%	9	0.1%
Loans and receivables (excluding short term investments)	8,266	36.7%	8,098	37.9%	7,639	36.6%
Derivative investments	112	0.5%	158	0.7%	94	0.5%
Short term investments	1,269	5.6%	1,774	8.2%	259	1.2%
Cash and cash equivalents	1,466	6.5%	1,281	6.0%	1,007	4.8%
Total	**22,580**	**100%**	**21,429**	**100.0%**	**20,878**	**100.0%**

See Paragraph 20.1.6 - Notes to the financial statements, Note 6 - Insurance Business Investments for a breakdown of amortized costs and estimated fair values of fixed income investments by major type of security, including fixed income securities held to maturity and available for sale as at 31 December 2012, 2011 and 2010.

Credit Risk

SCOR is exposed to credit risk on the fixed income securities in its investment portfolio. See Paragraph 4.1.14 SCOR is exposed to losses due to counterparty default risks or credit risk. See also Paragraph 20.1.6 – Notes to the financial statements, Note 26 – Insurance and Financial Risks – Credit Risk. SCOR mitigates these risks by implementing a policy of geographic and sector diversification. Limits by counterparty exposure and by rating are also defined. An expost analysis is performed at a minimum, on a quarterly basis (sector, geographical area, counterparty, rating) and enables critical risks to be identified and evaluated in order to take appropriate actions.

The following table presents SCOR's fixed income securities by counterparty credit quality, including fixed income securities classified as trading, at 31 December 2012 and 2011:

	As at December 2012		As at 31 December 2011	
	Net carrying value in EUR million	%	Net carrying value in EUR million	%
AAA	3,120	32.2%	3,079	36.8%
AA	2,767	28.5%	2,114	25.3%
A	1,944	20.0%	1,784	21.3%
BBB	1,146	11.8%	1,022	12.2%
below BBB	605	6.2%	272	3.2%
Unrated	125	1.3%	101	1.2%
Total	**9,707**	**100%**	**8,372**	**100.0%**

See "Paragraph 20.1.6 - Notes to the financial statements, Note 6 - Insurance Business Investments" for a breakdown of fixed incomes securities included in the Group's portfolio by remaining maturity at 31 December 2012 and 2011.

6.2 Principal markets

SCOR is characterized by its strategic positioning aimed at underwriting risks so as to diversify exposure. To this end, the Group seeks to preserve:

- the diversification of its business by maintaining a broadly balanced business division split between Life and Non-Life reinsurance. The portfolio business volume split for the year ended 31 December 2012, was approximately 51% for Life reinsurance and 49% for Non-Life reinsurance based on gross written premiums.
- the geographic diversification of the Group's business by:
  - operating in a large number of countries, both mature and emerging;
  - maintaining its policy of positioning itself in strong-growth markets as Asia-Pacific and Latin America;
  - operating as a composite reinsurer in China based on the license received in 2011, enabling SCOR to add Life & Health reinsurance services to the existing Non-Life activities.
- the diversification of underwritten risks in Life reinsurance by line of business (Life, Life Financing Reinsurance, Disability, Long-Term Care, Critical Illness, Health, Annuities, Personal Accident, and Longevity), and in Non-Life reinsurance by business area (Property and Casualty Treaties, Specialty Treaties, Business Solutions (large corporate accounts underwriting essentially on a facultative business/occasionally direct insurance) and Joint Ventures and Partnerships).

6.2.1 BREAKDOWN OF GROSS PREMIUMS BY DIVISION

In EUR million	2012		2011		2010	
By division						
SCOR Global P&C	4,650	49%	3,982	52%	3,659	55%
SCOR Global Life	4,864	51%	3,620	48%	3,035	45%
Total	**9,514**	**100%**	**7,602**	**100%**	**6,694**	**100%**
By sub-division						
Non-Life reinsurance						
Treaties	2,502	54%	2,085	52%	1,864	51%
Business Solutions (facultative)	616	13%	538	14%	483	13%
Specialty Treaties	935	20%	925	23%	868	24%
Joint Ventures & Partnerships	597	13%	434	11%	444	12%
Total SCOR Global P&C	**4,650**	**100%**	**3,982**	**100%**	**3,659**	**100%**
Life reinsurance						
Life	3,182	65%	2,132	59%	1,578	52%
Life Financing Reinsurance	553	11%	492	14%	535	18%
Critical Illness	220	5%	177	5%	137	4%
Disability	278	6%	239	7%	253	8%
Long-Term Care	150	3%	154	4%	136	4%
Annuities	11	0%	9	0%	47	2%
Health	293	6%	311	8%	292	10%
Personal Accident	123	3%	98	3%	57	2%
Longevity	54	1%	8	0%	0	0%
Total SCOR Global Life	**4,864**	**100%**	**3,620**	**100%**	**3,035**	**100%**

See "Paragraph 20.1.6 - Notes to the financial statements, Note 2 - Segment information, for further detail on the results of the divisions.

6.2.2 DISTRIBUTION BY GEOGRAPHIC AREA

In 2012, SCOR generated approximately 42% of its gross written premiums in Europe (2011: 49%), with significant market positions in France, Germany, Spain and Italy, 39% of its gross written premiums in North America, including Bermuda and the Caribbean region (2011: 31%) and 19% of its gross written premiums in Asia and in the rest of the world (2011: 20%).

The following table shows the breakdown by gross volume of Life and Non-Life premiums written by geographic area based on the country in which the ceding company operates for treaty business and location of the insured for facultative business:

In EUR million	Total			SCOR Global Life			SCOR Global P&C		
	2012	2011	2010	2012	2011	2010	2012	2011	2010
Europe	3,981	3,709	3,572	1,716	1,686	1,660	2,265	2,023	1,912
Americas	3,697	2,376	1,823	2,462	1,393	913	1,235	983	910
Asia-Pacific/Rest of World	1,836	1,517	1,299	686	541	462	1,150	976	837
Total	**9,514**	**7,602**	**6,694**	**4,864**	**3,620**	**3,035**	**4,650**	**3,982**	**3,659**

6.3 Extraordinary events influencing the principal business and markets

Please refer to http://www.scor.com/en/investors/ratings.html for a summary of SCOR's ratings.

On 5 June 2012, Standard & Poor's upgraded to "A+" from "A" the insurance financial strength ratings (IFSR) and long-term counterparty credit of SCOR SE (SCOR) and various guaranteed subsidiaries. All ratings have a "stable outlook".

On 9 May 2012, Moody's Investors Service upgraded the insurance financial strength ratings (IFSR) of SCOR SE (SCOR) and various guaranteed subsidiaries to A1 from A2, and SCOR's subordinated debt rating to A3 from Baa1. All ratings have a "stable outlook".

On 2 May 2012, A.M. Best upgraded the Issuer Credit Ratings (ICR) of SCOR SE and its main subsidiaries from "a" to "a+". They also affirmed the Financial Strength Ratings of "A" (Excellent). The outlook for all ratings is stable.

On 15 March 2012, Fitch Ratings upgraded SCOR's Insurer Financial Strength (IFS) ratings and Long-term Issuer Default Ratings (IDRs) from 'A' to 'A+'.

On 15 December 2011, Moody's Investors Service affirmed the A2 insurance financial strength ratings (IFSR) of SCOR SE (SCOR) and various guaranteed subsidiaries, and SCOR's Baa1 (hyb) subordinated debt rating. The rating outlook remained positive.

On 28 October 2011, Standard & Poor's Ratings Services reaffirmed its 'A' Financial Strength Rating and Counterparty Credit Rating. The Outlook on all entities remained positive.

On 3 May 2011, Fitch Ratings affirmed SCOR's Long-term Issuer Default Ratings (IDRs) and Insurer Financial Strength (IFS) ratings at 'A', respectively. The Outlook on the IDR and IFS remained positive

On 27 April 2011, Standard & Poor's Ratings Services affirmed its 'A' long-term counterparty credit and insurer financial strength ratings on, as well as on SCOR's guaranteed subsidiaries. The outlook on all entities remained positive.

On 26 April 2011, Moody's Ratings affirmed its A2 insurance financial strength, outlook positive and its rated subsidiaries after the acquisition of the life mortality business of Transamerica Re.

On 26 April 2011, A.M. Best Europe affirmed the financial strength rating (FSR) of A (Excellent) and the issuer credit rating (ICR) of "a" of SCOR SE and its subsidiaries. Concurrently, A.M. Best affirmed the subordinated debt ratings. The outlook for all ratings remained stable.

On 7 October 2010, Moody's raised the outlook on the "A2" Insurer Financial Strength Rating (IFSR) of SCOR SE and its main subsidiaries from "stable" to "positive". According to the rating agency, this decision reflected "SCOR's good franchise, diverse book of reinsurance business, excellent asset quality, and relatively low financial leverage. Furthermore, the Group's senior management has demonstrated a consistent business strategy."

On 1 October 2010, Standard & Poor's raised the outlook on the "A" rating of SCOR SE and its main subsidiaries from "stable" to "positive". According to the rating agency, "the outlook revision reflected our view of the positive momentum in SCOR's financial profile. This mainly stems from the group's improved earnings, strong capitalization, and a strong enterprise risk management (ERM) program."

On 10 September 2010, A.M. Best upgraded the Insurer Financial Strength and Long-Term Credit and ratings of SCOR SE and its main subsidiaries from "A-" to "A"(Excellent) and "a-" to "a" respectively. According to the rating agency, this decision reflected "the continuing resilience of SCOR's risk-adjusted capitalization, its consistent operating performance and the quality of its enterprise risk management".

On 24 August 2010, Fitch Ratings upgraded the outlook on the "A" rating of SCOR SE and its subsidiaries from "stable" to "positive" for Insurer Financial Strength (IFS) and Long-term Issuer Default Ratings (IDRs). Fitch notably indicates that this upgrade took account of "the resilience of the group's financial strength, due to its conservative investment policy, reduced debt leverage and continued strong capital adequacy amid volatile financial markets and a less favorable claims environment. The ratings also took SCOR's strong business and risk diversification, solid business position and resilient profitability into account".

On 6 March 2010, STOXX announced SCOR's addition to its "EuroStoxx Select Dividend 30" index. The underlying component data (new numbers of shares and free-float factors) for all indices have been announced on 12 March 2010 after the close of European markets. The listing became effective on 19 March 2010 after the close of the European markets. SCOR SE was chosen as one of five new securities to join the EuroStoxx Select Dividend 30 (which is an index listing the 30 most attractive European companies in terms of dividends).

6.4 Dependency of the issuer with respect to patents or licenses, industrial, commercial or financial contracts and new manufacturing processes

Please refer to "Paragraph 4.1.1 – SCOR is exposed to diverse risk factors in the Non-Life and Life reinsurance businesses, 4.1.6 – SCOR may be adversely affected if its cedants, retrocessionaires, insurers or members of pools in which it participates do not respect their obligations, 4.1.10 – A significant portion of SCOR's contracts contains provisions relating to financial strength which could have an adverse effect on its portfolio of contracts and its financial position, 4.1.11 – Operational risks, including human errors or computer system failure, are inherent in SCOR business, 4.2.1 – SCOR faces risks related to its fixed income investment portfolio, 4.2.2 – SCOR faces risks related to its equity-based portfolio, 4.3 – Liquidity risks, 4.6 – Insurance of specific operational risks (excluding reinsurance activity), 11-Research and development, patents and licenses"

6.5 Information on SCOR's competitive position

SCOR competes for business in the European, American, Asian and other international markets with numerous international and domestic reinsurance and insurance companies, some of which have a larger market share than its own, greater financial resources and, in certain cases, higher ratings from the rating agencies. Competition in the types of reinsurance and insurance that the Group underwrites is based on many factors, including financial strength as perceived by the rating agencies, customers and their brokers, underwriting expertise, reputation and experience in the lines of reinsurance and insurance written, country of operation, premiums charged, the quality of the proposed reinsurance structures, the services offered and the speed at which claims are paid.

SCOR's competitors include independent and State owned reinsurance companies, subsidiaries or affiliates of established worldwide insurance companies, and reinsurance departments of certain primary insurance companies. Among the Group's major competitors there are European reinsurers (for example, Swiss Re, Munich Re and Hannover Re) and U.S. and Bermudian reinsurers (for example, PartnerRe, RGA, Ace, Axis Capital, Transatlantic Re, Odyssey Re, General Re and Everest Re). Also Lloyd's of London is recognized as a major competitor.

SCOR SE, and its consolidated subsidiaries has been the world's 5th largest reinsurer [(1)] in 2012 and 2011, serving more than 4,000 clients.

6.5.1 NON LIFE REINSURANCE

The 1 January 2012 renewals confirmed the trend observed in 2011 towards the recovery of the insurance and reinsurance markets. In this environment, SCOR strengthened its positions by demonstrating a strict underwriting policy and prudent pricing. These renewals meant that SCOR was able to confirm the commitments set out in its strategic plan "Strong Momentum V1.1" for its P&C reinsurance business.

The 1 January 2012 renewals were concluded after a year marked by an exceptional series of natural catastrophes, which included a number of different events with varying levels of severity. Throughout the past year, SCOR has demonstrated the soundness of its business model, based on diversification that is simultaneously high and controlled. Its risk management and capital shield strategy has enabled SCOR to absorb major shocks and approach the renewals under favorable conditions. The success of these renewals is due to SCOR's extensive knowledge of the Group's markets and clients, and to its ability to benefit from confirmed market fragmentation whilst seizing profitable growth opportunities.

The key takeaways of the 1 January 2012 renewals for SCOR were as follows:

- Total premium growth of 13.9%. P&C Treaty business was up by 12%, while Specialty Treaties were up by 18%;
- The weighted average pricing level was up by 2.2%, all else being equal. Price levels for P&C Treaties, weighted by variations in exposures and economic parameters, were up 2.9%, while Specialty Treaty price levels had only increased by 0.6% under the combined impact of competition in certain specialty lines (e.g.

(1) By Net Reinsurance premiums written, source: "S&P Global Reinsurance Highlights 2012" (excluding Lloyd's of London)

Aviation) and a prudent assessment of pricing developments in the business lines most exposed to the hazards of the economic situation (Credit, Construction All Risks/Erection All Risks, Marine). Contracts linked to natural catastrophe risks were renewed with coverage and price conditions that took account of recent experience, particularly in Asia-Pacific (prices up by 29.9%) and on the American continent (+13.2%);

- Technical profitability was stable (measured by the combined ratio and the remuneration of allocated capital), and rested on prudent projections, particularly for those business lines most exposed to economic uncertainties;
- Terms and conditions remained largely unchanged, except for contracts and regions impacted by the natural catastrophes that occurred in 2011;
- There was a higher level of differentiation between cedants within a given market, and the markets themselves remained fragmented, in accordance with the scenario that SCOR has been putting forward for several years.

These developments were in line with the expectations in terms of pricing evolutions voiced at the 2011 Rendez-Vous de September in Monte Carlo, and were also in line with the figures set out in the strategic plan "Strong Momentum V1.1", which anticipate (1) organic growth of 9% per year, and (2) a combined ratio of 95-96%.

The renewals also enabled the Group to gauge the progress achieved in terms of implementing the various different initiatives set out in the "Strong Momentum" plan, and more specifically:

- The concretisation of significant private transactions – notably in motor insurance in China and the UK;
- The expansion of the "Business Solutions" platform, with a 27% increase in premium income and a rise in prices of around 2.8% (For the period from 1 October 2011 to 1 January 2012).

On a business segment level, the main developments were as follows:

In the Non-Life Treaty segment:

- 70% of premiums were up for renewal;
- Written premiums increased by 12% to EUR 1,717 million, compared to EUR 1,528 million up for renewal;
- Private transactions represented 4 percentage points of global premium growth;
- Proportional motor business (notably in the UK, China and the Netherlands) experienced particularly strong growth;
- The geographical diversification of business increased, with the American continent now representing 21% of premiums and Asia representing 11%.

In the Specialty Treaty segment:

- 56% of premiums were up for renewal;
- Written premiums increased by 18% to EUR 616 million, compared to EUR 520 million up for renewal;
- The taking up of a strategic position in Aviation insurance resulted in 8 percentage growth points;
- Pricing in lines exposed to economic uncertainties (Credit, Construction/Erection All Risks, Marine) remained particularly prudent.

In accordance with the "Strong Momentum" plan, the Group continued to re-balance its natural catastrophe portfolio by increasing its exposure to natural catastrophes in the United States, a market that benefitted from a relatively more favorable pricing dynamic of around +13.2%, compared to an increase of +4.6% in Europe.

The natural catastrophes that occurred in 2011 mainly impacted the Asia-Pacific region, and the Group recorded price rises of 29.9% for natural catastrophe business in this region at January 1, 2012. Nevertheless, SCOR chose to leave its exposure unchanged in the countries affected.

On 26 April 2012, SCOR announced that in fragmented market conditions, SCOR continued to apply the profitability criteria defined in its strategic plan Strong Momentum V1.1., and pursued its policy of strict underwriting and prudent pricing in its various lines of business.

SCOR Global P&C (SGPC) recorded growth of 11% at constant exchange rates from the EUR 328 million of premiums up for renewal at 1 April 2012, with no increase in exposure to natural catastrophes. During these renewals, SGPC continued to actively manage its risk portfolio, enabling it to achieve an average weighted price increase of 7% whilst reinforcing the quality of its portfolios: 7% of the business up for renewal were cancelled or restructured.

The global pricing increase of around 7% benefited from the trends observed in natural catastrophes (+17%), particularly in Asia (+19%) and to a lesser degree in the United States (+ 10%), regions in which most of the nat cat premiums renewed in April were concentrated. The expected profitability of business renewed in April, measured by projections of the combined ratio and returns on allocated capital, was up sharply for both Non-life and Specialty treaties, with an improvement of around 2.5 points on each of the two ratios compared to the same projections made during the renewals of April 2011.

The premiums up for renewal, which represented around 11% of the total annual volume of treaty premiums, were distributed between treaties (69%) and Specialty treaties (31%) in three geographic areas: Asia (70%), Americas (22%) and EMEA (8%).

On a business line level, the main developments of the 1 April 2012 renewals were as follows:

- In Non-Life Treaties: premiums were up by 16% and recorded a pricing increase of around 10%, with no increase in exposure. This increase in the volumes underwritten and in prices was mainly linked to renewals in Asia, and more specifically in Japan and India. These two countries represented three quarters of the treaty premiums renewed at 1 April 2012, and each recorded growth of 25%. Premiums underwritten in Asia benefited from sharp price increases and significant improvements to coverage conditions, in both direct insurance and reinsurance.

  In the Americas, the volume of premiums underwritten was down by 9%. This change was due to contrasting trends, between strong growth in Latin America (+16%) and a significant decline in the United States (- 23%, although this related to a limited premium volume of EUR 31 million), where SGPC reduced its exposure in certain lines of business that no longer offer the levels of profitability expected.

  Finally, SCOR achieved growth of 26% in EMEA, benefiting from pricing conditions up by 3.8% and expanding its business franchise with new cedants.

- In Specialty Treaties: SGPC chose not to renew certain contracts, concentrating instead on improving the profitability of its portfolio, which remained stable in terms of volume and price. The fall in volumes in both Credit & Surety (- 6%) and in Agriculture was due to a small number of treaties. The Marine and Construction business lines, which benefited from more satisfactory pricing conditions, recorded growth of 17.1% and 13.2% respectively.

On 24 July 2012, SCOR announced that during the June-July renewals, SCOR Global P&C (SGP&C) delivered a strong 24% premium increase at constant exchange rates to EUR 462 million. Prices were up 3% compared to 2011 and conditions met expectations, thereby helping to improve year-to-date expected technical profitability, which was in line with the objectives of Strong Momentum V1.1.

Around 12% of the annual P&C treaty premiums were up for renewal at June-July 2012. The EUR 372 million premiums up for renewal were mainly from Latin America (27% of the total), the US (24%), China (14%) and Australia (10%), split evenly between Specialty Lines (53%) and Treaties (47%).

These renewals benefitted from the Group's excellent franchise and market positions, which were reinforced by the recent rating upgrades. On a year-to-date basis, prices were up 3%, and the expected operational performance from renewed and newly underwritten business met all internal profitability targets.

P&C Treaties: premiums were up by 26% to EUR 220 million, with prices increasing by around 3% on average. This was a testimony to the fact that the Group was continuing to broaden and further deepen its franchise on a global scale. The portfolio continued to be actively managed, with around 12% of treaties having been either cancelled or restructured.

- The June-July renewals were particularly important for the Latin American & Caribbean region, with close to half of the area's business up for renewal. This region witnessed growth of nearly 14%, with improving expected returns thanks to a focused underwriting approach.
- A significant part of Australia and New-Zealand premiums were up for renewal at 1st July, representing 20% of P&C Treaty premiums for the period. SGPC's Australian book was down by 17%, mainly due to some large treaties shifting from Proportional to Non-Proportional, but overall prices were up by close to 8% in Asia-Pacific, and the expected underwriting ratio improved by 3 percentage points.
- Many other areas, which typically do not represent a large proportion of the June-July renewals (Europe, South Africa, Near & Middle East) witnessed strong growth, concentrated on a few selected large treaties, and benefiting from the recent upgrades to "A+".

Specialty Line Treaties: premiums were up by 23% to EUR 242 million, with prices increasing on average by around 2%. Key drivers of this growth were:

- Credit & Surety, with premium growth of 28%, led by a significant treaty in China, and positive development in Brazil.
- US CAT, with premium growth of 25%, on the back of price increases of +6%. SGPC continued to re-profile its overall CAT portfolio towards more US exposures for better balance and diversification, and its US CAT book towards large regional and national companies.
- Agriculture business represented a significant part of the June-July renewals, much of it from Latin America. Trends witnessed so far on the book have been favorable.

6.5.2 LIFE REINSURANCE

In 2012, SCOR Global Life continued with the process to integrate the portfolio and organization acquired from Transamerica Re into SCOR Group. This includes the combination with the existing business and organization of SCOR Global Life in the U.S., formerly located in New York.

Starting in early 2012, SCOR Global Life novated and transferred portfolios included in the 2011 Transamerica Re business acquisition related to cedants and risks in Europe, Asia/Pacific and Latin America to its local representative units in line with the global market structure in order to harmonize customer relationships.

In Europe, SCOR Global Life (SGL) continued its strategy of implementing a simplified legal structure combined with operational optimizations. SGL initiated a project to integrate the business of Sweden Re in the legal entity SCOR Global Life SE by establishing a branch in Stockholm, and merge SCOR International Reinsurance Ireland Ltd., with SCOR Global Life Reinsurance Ireland Ltd.. As per 1 January 2013, both legal restructurings took place.

In 2012, SCOR Global Life increased its new business premium compared to 2011, with emerging markets (such as Latin America, Asia/Australia), Central and Eastern Europe, Canada and UK/Ireland as the main contributors. The longevity team created in London in 2011 in order to participate in the attractive market segment was one main contributor to the UK premium growth in 2012 from treaties generated in 2011 and 2012.

In 2012, critical illness, disability and personal accident were the lines of business showing the strongest premium growth within the SCOR Global Life portfolio, with both new treaties and increased business with existing clients as the main drivers. The strong premium increase of 34.4% in life business compared to 2011 was driven by the full year contribution of the portfolio from Transamerica Re acquisition compared to 5 months after the acquisition as per 9 August 2011 supported by the favorable foreign exchange rate development in this line of business.

The evolution of life reserves follows SCOR Global Life’s portfolio movements with a total increase of gross reserves by EUR 109 million.

The solid operating profitability of SCOR Global Life was achieved thanks to a robust technical performance across most regions and lines of business.

The total number of SCOR Global Life clients amounts to approximately 1,900 after the Transamerica Re acquisition.