1.1. SELECTED FINANCIAL INFORMATION

1.1.1. GROUP KEY FIGURES

SCOR SE and its consolidated subsidiaries ("SCOR" or the "Group"), form the world's fourth largest reinsurer [1] serving more than 4,000 clients from its four organizational hubs (the "Hubs") located in Paris/London and Zurich/Cologne for Europe, Singapore for Asia and New York/Charlotte/Kansas City for the Americas.

Two of these Hubs resulted from the combination of previously existing Hubs with a view of strengthening the organizational structure of SCOR in Europe. The Zurich/Cologne Hub was established on October 1, 2014 and became fully operational in the first quarter of 2015. The Paris/London Hub was established on April 15, 2015 and became fully operational in the second quarter of 2015.

The sound 2016 year-end results and solidity of the balance sheet demonstrate the effectiveness of SCOR's strategy, based on extensive business and geographical diversification, while focusing on traditional reinsurance activities.

In EUR million	Year ended 12/31/2016	Year ended 12/31/2015	Year ended 12/31/2014
Consolidated SCOR Group			
Gross written premiums	13,826	13,421	11,316
Net earned premiums	12,462	11,984	9,991
Operating result	951	1,048	825
Consolidated net income – Group share	603	642	512
Net investment income on invested assets [(1)]	670	666	576
Group cost ratio [(2)]	5.0%	5.0%	5.0%
Return on invested assets [(2)]	2.9%	3.1%	2.9%
Return on equity [(2)]	9.5%	10.6%	9.9%
Basic earnings per share *(in EUR)* [(3)]	3.26	3.46	2.75
Book value per share (*(in EUR)* [(2)]	35.94	34.03	30.60
Share price *(in EUR)* [(4)]	32.83	34.51	25.20
Operating cash flow [(5)]	1,354	795	894
Total shareholders' equity	6,695	6,363	5,729
SCOR Global P&C			
Gross written premiums	5,639	5,723	4,935
Net combined ratio [(2)]	93.1%	91.1%	91.4%
SCOR Global Life			
Gross written premiums	8,187	7,698	6,381
Life technical margin [(2)]	7.0%	7.2%	7.1%

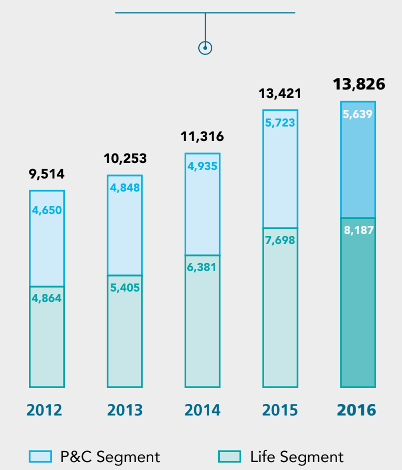
(1) See Section 1.3.5.4 – Net investment income and investment income on invested assets.
(2) See Section 1.3.9 – Calculation of financial ratios, for detailed calculation.
(3) Earnings per share are calculated as net income divided by the number of ordinary shares, which includes the average number of shares over the reporting period, shares issued during the period and time-weighted treasury shares. See Section 4.6 Note 21 – Earnings per share for detailed calculation.
(4) Closing stock price on December 30, 2016 (December 31, 2015, 2014).
(5) In 2016, includes a EUR 301 million one-off cash in-flow from the repayment of a cedent's fund withheld.

(1) By net reinsurance premiums written, source: "AM Best Special Report Global Reinsurance 2016".

1.1.2. OVERVIEW

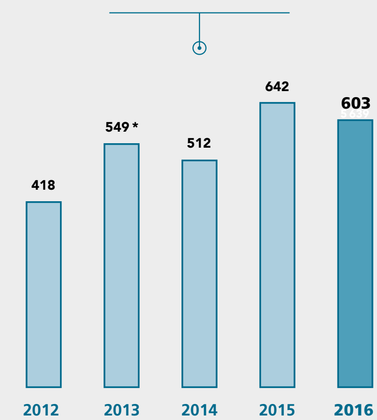
GROSS WRITTEN PREMIUMS

In EUR million



CONSOLIDATED NET INCOME – GROUP SHARE

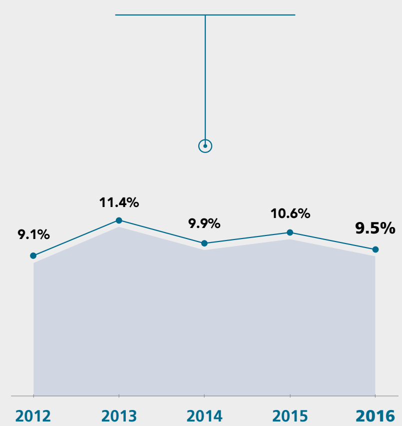
In EUR million



* *2013 consolidated net income – group share included gains from bargain purchases for EUR 202 million (net of acquisition related costs).*

RETURN ON EQUITY*

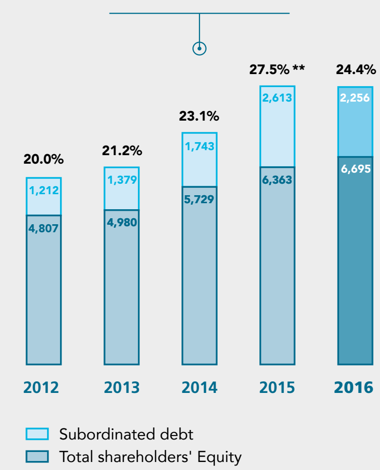
As a %



* *Return on equity is based on the Group's share of net income divided by average shareholders' equity (calculated as shareholders' equity at the beginning of the period adjusted for the effect of all movements during the period on a pro rata temporis basis). The ROE calculation method was adjusted in 2014 to take into account material foreign exchange rates movements that do not occur evenly throughout the reporting period. A daily weighted average is applied used for the currency or currencies that experienced such movements and simple weighted average is applied used for the other currencies. The ratio previously reported in the 2013 Registration Document was 11.5% for 2013.*

SHAREHOLDERS' EQUITY, DEBT AND LEVERAGE RATIO* (AS A %)

In EUR million

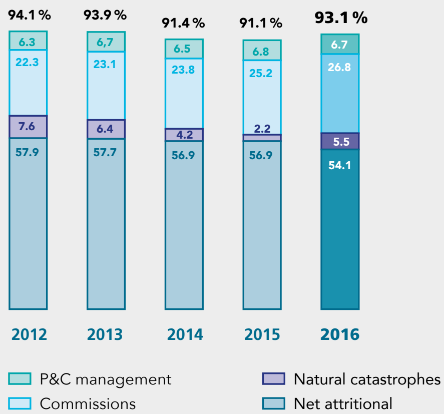


* *The leverage ratio is calculated as the percentage of subordinated debt compared to the sum of shareholders' equity and subordinated debt. The calculation excludes accrued interest and includes the impact of swaps related to subordinated debt issuances.*

** *In September 2014 and December 2015, SCOR issued two subordinated notes for EUR 250 million and EUR 600 million, respectively, with the intention to refinance through the proceeds of these two notes the optional redemptions of the outstanding balance of the 6.154% undated deeply subordinated EUR 350 million notes callable in July 2016 and of the 5.375% fixed to floating-rate undated subordinated CHF 650 million notes callable in August 2016. The proceeds of these notes were also meant to be used for general corporate purposes. Had these redemptions been effective on December 31, 2015, the leverage ratio would have amounted to 20.6%. These redemptions occurred on the expected dates.*

NET COMBINED RATIO*

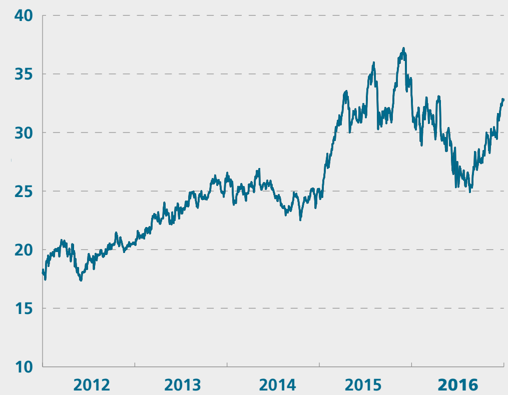
As a %



* *The net combined ratio is calculated by taking the sum of incurred losses, commissions and management expenses net of retrocession, divided by earned premiums net of retrocession.*

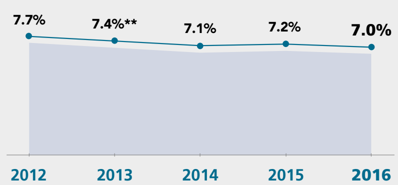
SHARE PRICE

In EUR



LIFE TECHNICAL MARGIN*

In %



* *The Life technical margin is calculated as the percentage of net technical result plus income from funds held by ceding companies in relation to the net of gross and ceded earned premiums. The net technical result represents the result of the net reinsurance operations of the Life division including income and expenses either implied in the reinsurance and retrocession arrangements or fully related to these arrangements.*

** *The technical result calculation method was adjusted in 2014 to include revenues from Life reinsurance contracts that do not transfer significant reinsurance risk (presented in the investment income line of the 2013 Registration Document). The ratio previously reported in the 2013 Registration Document was 7.3% for the year ended December 31, 2013. This change has no impact on the 2012 ratio.*

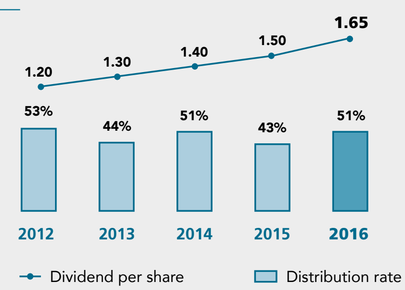
1.1.3. DIVIDEND DISTRIBUTION POLICY

DIVIDEND PER SHARE AND DISTRIBUTION RATE

In EUR

A resolution will be presented to the Annual General Meeting held during the first half of 2017, to approve the financial statements for the financial year 2016, proposing the distribution of a dividend of EUR 1.65 per share for the financial year 2016.

The statute of limitations for dividends is five years. Unclaimed dividends will be paid over to the French Treasury. See also Section 4.6 Note 21 – Earnings per share to the consolidated financial statements.



1.2. INFORMATION ABOUT THE SCOR GROUP

1.2.1. INTRODUCTION

Legal name and commercial name of the issuer

Legal name: SCOR SE

Commercial name: SCOR

Place and registration number of the issuer

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

A.P.E. Code: 6520Z

Date of incorporation and term of the issuer

The Company was incorporated on August 16, 1855, as a limited partnership (société en commandite), under the name Compagnie Impériale des Voitures de Paris. In 1866, the Company was converted into a joint stock company (société anonyme) under the name Compagnie Générale des Voitures de Paris. The Company changed its name to SCOR SA on October 16, 1989 and in 1990, absorbed Société Commerciale de Réassurance, created in 1970, and took over the reinsurance business of the latter. On May 13, 1996, SCOR SA changed its name to SCOR. On June 25, 2007, SCOR changed its legal form to a European Company (*Societas Europaea*) and became SCOR SE. In 2012, the Company relocated from Paris-La Défense to Paris. On April 25, 2013, the Company's term was extended for 99 years by decision of the Extraordinary Shareholders' Meeting and will expire on April 25, 2112 unless extended or previously dissolved.

Domicile and legal form of the issuer, legislation governing its activities, country of incorporation, address and telephone number of its registered office

Registered office and contact information of issuer

SCOR SE
5, avenue Kléber
75116 Paris

France
Tel.: +33 (0) 1 58 44 70 00
Fax: +33 (0) 1 58 44 85 00
www.scor.com
E-mail: scor@scor.com

Listing

In 1989, the Company 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. Following a reverse merger with Compagnie Générale des Voitures, the Company listed its ordinary shares on the Paris stock exchange and changed its name to SCOR SA and to SCOR in 1996. In the same year, UAP Reassurances sold its 41% stake in SCOR through an IPO. SCOR's American depositary shares were also listed on the New York stock exchange at that time. They were delisted in 2007 and the Company's securities were deregistered with the US Securities and Exchange Commission (SEC) on September 4, 2007.

As at the date of this Registration Document, SCOR SE's shares are listed on the Eurolist of Euronext Paris SA and on the SIX Swiss Exchange (formerly SWX Swiss Exchange) in Zurich, where they were admitted for trading on August 8, 2007.

Following the reorganization of Euronext indices on January 3, 2005, the ordinary shares are now included on the following indices: SBF 80, SBF 120, CAC Next 20, CAC Large 60, CAC All-Shares, CAC All Tradable, CAC Financials, Euronext FAS IAS and Euronext 100. The SBF 80 index is made up of 80 French stocks which are the most traded on the continuous segments not included in the CAC 40 index. The SBF 120 index consists of the 120 most actively traded French stocks. The CAC Next 20 index includes the most representative stocks in terms of free float-adjusted capitalization and share 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. The CAC All-shares index is composed of all the stocks listed on Euronext Paris with an annual velocity ratio of over 5%. The CAC All Tradable index includes all the stocks of the Euronext Paris market with a free float of at least 20%. The CAC Financials index is composed of the stocks included in the CAC All Tradable index belonging to the financial sector. The Euronext FAS IAS index is composed of the stocks included in the CAC All Tradable index that fulfill the following condition: at least 3% of the capital is controlled by employees, a minimum of 25% of the workforce in France should own shares of the company and a minimum of 15% of the overall workforce should own shares of the company. The Euronext 100 index comprises the 100 largest and most liquid stocks traded on Euronext.

SCOR SE has been included in the EuroStoxx Select Dividend 30 index of the 30 highest dividend paying European companies since March 12, 2010.

Applicable law and regulation

General

The Company was converted into a European Company (*Societas Europaea*) in 2007. As such, SCOR SE is governed by the provisions of Council Regulation (EC) No. 2157/2001 (the "SE Regulation") and those of European Council Directive 2001/86/EC of October 8, 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 French legal provisions applicable to sociétés anonymes, where they are not contrary to the specific provisions applicable to European Companies.

The Group's divisions' business activities of insurance, reinsurance and asset management are subject to comprehensive regulation and supervision in each of the jurisdictions where the Group operates. Given that the Group is headquartered in Paris (France), this supervision is based, to a significant extent, on European Union directives and on the French regulatory system. The Group's principal regulators in France are the financial markets authority (Autorité des marchés financiers – AMF), and the principal

French insurance and reinsurance regulator (Autorité de contrôle prudentiel et de résolution – ACPR). While the extent and nature of regulation varies from country to country, most jurisdictions in which SCOR's insurance and reinsurance subsidiaries operate have laws and regulations governing solvency standards, levels of reserves, permitted types and concentrations of investments, and business conduct to be respected by insurance and reinsurance companies. The supervisory authorities with jurisdiction over the Group's operations may conduct regular or unexpected examinations of the insurers'/reinsurers' or asset managers' operations and accounts and request specific information from the insurer or reinsurer. Certain jurisdictions also require registration and periodic reporting by holding companies that control a licensed insurer or reinsurer. This holding company legislation typically requires periodic disclosure concerning the corporate entity that controls the licensed insurer and other affiliated companies, including prior approval of transactions between the insurer, the reinsurer and other affiliated companies such as intercompany asset transfers and dividend payments by the authorized insurer or reinsurer. In general, these regulations are designed to protect the interests of insureds rather than shareholders.

Under the directive Solvency II and related European and French regulations, French companies, whose exclusive business is reinsurance, can only carry on said business after having obtained an official authorization, issued by the ACPR. Registered reinsurers in France can operate under certain conditions in the European Economic Area (EEA) under the freedom to provide services and/or the freedom of establishment (branch).

Solvency regulations

SCOR SE and its insurance and reinsurance subsidiaries are subject to regulatory capital requirements in the jurisdictions where they do business, which are designed to monitor capital adequacy and to protect insureds. While the specific regulatory capital requirements (including the definition of admitted assets and methods of calculation) vary between jurisdictions, an insurance or reinsurance company's required capital can be impacted by a wide variety of factors including, business mix, product design, sales volume, invested assets, liabilities, reserves and movements in the capital markets, including interest rates and equity markets.

SCOR group is regulated by the "Solvency II" European directive which applies since January 1, 2016, having been transposed into French law on April 2, 2015 through the ordinance No 2015-378 and related decree (No 2015-513, May 7, 2015) and arrêté (of May 7, 2015).

The Solvency II framework covers, among other matters, valuation of assets and liabilities, the treatment of insurance and reinsurance groups, the definition of capital and the overall level of required capital. A key aspect of Solvency II is that assessment of the Group's risks and capital requirements is aligned more closely with economic capital methodologies.

SCOR group is subject to supervision by the ACPR which has extensive oversight authority, including to review the Group's solvency capital requirements well as the solvency capital requirement of each French insurance or reinsurance company.

Since January 1, 2016, the regulatory solvency position of the Group has been assessed using SCOR's internal model, which was approved in November 2015 by the relevant supervisory authorities.

For additional information on the impact of these regulatory changes on the Group's operations and financial position, see Section 3.2.3.

For a detailed description of new governance requirements, see Section 2.

Other solvency regimes

Many regulators worldwide are developing new solvency regulatory frameworks similar to the Solvency II regulations as developed by the European Union. For example, the Chinese regulator (CIRC) has recently implemented "C-Ross", a regulatory regime imposing new capital requirements and heightened governance on the branches of foreign companies subject to CIRC supervision. For a detailed description of the statutory impact of these initiatives on the Group, see Section 3.2.3.

Asset management regulations

SCOR Investment Partners SE (formerly known as SCOR Global Investments SE) is subject to extensive regulation in the various jurisdictions in which it operates. These regulations are generally designed to safeguard client assets and ensure the adequacy of disclosures concerning investment returns, risk characteristics of invested assets in various funds, suitability of investments for client investment objectives and risk tolerance, as well as the identity and qualifications of investment managers. These regulations generally grant supervisory authorities broad administrative powers, including the power to limit or restrict the performance of business activities for failure to comply with such laws and regulations.

Data transfers to the USA

October 6, 2015, the Court of justice of the European Union invalidated the adequacy decision adopted by the European Commission on July 26, 2000 authorizing the transfer of personal data to US companies subscribing to the principles of the «security sphere» (Safe Harbor). The negotiations between, on one hand, the members of the European Union and its institutions and, on the other hand, the US authorities ended in the creation of a new legal framework, the US-EU Privacy Shield: its entry into force on August 1, 2016 allows the transfer of personal data to the US companies duly registered with the Department of Trade of the United States. In parallel of this new facility, other mechanisms continue to allow the transfer of personal data to the United States, such as (i) the insertion in contracts with

US companies of standard contractual clauses approved by the European Commission and specifying the obligations of data protection, or (ii) the use of internal rules of company (Binding corporate rules) approved by the national authorities of data protection for transfers within multinational groups. The Group thus remains confident in the use of the above mentioned ways to regularly transfer data across the Atlantic.

Reform of the European data protection rules

The global reform of the rules of personal data protection, contained in the Regulation (EU) 2016/679 of April 27, 2016, in force since May 24, 2016, updates within the European Union the principles of personal data processing put by the Directive on the personal data protection dated October 24, 1995. Companies shall have to organize their compliance before May 25, 2018. The main objectives of the reform are (i) the strengthening of the rights of the individuals, to grant them more control over their personal data and facilitate them the relevant access, (ii) the harmonization of the applicable laws within the European Union as well as a system of one-stop shop resulting in closer cooperation between the Data protection authorities, and finally (iii) a stricter regime of application according to which the Data protection authorities can pronounce fines up to 4% of the global turnover of a company infringing the European regulation.

Evolution of the regulatory and compliance environment

The legislative, regulatory and litigation environment in which the Group operates is constantly changing. In continental Europe, reinsurers, insurers, asset managers and other financial institutions could face a danger of increasing the number of legal dispute and associated costs, as a result of the introduction of class action.

Furthermore, complexity and extraterritorial scope of many legislations on fight against financial criminality (fight against money laundering, financing of terrorism and corruption, compliance with international financial sanctions) create serious risks of significant penalties in case of non-compliance. As an example, see the French Law Sapin II n° 2016-16-91 of December 9, 2016 on fight against corruption.

This complexity is likely to continue and could lead to increased costs of compliance incurred by financial institutions like SCOR.

1.2.2. HISTORY AND DEVELOPMENT OF SCOR

SCOR became a reinsurance company in 1970, at the initiative of the French government and with the participation of insurers on the Paris market, 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 the Company's share capital, held through the Caisse Centrale de Réassurance, was progressively reduced in favor of insurance companies that were active on the French market. (For more details, see Section 1.2.1 – Introduction).

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

On May 16, 2006, SCOR transferred all of its Non-Life reinsurance business in Europe, comprising Property & Casualty Treaties (including Credit and 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, with retroactive effect from January 1, 2006. In 2007, SCOR Global P&C adopted European Company (*Societas Europaea*) status via a merger by absorption of SCOR Deutschland Rückversicherungs AG and SCOR Italia Riassicurazioni SpA.

On November 21, 2006, SCOR completed the acquisition of Revios Rückversicherung AG (Revios), enabling it to become a leading worldwide Life reinsurer. Based in Cologne (Germany), Revios was the former Life reinsurance unit of Gerling Global Re Group and had successfully developed on a stand-alone basis from 2002 onward to become one of the leading European reinsurers specializing in Life reinsurance, with operations in 17 countries. The combination of Revios and SCOR Vie created SCOR Global Life SE, which is now one of SCOR's three primary operational subsidiaries (along with SCOR Global P&C SE and SCOR Global Investments SE, which became SCOR Investment Partners SE, described below), with responsibility for the Life reinsurance business.

In August 2007, SCOR acquired Converium (which became SCOR Holding (Switzerland) AG (SCOR Holding Switzerland)). SCOR's shares were also admitted to trading in Swiss Francs on the SWX Swiss Exchange (which later became the SIX Swiss Exchange) in Zurich.

Following the acquisition of Revios and Converium, SCOR restructured its operations around six regional management platforms, or "Hubs", which were phased in gradually:

- on May 5, 2008, for the Cologne Hub (combined with the Zurich Hub from October 1, 2014);
- on May 20, 2008, for the London Hub (combined with the Paris Hub from April 15, 2015);
- on June 18, 2008, for the Americas Hub;
- on June 27, 2008, for the Singapore Hub;

- on January 27, 2009, for the Zurich Hub (combined with the Cologne Hub from October 1, 2014);
- on February 24, 2009, for the Paris Hub (combined with the London Hub from April 15, 2015).

For more information on the Hub structure, see Section 1.2.3.1 – Brief description of the Group and of the position of the issuer.

On October 29, 2008, SCOR announced its decision to create SCOR Global Investments SE (which became SCOR Investment Partners 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 February 2, 2009, manages SCOR's investment portfolio and implements the investment strategy determined by the Group's Investment Committee chaired by the Group Chairman and Chief Executive Officer. SCOR Global Investments SE was approved by the AMF as a portfolio management company with effect from May 15, 2009. As a regulated portfolio management company, SCOR Investment Partners 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 (Code monétaire et financier).

On December 4, 2009, SCOR Global Life US Reinsurance Company, a wholly-owned subsidiary of the Group, acquired XL Re Life America Inc., a subsidiary of XL Capital Ltd, for an amount of EUR 31 million. The acquisition strengthened SCOR Global Life's services in the mortality protection field and reinforced its position in the US Life reinsurance market.

In 2011, the Lloyd's Market Franchise Board approved the creation of the Channel Syndicate 2015. SCOR is the sole capital provider for the Channel Syndicate, which in 2011 had an initial stamp capacity of GBP 75 million. Underwriting by the Channel Syndicate began on January 5, 2011. The portfolio of the syndicate focuses on direct insurance business in markets, including property, marine, accident and health, financial institutions and professional civil liability.

On August 9, 2011, SCOR acquired the mortality portfolio of Transamerica Re, a division of AEGON N.V., for USD 919 million. The transaction also included the acquisition of an Irish entity, which underwrited Transamerica Re's business risks. SCOR Global Life and Transamerica Re were merged into a new entity SCOR Global Life in North America: SCOR Global Life Americas Reinsurance Company (SCOR Global Life Americas).

On May 29, 2013, SCOR acquired a 59.9% stake in the capital of MRM S.A., a listed real estate company subject to the French REIT régime (Régime des sociétés d'investissements immobiliers cotées or SIIC), as part of a cash capital increase, after the restructuring of MRM S.A. group's banking and bond debts. This investment amounted to EUR 53.3 million.

On October 1, 2013, SCOR acquired Generali's life reinsurance operations in the US (Generali U.S. Holdings, Inc. or Generali U.S.) for total consideration of EUR 573 million (USD 774 million).

On April 1, 2014, SCOR announced that it had obtained approval from Lloyd's, the Financial Conduct Authority and the Prudential Regulatory Authority in the UK to create a Managing Agent at Lloyd's. The new Managing Agency, "The Channel Managing Agency Limited", has acted as Managing Agent for SCOR's own Lloyd's syndicate, Channel 2015, since April 1, 2014.

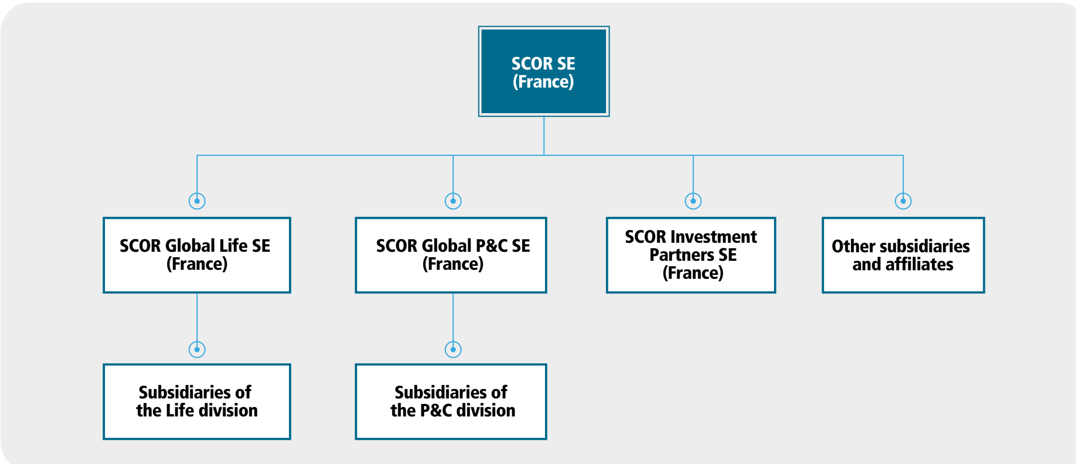
On September 1, 2014, SCOR announced the creation of a local entity in Brazil, SCOR Brasil Resseguros SA (SCOR Brasil Re), following the granting of a license to operate as a Local Reinsurer beside the Brazilian insurance authority SUSEP on August 26, 2014.

On August 27, 2015, the English subsidiary SCOR UK Company Limited created a Canadian branch (SCOR Insurance – Canadian branch) whose activities started at the beginning of 2016.

In 2016, SCOR SE obtained the so-called "R3" authorization from the Insurance Regulatory and Development Authority of India (IRDAI) allowing the Group to open a Composite Branch office in India to conduct Life and P&C reinsurance business. The Indian branch is expected to start underwriting business in 2017.

1.2.3. ORGANIZATIONAL STRUCTURE OF SCOR

The main operational entities of the Group are presented in the chart below [1]:



1.2.3.1. BRIEF DESCRIPTION OF THE GROUP AND OF THE POSITION OF THE ISSUER

Group operating companies

The Group parent company whose stock is listed on the Euronext Paris regulated market is SCOR SE.

The Group is a three engine group driven by SCOR Global Life, SCOR Global P&C and SCOR Global Investments. The Group's organizational choices were guided by the principles of mobilization of skills and expertise, operating efficiency, structural simplicity, clear reporting lines and balance between teams from the Group's different entities.

SCOR Global P&C, the Group's Non-Life division, operates worldwide through the branches of two main global reinsurance companies (SCOR Global P&C SE and SCOR SE) and the branches of a global insurance company (SCOR UK Limited) as well as insurance and reinsurance subsidiaries in Spain, Italy, Switzerland, the UK, Germany, South Africa, Russia, the Americas and Asia-Pacific, including China, India, South Korea, Hong Kong and Singapore.

SCOR Global Life, the Group's Life division, operates worldwide through the branches of two main global reinsurance companies (SCOR Global Life SE and SCOR SE) as well as insurance, reinsurance, distribution and distribution solutions subsidiaries in Germany, the UK, Ireland, Italy, Spain, Switzerland, Netherlands, Sweden, Belgium, Canada, the US, Latin America, Russia, South Africa, Australia, New Zealand, China, Singapore, Malaysia and South Korea.

SCOR Global Investments, the third division of the Group, manages the investment portfolio of the Group's legal entities. It is composed of the Group Investment Office and SCOR Investment Partners SE, a portfolio management company, approved by the AMF. The Group Investment Office manages the interaction between the SCOR Group and SCOR Investment Partners in managing the risk appetite, monitoring investment risks and setting investment guidelines. SCOR Investment Partners manages directly the assets of many SCOR group subsidiaries and manages also the funds on the behalf of the Group and third party clients.

The Group's subsidiaries, branches and offices are connected through a central network of applications and data exchange platforms, which allow local access to centralized risk analysis, underwriting or pricing databases and also gives access to information on local market conditions, to be shared among the Group's subsidiaries, branches and offices. In addition, by regularly rotating personnel between the Group's head offices in Paris and its non-French subsidiaries and branch offices, the Group encourages its underwriters, actuaries, modelers, claims experts and risk controllers to share and exchange experience across its various geographic markets and business lines.

SCOR SE wholly owns its operating subsidiaries (excluding the loaned securities held by directors).

(1) The full organizational chart is available on SCOR's website (www.scor.com).

SCOR SE also makes loans to its subsidiaries and issues them guarantees so that they can underwrite under favorable conditions, letting them benefit from its credit ratings. SCOR SE provides actuarial, accounting, legal, administrative, systems, internal audit, investment, and human resources support to Group subsidiaries. Finally, SCOR SE acts, as needed, as retrocessionaire for its two operational subsidiaries through proportional treaties which are renewed annually and form the basis for internal control within the Group through the annual allocation of capital to the operating subsidiaries based on the profitability expected from their underwriting activity. The contracts that formalize the relationships between SCOR SE and its subsidiaries are presented in Appendix C, 5 Note 4 – Transactions with subsidiaries, affiliates and others.

The Group's restructuring

SCOR launched and completed several major restructuring projects, notably between 2005 and 2010, in order to simplify the legal structure of the Group and clearly differentiate between the operations of Life reinsurance subsidiaries and Non-Life reinsurance subsidiaries, with a view to optimizing the annual allocation of capital between operations under the Solvency I regime. In the context of Solvency II, SCOR announced in September of 2016 that it was considering merging its three reinsurance SE entities (SCOR SE, SCOR Global P&C SE and SCOR Global Life SE) as a way to optimize its legal entities' structure. At the date of this registration document, the merger is on track and is expected to be completed in 2019.

The "New SCOR" project

As part of the implementation of the New SCOR project announced in June 2005, SCOR first transferred all of its NonLife reinsurance business in Europe to Société Putéolienne de Participations (which became SCOR Global P&C), a French subsidiary wholly owned by SCOR. Secondly, SCOR SE, SCOR Global P&C SE and SCOR Global Life SE (formerly known as SCOR Vie) adopted European Company (*Societas Europaea*) status on June 25, August 3 and July 25, 2007 respectively.

European Company status enables SCOR SE to strengthen its European and transnational identity, facilitate acquisitions in Europe, improve its flexibility in financial matters and capital allocation, simplify regulatory controls and reduce its local structures, by giving preference to branches, rather than local subsidiaries. The Group is thereby demonstrating its ambition to be a company with European roots and global reach.

Reorganization of the North American entities

Following the 2011 acquisition of the mortality reinsurance business of Transamerica Re, SCOR Global Life reorganized its activities in the US and merged SCOR Global Life Reinsurance Company of America into SCOR Global Life U.S. Reinsurance Company. SCOR Global Life U.S. Reinsurance Company was renamed SCOR Global Life Americas Reinsurance Company (SGL Americas).

Following the 2013 acquisition of Generali U.S. Holding, Inc., Generali USA Life Reassurance Company, the primary operating company, relocated from Missouri to Delaware and was renamed SCOR Global Life USA Reinsurance Company.

The Hub structure

SCOR has structured its operations around several regional management platforms, or Hubs: the Paris/London Hub (effective April 15, 2015), the Zurich/Cologne Hub (effective October 1, 2014), the Americas Hub and the Singapore Hub.

Each Hub has local, regional [(1)] and Group responsibilities, with the heads of each Hub reporting to the Group Chief Operating Officer. Each Hub typically includes the following functions: a director of legal and compliance, a director of Information technology support, a director of finance and a director of human resources. This organization enables:

- SCOR's operational structures and support functions to be optimized by creating service entities in charge of managing pooled resources, including information technology, human resources, legal and others in the Group's main locations;
- several Group functions to be carried out and managed in geographical locations other than Paris in order to benefit fully from the competencies within different hubs. The Hubs are not responsible for generating revenues or for underwriting or claims management. The local underwriting and claims management teams have direct reporting lines within the respective P&C and Life divisions. Hub shared service costs are then allocated to the divisions; and
- the Group to develop a global culture while keeping local specificities.

Management reviews the operating results of the Non-Life and Life operating segments individually to assess the operational performance of the business and to allocate resources. For more information on SCOR's operating segments, see Section 4.6, Note 4 – Segment information.

The Hub structure is designed to facilitate access to local markets through a network of local subsidiaries, branches and representative offices, to better identify profit centers in each major reinsurance market, obtain a deeper understanding of the specific features of local risks and develop local management and underwriting expertise, and thereby improve customer service and maintain relationships with ceding companies. Since the acquisition of the mortality reinsurance business, including the operational assets and personnel, of Transamerica Re, and the acquisition of Generali U.S. Holding Inc., Charlotte, North Carolina, and Kansas City, Missouri, have become key locations for the Life division. As part of these integrations, Charlotte and Kansas City have joined New York as key competence centers for the Americas Hub.

(1) Paris/London Hub: South Africa, Europe including Russia and other than Germany, Austria, and Switzerland; Zurich/Cologne Hub: Switzerland, Germany, Austria and Israel and one subsidiary in Argentina; Singapore Hub: Asia and Australia; Americas Hub: North America and Latin America.

1.2.3.2. LIST OF ISSUER'S SIGNIFICANT SUBSIDIARIES AND BRANCHES

See:

- Section 1.2.3 – Organizational structure of SCOR;
- Appendix C – 5 Note 2 – Investments;
- Section 4.6 Note 22 – Related party transactions;
- Section 4.6 Note 2.1 – Significant subsidiaries, investments in associates and joint ventures;
- Section 4.7 – Information on holdings;
- Section 1.2.3.1 – Brief description of the Group and of the position of the issuer (regarding the role of SCOR towards its subsidiaries);
- Section 4.6 Note 3 – Acquisitions and disposals;
- Section 2.1.2 – Board of Directors (regarding the duties carried out in the subsidiaries by the managers of the Company);
- Section 2.1.4 – Executive Committee (regarding the duties carried out in the subsidiaries by the managers of the Company); and
- Section 2.3.3 – Special report of the Statutory Auditors on related party agreements and commitments.

1.2.4. RATINGS INFORMATION

The Company and certain of its insurance subsidiaries are rated by recognized rating agencies.

At December 31, 2016, the relevant ratings for the Company were as follows [1]:

	Financial Strength	Senior Debt	Dette subordonnée
S&P Global	AA- stable outlook	AA-	A
A.M. BEST	A positive outlook	a+	a-
Moody's	Aa3 stable outlook	N/A	A2 (hyb)
FitchRatings	AA- stable outlook	A+	A-

On September 23, 2016, Moody's upgraded SCOR's insurance financial strength rating to "Aa3" from "A1", and its subordinated debt rating to "A2" (hyb) from "A3" (hyb). According to Moody's, this decision reflects the "Group's improved franchise, its diversified business profile and lower exposure than peers to the segments currently under the most pricing pressure, a continued high stability of profits and strong and stable capitalization."

On September 21, 2016, A.M. Best affirmed the financial strength rating of "A" (Excellent) and the long-term issuer credit rating of "a+" of SCOR and its main subsidiaries. The outlook of these ratings remains positive.

On September 12, 2016, SCOR has been informed of the decision by Standard & Poor's (S&P) to affirm the financial strength rating for the Group and its main subsidiaries at "AA-", with a "stable outlook", and to maintain the counterparty credit ratings at "AA-/A-1+".

On July 6, 2016, Fitch Ratings affirmed SCOR's insurer financial strength rating at "AA-" and long-term issuer default Rating at "A+". Fitch Ratings also affirmed the ratings of SCOR's main subsidiaries. The outlooks are stable.

On December 15, 2015, Moody's raised the outlook of SCOR to "positive" from "stable", and affirmed its insurance financial strength rating of "A1" and its "A3" (hyb) subordinated debt rating. According to Moody's, this decision reflects "the continued improvement in SCOR's market position and franchise, the rating agency's expectation of continued high stability of SCOR's earnings resulting from the Group's diversified business model and lower exposure to the most volatile reinsurance segments than peers, as well as SCOR's strong capitalization and risk management".

On September 11, 2015, A.M. Best revised the outlook of SCOR and its main subsidiaries to "positive" from "stable", as well as affirming the financial strength rating of "A" (Excellent) and the issuer credit ratings of "a+", to reflect, according to A.M. Best's statement, "the Group's track record of solid earnings and stability in risk-adjusted capitalization despite the prevailing competitive market conditions". With regard to SCOR's debt instruments, A.M. Best also revised the outlook to "positive" from "stable" and affirmed the issue ratings.

(1) Sources: www.standardandpoors.com; www.ambest.com; www.moodys.com and www.fitchratings.com

On September 7, 2015, Standard & Poor's (S&P) upgraded SCOR's financial strength rating to "AA- stable outlook" from "A+ positive outlook" and raised the Group counterparty credit ratings to "AA-/A-1" from "A+/A-1" having taken into account the fact that, according to S&P's statement, "the Group has demonstrated its very strong competitive position through resilience in pricing and technical profitability in its P&C book and has reinforced its leading position in the U.S. Life reinsurance market."

On July 21, 2015, Fitch Ratings upgraded SCOR's insurer financial strength rating from "A+ positive outlook" to "AA- stable outlook" and affirmed the long-term issuer default rating at "A+". Fitch Ratings notably mentioned having taken into account "the development of SCOR's reinsurance franchise, the scale and diversity of which have improved significantly through external growth and swift integration of acquired operations, helping to generate a more stable level of profitability". The rating agency also noted "the level of capitalization that Fitch considers to be very strong" as well as "a consistent and prudent reserving philosophy".

For more information on risks arising from financial ratings, please see Section 3.2.4 – Downgrade risk.

1.2.5. BUSINESS OVERVIEW

Since 2002, SCOR has defined its strategy and principle orientations through the creation of several three-year plans: "Back on Track" (2002-2004), "Moving Forward" (2004-2007), "Dynamic Lift" (2007-2010), "Strong Momentum" (20102013), "Optimal Dynamics" (2013-2016) and "Vision in Action" (2016-2019). The success of its various plans, along with the Group's acquisitions of Revios (in 2006), Converium (in 2007), Transamerica Re (in 2011) and Generali U.S. (in 2013) have contributed to the diversification strategy by balancing the proportion of the consolidated premiums written between its Non-Life and Life segments and has enabled the Group to preserve both its solvency and its profitability.

In September 2016, SCOR launched its new three-year strategic plan, "Vision in Action". This plan covers the period from mid-2016 to mid-2019. It respects SCOR's four strategic cornerstones, which are:

- a strong franchise, achieved by:
  - deepening its presence in the local Non-Life and Life markets in which SCOR operates by strengthening client relationships and through best-in-class services and product innovation, and
  - further developing the Non-Life US franchise and expanding in Life fast-growing Asia-Pacific markets through organic growth;
- a high degree of diversification of Non-Life and Life business and geographical presence, providing more stable results and robust capital diversification benefits;
- a controlled risk appetite, on both sides of the balance sheet; and
- a robust capital shield policy (see Section 3.3.5 – Retrocession and other risk mitigation techniques).

With "Vision in Action", SCOR continues to focus on its two equally weighted strategic targets, profitability and solvency:

- a ROE at or above 800 basis points above the five-year rolling average of five-year risk-free rates over the cycle;
- an optimal solvency ratio in the 185-220% range (percentage of SCR, according to the internal model)[1].

It also affirms the Group's consistent shareholder compensation policy set by the SCOR's Board of Directors. SCOR aims to remunerate shareholders through cash dividends, and if relevant, does not exclude special dividends or share buy-backs. Overall the Board will aim to maintain a minimum dividend payout of 35% over the cycle, while pursuing low variation in the dividend per share from year to year.

SCOR's risk appetite framework

SCOR's risk appetite framework is an integral part of the Group's strategic plan. It is approved by the Board of Directors upon the review of new strategic plans, based on recommendations from the Group's Executive Committee and the Risk Committee of the Board of Directors. The 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 four concepts: risk appetite, risk preferences, risk tolerances, and footprint scenarios:

(1) Ratio between the Eligible Own Funds (EOF) and the Solvency Capital Requirement (SCR).

Risk appetite

Risk appetite defines the quantity of risk that SCOR is willing 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 (low risk-low return) and extreme risk taker (high risk-high return). SCOR uses a target solvency ratio as well as a target expected profitability. These two components provide a comprehensive definition of its risk appetite. The Group actual solvency ratio and profitability profile are regularly reported to the 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. On the other hand, it has no desire to take operational, legal, regulatory, tax or reputational risks. This does not mean that the Group is immune to these risks. These risk preferences determine 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 Board of Directors defines and approves risk tolerance limits for the Group in terms of solvency by risk driver, and extreme scenario in order to ensure that the Group's risk profile remains aligned with its risk appetite framework. SCOR uses various risk assessment 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, scenarios or expert opinions.

Footprint scenarios

Footprint scenarios are an innovative and complementary risk management tool. Whereas risk drivers and extreme scenarios are probability-based, the footprint approach consists of carrying out an impact assessment on the Group under a deterministic scenario. This approach is complementary to a probability-based view.

Taking into account SCOR's current exposure and all risk mitigation instruments, footprint scenarios provide impact assessments of past events on the Group's actual solvency ratio, liquidity, and current operations. SCOR regularly produces and evaluates footprint scenarios, providing comfort that the impact of such events on the Group's current solvency would be limited.

1.2.5.1. THE REINSURANCE BUSINESS

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 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.

Functions

Reinsurance has four essential functions:

- it offers the direct insurer greater security for its capital 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 capital base;
- it gives insurers access to substantial available liquidity in the event of major loss events; and
- it provides insurers with efficient alternative 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:

- helping them define their reinsurance needs and devise the most effective reinsurance program to better plan their capital needs and solvency margin;
- supplying a wide panel of support services, particularly in terms of knowledge sharing, best practices and risk assessment, modeling and management tools;
- providing expertise in certain highly specialized areas such as complex risk analysis and pricing; and
- enabling ceding companies to build up their business, particularly when launching new products requiring significant upfront investment or financing or when investing in new markets by starting their own operations or acquiring portfolios or companies.

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

Types of reinsurance

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, they are dependent on the original underwriting decisions made by the ceding company's primary policy writers.

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 covering a specific ultimate group insured as part of the same program. Facultative reinsurance is negotiated separately for each insurance policy 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 or 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.

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 the same portion of the losses under the covered insurance contract(s). In the case of reinsurance written on a non-proportional basis, through an excess of loss or a stop loss contract, basis, the reinsurer indemnifies the ceding company against all or a specified portion of the loss sustained, on a claim by claim basis or for amounts incurred, 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 assumes 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 a tranche or layer of risk above the ceding company's retention up to a specified amount, at which point another reinsurer or a group of reinsurers accepts the next layer of liability. The stacked layers protecting the same underlying portfolio are called a program, and after protection from the upper layer is exhausted liability reverts to the ceding company. The reinsurer taking on the risk immediately above the ceding company's retention layer is said to write primary or working layer or low layer excess of loss reinsurance. A loss just above 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 in higher layers due to greater historical frequency, and therefore, like quota share reinsurance, underwriters and actuaries have more data to price the underlying risks with greater confidence.

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 direct proportion of the 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 expenses, and also may include a partial repayment of profit for producing the business.

Breakdown of the Group's business

The Group is organized into three divisions (SCOR Global P&C, SCOR Global Life and SCOR Global Investments), of which two reportable operating segments and one corporate cost center referred to as "Group Functions". The reportable operating segments are: the SCOR Global P&C business, with responsibility for property and casualty insurance and reinsurance (also referred to in this Registration Document as "Non-Life"); and the SCOR Global Life business, with responsibility for life reinsurance (also referred to in this Registration Document as "Life"). These two businesses represent SCOR's two "operating segments" for purposes of IFRS 8 – Operating segments, and are presented as such in its consolidated financial statements, included in Section 4 – Consolidated financial statements. Each operating segment 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. SCOR Global Investments is the asset management division of the Group. Its role is complementary to the two operating segments as it manages SCOR Global P&C's and SCOR Global Life's investment assets associated with the contract liabilities. SCOR Global Investments also manages assets on behalf of third parties although these activities are currently not considered material. Therefore SCOR Global Investments is not considered a separate reportable operating segment for purposes of IFRS 8 – Operating segments.

The Group organizes its operations around four regional management platforms, or "Hubs" named Paris/London and Zurich/Cologne for Europe, Singapore for Asia and New York/Charlotte/Kansas City for the Americas. Each of the Hubs has local, regional and Group responsibilities, with heads of each Hub reporting to the Group Chief Operations Department. Each Hub includes the following functions: a Legal and Compliance Officer, a Head of Information Technology, a Head of Finance, a Head of Human Resources and a Risk Manager. Hub shared service costs are allocated to the segments based on allocation keys. For a description of the Hub structure, see Section 1.2.3 – Organizational structure of SCOR.The SCOR Global P&C segment carries out its global operations through the subsidiaries and branches of its two main global reinsurance entities (SCOR Global P&C SE and SCOR SE) and through an operating insurance entity (SCOR UK Limited). Through those entities, their subsidiaries and branches, SCOR Global P&C is represented in three business regions EMEA, the Americas and Asia/Pacific and operates in four business areas: Property and Casualty Treaties; Specialty Treaties (including Credit and Surety, Decennial Insurance, Aviation, Space, Marine, Engineering, Agriculture risks and Alternative Solutions); Business Solutions (large corporate accounts underwritten through facultative insurance and reinsurance contracts and occasionally as direct insurance); and Business Ventures and Partnerships. In addition, SCOR Global P&C writes direct insurance, primarily on a business-to-business basis to cover certain large industrial P&C risks through the Business Solutions area of SCOR Global P&C and through the participation in Lloyd's syndicates among which Channel 2015 for which SCOR is the sole capital provider. For a description of products and services, see Section 1.2.5.2 – Non-Life reinsurance.

The SCOR Global Life segment operates worldwide through the subsidiaries and branches of the global reinsurance companies SCOR Global Life SE and SCOR SE. Via this network SCOR Global Life is represented in its three business regions Americas, EMEA and Asia/Pacific reinsuring Life and Health insurance risks along the three product lines Protection, Longevity and Financial Solutions with a strong focus on biometric risks. In order to achieve this, SCOR Global Life manages and optimizes the in-force book, deepens the franchise and have the best team, organization and tools. The franchise strategy is composed of three elements, which are the expansion of the footprint in protection to defend and strengthen market presence around the world, the diversification of the risk profile by growing health and longevity, and growth of consumer demand by supporting clients with unique distribution solutions. SCOR Global Life intends to achieve diversification, both from a geographical and a product lines perspective. For a description of products and services, see Section 1.2.5.3 – Life reinsurance.

SCOR's cost center is referred to in this Registration Document as "Group Functions". Group Functions is not an operating segment and does not generate revenues. The costs in Group Functions are Group-related and are not directly attributable to either the P&C or Life segment. Group Functions includes the cost of departments fulfilling duties for the benefit of the whole Group, such as Group Internal Audit, Group Finance Department (Tax, Accounting, Consolidation and Reporting, Financial Communication, Treasury and Capital Management, Financial Planning and Analysis), Group Chief Operations Departments (Legal, Communication, Human Resources, Information Technology) and Group Chief Risk Officer expenses (Actuarial, Risk Management, Prudential Affairs, Internal Modeling).

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 December 31, 2016, the Group served more than 4,000 clients throughout the world. SCOR's strategy of offering both P&C and Life products provides it with the benefits of balanced diversification (in terms of risks, geography and markets), which is a cornerstone of its strategy.

1.2.5.2. NON-LIFE REINSURANCE

SCOR's Non-Life segment is divided into four business areas:

- Property and Casualty Treaties;
- Specialty Treaties;
- Business Solutions (underwriting of large corporate accounts); and
- Business Ventures and Partnerships.

Property and Casualty Treaties

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

Property

SCOR's property treaties typically cover damage to the underlying assets (automobiles, commercial premises or industrial sites) 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, product 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.

Specialty Treaties

The Group's main Specialty reinsurance activities include Credit and Surety, Decennial Insurance, Aviation, Space, Marine, Engineering, Agricultural Risks and Alternative Solutions. SCOR underwrites these risks through proportional and non-proportional treaties as well as facultative reinsurance.

Credit and Surety

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 or pay the obligation 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 company of the country in which the covered operations are performed.

Decennial Insurance

According to laws in France, Italy and Spain, as well as in other jurisdictions, or by contractual obligation, decennial insurance must be purchased to cover major structural defects and collapse for a certain period, typically ten years after completion of construction.

Aviation

Aviation insurance covers damage caused to aircraft, injuries to persons transported and damage to third parties caused by aircraft or air navigation, as well as losses resulting from products manufactured by companies in the aerospace sector.

Space

Insurance for the space sector covers the launch preparation, launch, and the in-orbit operation of satellites, primarily commercial telecommunication and earth observation satellites.

Marine

Marine Insurance includes insurance for hull and cargo as well as shipbuilding insurance. It also includes insurance for fixed and mobile offshore oil and gas units in construction and in operation.

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 Property and Casualty coverage.

Agricultural Risks

SCOR Global P&C provides insurance/reinsurance solutions in the field of multiple peril crop, aquaculture, forestry and livestock insurance.

Alternative Solutions

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 within the SCOR Global P&C division a dedicated center of expertise that provides insurance and corporate clients with a wider range of hybrid reinsurance solutions for the transformation, financing or transfer of risks. Consequently, the Group is able to assist clients in their active and effective capital management. This business unit combines the division's expertise in terms of Structured Risk Transfer (SRT), Alternative Risk Financing (ARF) and Insurance Linked Securities (ILS).

Business Solutions

The Group's activity in the Business Solutions area covers all insurable risks of industrial groups and services companies (large corporate accounts). These risks are underwritten through facultative insurance and reinsurance contracts, and occasionally as direct insurance, in an international network around two main business departments: "Natural Resources" and "Industrial & Commercial Risks".

Natural Resources

Natural Resources insurance covers midstream and downstream business (mainly the oil and gas, refining, petrochemicals, liquefaction, gasification, power generation and distribution, new energy sources and mining sectors), and upstream business (oil and gas exploration and production, offshore construction), shipbuilding groups and oil services companies.

Industrial & Commercial Risks

Industrial & Commercial Risks insurance covers manufacturing and heavy industries (automotive, pulp and paper, aeronautics/defense, high tech) and finance and services (infrastructures, intellectual services, general contractors, distribution and trading).

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 insurance 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.

Business Ventures and Partnerships

SCOR's Business Ventures and Partnerships business area historically included the provision of capital to third-party businesses, including Lloyd's syndicates. SCOR contributes to several Lloyd's, including Channel 2015, for which SCOR is the sole capital provider.

SCOR has an ongoing partnership agreement with GAUM (Global Aerospace Underwriting Managers).

The Group also participates in insurance and reinsurance pools, mainly Assuratome and Assurpol.

1.2.5.3. LIFE REINSURANCE

SCOR's Global Life segment underwrites Life reinsurance business in the following product lines:

- Protection;
- Financial Solutions;
- Longevity.

Protection

Protection encompasses traditional Life reinsurance business on living and death benefits. The main risks undertaken are mortality, morbidity and behavioral risks for individuals and groups of individuals. Protection is predominantly underwritten in the form of proportional treaties (quota share, surplus basis or a combination of both). Quota share treaties include structures whereby SCOR Global Life's exposure is identical to those of its clients, and risk-based premium structures whereby treaty conditions differ from those of the underlying policies. A minority of the portfolio is underwritten in the form of non-proportional contracts: excess of loss per person, catastrophe excess of loss or stop loss.

The Protection reinsurance market, as well as SCOR Global Life's Protection portfolio, is characterized by the dominance of long-term contractual relationships. SCOR Global Life also writes short-term Protection business, in markets and product lines in which this is common practice.

Protection covers the following products and risks in reinsurance arrangements:

Mortality

Mortality protection represents more than 64% of the SCOR Global Life portfolio based on gross written premiums for the year ended December 31, 2016. SCOR Global Life actively underwrites mortality risk in all the geographical markets in which it operates.

Disability

Disability insurance mitigates the loss of income when the insured is totally or partially unable to continue his or her professional occupation or any occupation for which he or she is suited due to sickness or accident.

Long-Term Care

Long-Term Care (LTC) insurance covers the inability of the insured to perform predefined activities of daily living, resulting in the insured needing constant assistance from another person.

Critical Illness

Critical Illness (CI) insurance typically pays a lump sum benefit, to be used at the policyholder's discretion, if the insured suffers from a serious condition and survives a defined period.

Medical

Medical insurance covers medical and surgical expenses incurred by the insured person.

Personal Accident

Personal Accident insurance pays a lump sum benefit if the insured person dies or is seriously injured as a result of an accident.

Financial Solutions

Financial Solutions combines traditional Life reinsurance with financial components providing liquidity, balance sheet, solvency and/or income improvements to the client. This type of reinsurance treaty is typically used by cedents to fund growth, stabilize earnings or optimize their solvency position (capital relief).

Longevity

Longevity products cover the risk of negative deviation from expected results due to the insured or annuitant living longer than assumed in the pricing of the cover provided by insurers or pension funds.

1.2.5.4. UNDERWRITING, DISTRIBUTION, CATASTROPHE RISK, CLAIMS AND RESERVES

For information on underwriting, catastrophe risk, claims and reserves, see Section 3.3.1.4 – Management of underwriting risks related to the P&C business and Section 3.3.2.7 – Management of underwriting risks related to the Life reinsurance business.

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 insurance company, which depends on local market practices, the cedent's worldwide reinsurance market knowledge, the complexity of the risks the cedent intends to transfer and the corresponding available reinsurance capacity in the market, as well as the cedent's capability and resources to structure market submission data, place risks and manage 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 proportion of brokered and direct business written by the Group's subsidiaries varies according to market and cedent practices. For the year ended December 31, 2016, Non-Life wrote approximately 61% of gross written premiums through brokers and 39% through direct business, while Life wrote approximately 6% through brokers and approximately 94% through direct business.

For the year ended December 31, 2016, SCOR's largest brokers for Life were Aon Group with approximately 2% of the Group's Life gross written premiums and Willis Group with approximately 1%. SCOR's largest brokers for Non-Life were Aon Group with approximately 19% of the Group's Non-Life gross written premiums, MMC with approximately 15% and Willis Group with approximately 10%.

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.

1.2.5.5. CAPITAL SHIELD STRATEGY

The Group reconciles its strategic objectives with the protection of its capital via its "Capital Shield Strategy", which articulates the Group's risk appetite. This strategy is based on an economic approach and aims to protect the Group against potential shock losses. The policy builds on the following four concepts: traditional retrocession, capital market solutions, the solvency scale and the contingent capital facility.

For more information on the Capital Shield Strategy, refer to Section 3.3.5 – Retrocession and other risk mitigation techniques. For information on the Atlas structured entities used in the Capital Shield Strategy, refer to Section 4.6 – Notes to the consolidated financial statements, Note 2 – Scope of consolidation.

1.2.5.6. INVESTMENTS

Investment philosophy and process

In 2008, SCOR decided to internalize the management of its insurance business investment portfolio, in order to implement its investment strategy centrally and globally, with strict monitoring of the risk appetite and a dynamic positioning according to an enhanced asset liability management (ALM) process, integrating economic and market expectations.

The investment portfolio is positioned dynamically in order to optimize the financial contribution from the investment portfolio to the Group's results and capital allocation. SCOR follows a capital-driven investment process, ensuring through a very strict ALM process that the tactical asset allocation is aligned with the Group's risk appetite. Meanwhile, the Group has set very stringent risk limits (value at risk "VaR", investment guidelines) that enable permanent monitoring of limits to protect the Group from extreme market events and severe loss scenarios.

SCOR has set up a rigorous governance process and an ERM-focused organizational structure:

- the Board of Directors approves risk appetite, risk limits and as a consequence, the capital allocated to insurance business investments on the basis of the Risk Committee's recommendations;
- the COMEX approves the overall investment strategy and the macro-positioning of the investment portfolio on the basis of the Group Investment Committee's recommendation.

The Group's asset management mandate, assigned to SCOR Global Investments, consists of:

- proposing the macro-positioning of the invested assets portfolio in line with the approved risk appetite and risk limits, respecting a strict ALM process, economic and market expectations, accounting rules and a strict foreign exchange congruency matching between assets and liabilities;
- implementing the investment strategy;
- optimizing the absolute return on invested assets and focusing on the recurrence of yields while controlling their volatility. This objective is achieved through active and dynamic management of the portfolio, the identification of cycles and market opportunities and strict qualitative and quantitative risk management.

Group Investment Committee

The Group Investment Committee is chaired by the Group's Chairman and 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, the Chief Executive Officer of SCOR Global Life, the Chief Executive Officer of SCOR Investment Partners and other representatives of SCOR Global Investments. The Group Investment Committee meets at least each quarter and defines the strategic and tactical asset allocation as well as the risk appetite of the Group.

SCOR Global Investments

SCOR Global Investments is the SCOR Group's asset management division and consists of two entities: (i) the Group Investment Office and (ii) a regulated asset management company, SCOR Investment Partners.

Group Investment Office

The Group Investment Office manages the interaction between the SCOR Group and SCOR Investment Partners in managing the risk appetite, monitoring investment risks and setting investment guidelines. It is also responsible for portfolio monitoring and reporting, development of the Group's strategic and operating plans, financial forecasts and performance analysis of SCOR's investments.

SCOR Investment Partners

SCOR Investment Partners centralizes the management of all the assets of the Group entities, however in some jurisdictions, such management is delegated to external asset managers. The SCOR Investment Partners investment team is organized around six asset management desks:

- aggregate, focusing on rates, covered bonds and investment grade credit;
- credit, focusing on high yield debt and on leveraged loans;
- equities and convertible bonds;
- infrastructure loans;
- Insurance-Linked Securities (ILS); and
- direct real estate investments and real estate loans.

Based on the expertise initially developed for the management of the SCOR Group's invested assets, SCOR Investment Partners decided in 2012 to open some of its investment strategies to third-party investors. While this business currently remains in the development phase, SCOR Investment Partners is maintaining good momentum and is increasing its third-party assets, which stood at EUR 2.2 billion as at December 31, 2016 (including undrawn commitments).

SCOR Investment Partners benefits from third-party asset management through management fees on the assets under management. SCOR Investment Partners has eight investment strategies which are open to third parties with funds in key products such as High Yield, Private Debt (corporate, infrastructure and real estate loans), ILS and Convertible Bonds.

1.2.5.7. DEPENDENCY OF THE ISSUER WITH RESPECT TO PATENTS OR LICENSES, INDUSTRIAL, COMMERCIAL OR FINANCIAL CONTRACTS AND NEW MANUFACTURING PROCESSES

See Sections 3 – Risk factors and risk management mechanisms and 1.2.6.2 – Research and development, patents and licenses.

1.2.6. SCOR INVESTMENTS IN TANGIBLE AND INTANGIBLE ASSETS

1.2.6.1. PROPERTY, PLANT AND EQUIPMENT

Major existing or planned property, plant and equipment

SCOR owns offices in Paris (France), Cologne (Germany), London (UK), Singapore and Madrid (Spain), where its local subsidiaries and branches have their corporate offices. Any surplus space is leased to third parties as part of SCOR's investment management business. The Group leases office space for its other business locations. It leases space separate from its head office for the purpose of safeguarding its data storage facilities for business continuity planning purposes. The Group believes that the Group's offices in each country in which it operates are adequate for its current needs.

SCOR owns a 5,000 m² office and retail leasehold building at 10 Lime Street in London. As at December 31, 2016, the building was occupied at 53% by SCOR for its London Hub office. The remaining space was rented to third parties. In June 2015, a second building at 32 Lime Street with a surface area of 1,800 m² was made available to SCOR which had committed to acquire it for its operational needs in 2014.

In 2012, SCOR moved into its new office building in Paris, with a surface area of more than 20,000 m², located at 5, avenue Kléber. The building is held by its OPCI (French real estate UCIT) SCOR-Properties, and occupied at 85% by SCOR, the remaining area being rented to third parties. On December 28, 2012, the lease of SCOR's former headquarters (La Défense, Paris), was terminated. Nevertheless, the Group is continuing to lease one floor for IT projects. In November 2016, a second building at 50 rue La Pérouse with a surface area of 1,500 m² was acquired. The building was delivered in January 2017 and the moving-in is expected during the summer 2017.

In Cologne, SCOR moved in 2012 into its new office building with a surface area of more than 6,000 m² located at 10, Goebenstrasse, held by the German branch of SCOR SE "SCOR Rückversicherung Direktion für Deutschland, Niederlassung der SCOR SE", and fully occupied by SCOR.

In October 2013, SCOR Reinsurance Asia Pacific PTE LTD, signed a sale and purchase agreement to acquire two floors with a surface area of 2,016 m² for its operational needs in a leasehold building under construction in Singapore. In 2014, four units of an additional floor were acquired in the same building with a surface area of 274 m². In 2015, four additional units of another floor were acquired with a surface area of 269 m². In November 2014, the floors formerly occupied by SCOR in another building were sold and rented pending the delivery of the new building. The building is now completed and the teams are expected to move into the new spaces during the spring 2017.

The Madrid office with a surface area of 1,700 m² is fully occupied by SCOR for its operational needs.

SCOR also holds additional property investments as part of its asset management strategy.

For more information on the Group's real estate, see Section 4.6 – Notes to the consolidated financial statements, Note 9 – Miscellaneous assets and Note 7 – Insurance business investments.

Environmental issues that may affect the utilization of property, plant and equipment

See the social and environmental report in Appendix D, Note 2 – Environmental impact of SCOR's activity.

1.2.6.2. RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES

Research and development activities

Biometric risks such as mortality, longevity, disability and long-term care are at the heart of underwriting in Life reinsurance. Since these risks are subject to shocks and various trends, SCOR Global Life closely monitors their developments in six Research & Development (R&D) Centers:

- R&D Center for Mortality Insurance: carrying out mortality studies on life portfolios, enhancing modelling for pricing, reserving and capital modelling and providing support in setting assumptions for new business, in particular new products, and reserving;
- R&D Center for Longevity Insurance: carrying out mortality studies on pension and annuity portfolios, enhancing risk modelling for pricing, reserving and capital modelling and providing support in setting assumptions for new business, in particular new products, and reserving;
- R&D Center for Long-Term Care (LTC) and Disability Insurance: providing support in the development of LTC and disability products (definitions, pricing, guidelines) and the monitoring of the corresponding portfolios;
- R&D Center for Critical Illness: dedicated to the analysis of critical illness risks; complex risks due to multiple definitions, cover types and socio-economic environments;
- R&D Center for Medical Underwriting and Claims Management: evaluating the impact on insurance of new medical advances, for both known pathologies and the most recently discovered ones; advising clients on the pricing of substandard risks; and
- R&D Center for Policyholder Behavior: providing support mainly in modeling and pricing lapse behavior within protection products.

The Centers have entered into many scientific partnerships over the years, the current ones being with: the Assmann Foundation on cardiovascular diseases (EUR 100,000 annually), the Erasmus University on the impact of cancer screening programs (EUR 58,000 over three years ending in 2016) and the Pierre et Marie Curie University at the PitiéSalpêtrière Hospital on HIV developments (EUR 30,000 annually).

The R&D Centers are part of SCOR Global Life's range of services: analyses and risk projections produced by the Centers are used by SCOR Global Life's teams to advise their clients on the implementation and monitoring of their life and health insurance products.

The Centers provide input at the product development stage, giving advice on definitions, underwriting standards, pricing and reserving. They contribute to the monitoring of biometric risks by carrying out experience studies on portfolio data and by undertaking prospective risk modeling.

The R&D Centers are part of the Actuarial & Risk Department of SCOR Global Life. Their employees are based in Paris, Cologne, Dublin, Charlotte, Kansas City, Chicago and Singapore and are active worldwide, responding to requests from the local teams in charge of business development and client relationships.

At the forefront of risk modeling, particularly extreme risks in Life and Non-Life businesses, the Group devotes considerable resources to fundamental research and the promotion of scientific risk management techniques in various disciplines. As well as prize-winning internal research projects, conducted with the assistance of students from renowned schools and universities, SCOR has signed partnership agreements with the following institutions:

- the Risk Foundation, in collaboration with Toulouse University's Institut d'Économie Industrielle (IDEI) and Paris Dauphine University, is dedicated to the risk market and to value creation, with a research program specially focused on Long-Term Care. For SCOR, this implies costs of EUR 1.5 million spread over five years;
- a Research Chair in Finance, in cooperation with the Jean-Jacques Laffont Foundation based in Toulouse, focuses on risk management, long-term investment, corporate governance and asset management strategy. For SCOR, the related cost is EUR 1.5 million spread over five years;
- the Insurance Risks and Finance Research Center in cooperation with Nanyang Business School (Singapore), whose aim is to promote research in the field of risk management. For SCOR, the related cost is SGD 2.5 million spread over five years; and
- the Paris School of Economics, which conducts research in the field of economic analysis and modeling in order to improve medium- to long-term forecasting of economic and financial risks. For SCOR, the related cost is EUR 510,000 spread over three years.

Alongside these partnership agreements, the Group works to further scientific research in the field of risks through sponsorship initiatives (see Appendix D) conducted by its corporate foundation, the SCOR Corporate Foundation for Science.

SCOR also organizes Actuarial Awards in Europe (Germany, France, Italy, Spain and Portugal, Sweden, Switzerland and the United Kingdom), and in Asia (Singapore). The Group places great importance on the development of actuarial science and each year awards prizes for the best academic papers in the field of actuarial science. These prizes are designed to promote actuarial science, develop and encourage research in this field and contribute to the improvement of risk knowledge and management. The SCOR Actuarial Awards are recognized as a mark of excellence in the insurance and reinsurance industries. The winning papers are selected on the basis of criteria including an excellent command of actuarial concepts, the use of high-quality analysis instruments, and subjects that could have a practical application in the world of risk management.

Since 2015, SCOR has also been organizing, with the partnership of the French Institut of Actuaries, an actuarial symposium in Paris. In November 2015, the theme was centered around "Actuarial and Data Science", in December 2016, the theme will be "Scientific laws and mathematical models: from physics to actuarial science".

In addition to the above, scientific risk management techniques are promoted, and knowledge shared, via the following:

- involvement in collective studies through the Geneva Association and the teaching of insurance and scientific risk management techniques in schools and universities (e.g. the 218 Master's at Paris Dauphine, the Zurich ETH, the University Ca'Foscari in Venice Italy and the MBA offered by the École nationale d'assurance (ENASS);
- as an expression of SCOR's commitment to the knowledge and science of risk, in 2013 SCOR appointed a Group Scientific Advisor to the Chairman and Chief Executive Officer. This advisor is notably responsible for promoting scientific risk assessment techniques among the Group's clients and in academic circles, and for developing research in major fields, in order to ensure sound management of the Group's business portfolio and internal model.

Information technologies

SCOR was one of the first reinsurers to implement a global information system. This strategy is reaffirmed during the integration process after a new acquisition, when SCOR aims to rapidly reestablish a global integrated information system. In accounting, consolidation and financial reporting, SCOR has delivered its global SAP solution, embedding a unique chart of accounts and standard processes in all its Hubs throughout the Group. Over recent years, the accounting teams have worked alongside the IT Department, to design this new global finance system which is critical for SCOR.

The Group's Life and Non-Life reinsurance global back-office operates on a custom software package known as "Omega." Omega was designed to allow the tracking of brokers and ceding companies within the Group, grant online underwriting authorization throughout the world, track premiums and claims, analyze the technical profitability of contracts, and perform quarterly closings based on the latest estimated results. The Omega databases reflect the reinsurance risk of SCOR Global P&C and SCOR Global Life's portfolios worldwide. After an extensive study, the Group decided to update and improve Omega, thereby capitalizing on this key asset. The Omega2 project, which included technical modernization and the development of structuring functional improvements, has been completed as planned mid-2016.

The focus in 2016 was again on strengthening SCOR's front office applications to improve risk selection, anticipation and reactivity in markets and products, and simulations of results. A number of projects have been launched in recent years which will continue through 2017. Accounting forecasts are developed from underwriting plans and comparative analyses are produced in standard reports. New reserving and financial modeling tools have been implemented over recent years. Non-Life pricing is closely managed using xAct, the global in-house standard P&C treaty pricing tool, which uses standardized models, and profitability analysis, to provide full visibility of proportional and non-proportional business. The underwriting and pricing process of large industrial or specialty risks is now supported by new in-house solutions like ForeWriter and Pacman, embedding the SCOR professionals' expertise. Control of exposure to natural catastrophes and pricing is under improvement through the development of the SCOR Cat Platform which monitors all liabilities and accumulations through use and calibration or the model combination deemed as most efficient. Still with SGP&C, the development of a new Claims Platform has been delivered. In the Life business, the embedded value calculation has been revised and integrated in the internal model. Other front-office solutions have been developed for SCOR Global Life to harmonize and enhance the underwriting of substandard risks and develop tele-underwriting in different countries. In the US market in particular, underwriting solutions like Velogica are proposed to SCOR's Life clients. The integration of Life Individual policy management systems is done in the US.

The Group continues to work on extending and automating its Asset and Liability Management tool. This internal model is central in the Solvency II compliance process, in which the SCOR's Information Technology Department is deeply involved.

Two years ago, SGI has launched a strategic project, SGI 2.0, the first achievement of which was the outsourcing of middle and back office activities related to asset management to BNP Paribas Securities Services. This decision will allow to leverage their expertise in post-trade execution activities. A specific internal organization and related new procedures have been put in place to monitor the performance and the operational risks of this outsourcing. Front-office activities remain in-house, using the Bloomberg AIM solution currently being deployed.

The Group is promoting a paperless environment. Internally, global document-sharing processes have been set up for the Life and Non-Life divisions. With its clients, SCOR is able to automatically process claims, reinsurance and financial accounts received electronically in the standard formats defined by ACORD, an association created for the development of e-processing in insurance and reinsurance, without having to re-enter them. SCOR is also chairing the global Ruschlikon initiative, launched with major brokers and reinsurers to develop e-administration in the reinsurance industry.

The SCOR technical environment is based on a secured international network, a cloud-based global data center with a fully replicated dual site, and a standard workstation deployed everywhere in the world. SCOR has also implemented an ambitious security plan based on stronger physical and logical access controls, cyber security reinforcement, large program for data protection, and recovery in the event of any type of disaster.

SCOR's IT Department is playing a key role in implementing the Group's "Green SCOR" policy, and drives a number of elements of this multi-year plan, including data center consolidation, server virtualization, new low-energy desktops and laptops, and reductions in printing. Mobility is still being enhanced through ongoing developments in line with technological progress and business needs that require a more permanent connection with the company, while complying with security standards.

Finally, the IT strategy is aligned with the SCOR business objectives. The mandate of SCOR IT under the past strategic plan has been largely completed with new solutions in the back-office and front-end areas to ensure operational excellence and business development. The recently announced strategic plan, "Vision in Action", has identified new directions for SGP&C, SGL, SGI and the Corporate Functions, which have been analyzed to define the new strategy for the SCOR information system. The digital transformation of SCOR, steered by the Business Divisions in close partnership with the IT Department, will generate key evolutions of the SCOR information system, as planned in the ambitious "Digital SCOR" program.

1.2.6.3. INVESTMENTS

Principal investments made over the past three financial years

See Section 3.4.2 – Management of market risks, for a description of risk management connected with SCOR investments in debt instruments and equity securities as well as with investments it owns.

See Section 1.2.2 – History and development of SCOR, and Section 4.6.3 Note 3 – Acquisitions and disposals.

See Section 1.2.5.6 – Investments.

See Section 1.2.6 – SCOR investments in tangible and intangible assets.

Principal investments in progress

None.

Principal future investments

SCOR's success relies on the consistent implementation of the four principles on which its strategic plans, "Dynamic Lift", "Strong Momentum", "Optimal Dynamics" and now "Vision in Action" are based: a strong franchise, extensive diversification, a controlled risk appetite and a robust capital shield. 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 disposals and which would be likely to deliver value for its shareholders are in line with this consistent set of principles.

1.3. MARKET AND FINANCIAL REVIEW

1.3.1. REINSURANCE MARKET DEVELOPMENTS

The global reinsurance industry comprises Life and Non-Life reinsurance.

Life reinsurance is a concentrated industry with significant regulatory and operational barriers to entry. Most global Life reinsurers are based in established markets with rigorous regulatory frameworks suitable for long-term business. Global Life reinsurers have developed strong underwriting, pricing, actuarial, claims management and product development capabilities, as well as long-term relationships with their clients. Because of the long-term nature of some Life risks, the Life reinsurance market historically has been less cyclical than Non-Life.

Non-Life reinsurance is a cyclical market. The cyclical trends observed in prior years largely continued in 2016, though the market's pricing declines moderated. Pricing in Non-Life reinsurance has declined because supply has increased faster than demand. Supply has risen due to a number of factors including increasing traditional capacity, new forms of capacity, actual losses being lower than expected losses, and retained earnings. Demand has risen less quickly due to factors including consolidation of reinsurance spend, increased retention, and new products taking time to develop. Macroeconomic uncertainty continued in 2016 with interest rates low but volatile and the global political situation changing materially. The insurance industry's "protection gap" remains a long-term opportunity that market participants have continued to address with some success in 2016.

The growth rate of alternative capital appears to have slowed in the course of 2016, and such capacity remains predominantly focused on peak-zone catastrophe risks and other modelled perils, which negatively affects the pricing of inwards reinsurance business in the affected lines but also makes outwards retrocession more efficient. Similarly, the trend towards new "hedge fund re" vehicles appears to be attenuating. The risk transfer chain remains under pressure with all actors striving to achieve cost savings, often by squeezing out or putting pressure on other participants. It remains to be seen which innovations will prove to be sustainable in the Non-Life market following market-turning losses.

1.3.2. FINANCIAL MARKET DEVELOPMENTS

The occurrence of major external shocks, such as the British decision to leave the European Union and the unexpected outcome of the US presidential election, as well as the downturn in commodity prices, have significantly contributed to the change in the economic paradigm, where fears of extended low growth/low inflation have given way to the theme of the return of inflation and changes to free trade.

Consequently, the bond markets, after having reached record low interest rate levels in July with -0.20% for German 10-year bonds and 1.35% for 10-year US bonds, have seen negative performances. At the end of 2016, the 10-year German rate is positive once again at 0.2% and the 10-year US yield stands at 2.45%.

Higher inflation expectations are accompanied by better growth prospects, with risk markets such as credit and equity posting strong performances. Thus, the performance of the US high-yield market stands at 17.4% and that of the European market at 9%, the difference emanating mainly from the US high-yield market's preference for the energy sector. With regard to equities, Donald Trump's pro-cyclical and protectionist program has added significant value to US businesses. Thus, over the year, the Dow Jones posted a performance of 16.5%, the S&P of 11.95% and the Russell 2000 of 21.28%, outperforming the European indices such as the Euro Stoxx 50 (+4.83%) and the CAC 40 (+8.81%).

The energy and finance sectors recorded the best performances, thanks to the rise in oil prices in the first instance and the steepening of yield curves plus deregulation hopes in the second. Thus, over the year, the performance of the MSCI World Energy index stands at 27.6%, and that of the MSCI World Financial index stands at 13.3%. Conversely, the health sector posted a negative performance, for example with the MSCI World Health Care index down by -6.32%.

1.3.3. SIGNIFICANT EVENTS OF THE YEAR

On December 27, 2016, the Insurance Regulatory and Development Authority of India has granted SCOR "R3 authorization", after having granted SCOR "R2 authorization" on November 8, 2016, allowing the Group to open a Composite Branch office in India to conduct Life and P&C reinsurance business.

On December 15, 2016, SCOR announced the launch of a new 3-year contingent capital facility. This takes the form of a contingent equity line, providing the Group with EUR 300 million coverage in case of extreme natural catastrophe or life events impacting mortality.

On July 28 and August 2, 2016 respectively, SCOR completed the calls of the entire balance of its EUR 350 million and CHF 650 million perpetual subordinated note lines.

On May 24, 2016, SCOR successfully placed a dated subordinated notes issue on the Euro market in the amount of EUR 500 million. The coupon was set at 3.625% (until May 27, 2028), and is reset every 10 years at the prevailing 10-year EUR mid-swap rate +3.90%. The notes mature on May 27, 2048. It is currently SCOR's intention to use the proceeds for general corporate purposes. The proceeds from the notes are expected to be eligible for inclusion in SCOR's regulatory capital, in accordance with applicable rules and regulatory standards, and as equity credit in the rating agency capital models.

On January 13, 2016, as part of its policy of diversifying its capital protection tools, SCOR sponsored a new catastrophe bond, Atlas IX Series 2016-1, which provides the Group with multi-year risk transfer capacity of USD 300 million to protect itself against named storms in the US and earthquakes in the US and Canada. The risk period for Atlas IX 2016-1 runs from January 13, 2016 to December 31, 2019.

1.3.4. 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 are European reinsurers (for example, Swiss Re, Munich Re and Hannover Re) and US/Bermudian reinsurers (for example, Partner Re, RGA, Chubb, Axis Capital, TransRe, Odyssey Re, GenRe and Everest Re). Also Lloyd's of London is recognized as a major competitor.

SCOR SE and its consolidated subsidiaries formed the world's fourth largest reinsurer [1] in 2015, serving more than 4,000 clients.

1.3.5. REVENUES & EARNINGS SUMMARY

The Group's financial data are presented in Section 1.1 – Selected financial information and in Section 4 – Consolidated financial statements. The commentary below is based on the financial data presented in the aforementioned sections.

See also Section 4.6 – Notes to the consolidated financial statements, Note 1 – Accounting principles and methods, Note 15 – Net contract liabilities and Note 24 – Insurance and financial risks.

1.3.5.1. OPERATING RESULT

SCOR is characterized by its strategic positioning aimed at diversifying its exposures. To this end, the Group seeks to preserve:

- the diversification of its business by maintaining a broadly balanced split between its Life and Non-Life reinsurance activities. The business volume split for the year ended December 31, 2016 was approximately 59% for Life reinsurance and 41% 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 being positioned on strong-growth markets such as Asia-Pacific and Latin America,
  - operating as a mixed Non-Life and Life reinsurer in China using the license received in 2011, enabling SCOR to add Life reinsurance services to the existing Non-Life activities, and
- the diversification of underwritten risks by product lines in Life reinsurance (Protection, Financial Solutions, Longevity) and in Non-Life reinsurance (Property and Casualty Treaties, Specialty Treaties, Business Solutions (large corporate accounts underwriting through facultative insurance and reinsurance contracts and occasionally as a direct insurance for industrial groups and services companies) and Business Ventures and Partnerships).

Gross written premiums

Gross written premiums for the financial year ended December 31, 2016 amounted to EUR 13,826 million, an increase of 3.0% compared to EUR 13,421 million in 2015. At constant exchange rates the growth is 5.3%. The overall increase in gross written premiums of EUR 405 million in 2016 is due to an increase of EUR 489 million for SCOR Global Life, offsetting the decrease of EUR 84 million for SCOR Global P&C.

Gross written premiums for the financial year ended December 31, 2015 amounted to EUR 13,421 million, an increase of 18.6% compared to EUR 11,316 million in 2014. The overall increase in gross written premiums of EUR 2,105 million in 2015 was due to an increase for SCOR Global P&C of EUR 788 million and EUR 1,317 million for SCOR Global Life.

(1) By Net Reinsurance premiums written, source: "AM Best Special Report Global Reinsurance 2016".

Breakdown of gross written premiums by segment

In EUR million	2016		2015		2014	
By division						
SCOR Global P&C	5,639	41%	5,723	43%	4,935	44%
SCOR Global Life	8,187	59%	7,698	57%	6,381	56%
TOTAL	**13,826**	**100%**	**13,421**	**100%**	**11,316**	**100%**
Non-Life reinsurance						
Treaties	3,125	55%	3,012	53%	2,709	55%
Business Solutions (facultative)	683	12%	723	13%	614	12%
Specialties	1,176	21%	1,168	20%	1,036	21%
Joint-Ventures & Partnerships	655	12%	820	14%	576	12%
TOTAL SCOR GLOBAL P&C	**5,639**	**100%**	**5,723**	**100%**	**4,935**	**100%**
Life reinsurance						
Protection (1)	6,460	79%	6,137	80%	5,212	82%
Financial Solutions (1)	1,038	13%	1,003	13%	923	14%
Longevity	689	8%	558	7%	246	4%
TOTAL SCOR GLOBAL LIFE	**8,187**	**100%**	**7,698**	**100%**	**6,381**	**100%**

(1) In 2015, SCOR Global Life's individual treaties have been reallocated based on a review of product line definitions. The gross written premiums in Protection and Financial Solutions previously reported in the 2014 Registration Document were EUR 5,088 million and EUR 1,047 million respectively for the year ended December 31, 2014.

See Section 4.6 – Notes to the consolidated financial statements, Note 4 – Segment information, for further details on the results of the segments.

Distribution by geographical area

In 2016, SCOR generated approximately 39% of its gross written premiums in Europe, Middle East and Africa (EMEA) compared to 41% in 2015), with significant market positions in France, Germany, Spain and Italy, 46% of its gross written premiums in the Americas (2015: 43%) and 15% of its gross written premiums in Asia (2015: 16%).

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

	Total			SCOR Global Life			SCOR Global P&C		
In EUR million	2016	2015	2014	2016	2015	2014	2016	2015	2014
EMEA (1)	5,355	5,449	4,912	2,677	2,515	2,261	2,678	2,934	2,651
Americas (1)	6,318	5,840	4,678	4,429	4,130	3,323	1,889	1,710	1,355
Asia Pacific (1)	2,153	2,132	1,726	1,081	1,053	797	1,072	1,079	929
TOTAL	**13,826**	**13,421**	**11,316**	**8,187**	**7,698**	**6,381**	**5,639**	**5,723**	**4,935**

(1) In 2015, SCOR Global Life's individual treaties have been reallocated based on a review of region allocations. The gross written premiums for SCOR Global Life in EMEA, the Americas and Asia Pacific previously reported in the 2014 Registration Document were EUR 2,103 million, EUR 3,498 million and EUR 780 million, respectively for the year ended December 31, 2014,

Net earned premiums

Net earned premiums for the year ended December 31, 2016 amounted to EUR 12,462 million as compared to EUR 11,984 million and EUR 9,991 million for the years ended December 31, 2015 and 2014, respectively. The overall increase in net earned premiums of EUR 478 million from 2015 to 2016 and EUR 1,993 million from 2014 to 2015 is consistent with the evolution in gross written premiums.

Net investment income

Net investment income[(1)] for the year ended December 31, 2016 amounted to EUR 670 million as compared to EUR 666 million and EUR 576 million for the years ended December 31, 2015 and 2014, respectively. The net return on investments in 2016 was 2.5% compared to 2.6% in 2015 and 2.5% in 2014. The increase in investment income from 2015 to 2016 is mainly due to the active portfolio management strategy implemented by SCOR Global Investments, which translated into substantial realized capital gains of EUR 207 million, mostly achieved on the real estate and fixed income portfolios and to a lesser extent on the other investments portfolio. The return on invested assets in 2016 was 2.9% as compared to 3.1% in 2015 and 2.9% in 2014[(2)].

Gross benefits and claims paid

Gross benefits and claims paid were EUR 9,848 million, EUR 9,499 million and EUR 7,835 million in 2016, 2015 and 2014, respectively. The level of gross benefits and claims paid for SCOR Global P&C increased to EUR 3,164 million during 2016 from EUR 3,135 million in 2015 (2014: EUR 2,788 million). For SCOR Global Life the level of gross benefits and claims paid increased to EUR 6,684 million in 2016 from EUR 6,364 million in 2015 (2014: EUR 5,047 million).

Net retrocession result

The net results of the Group's retrocession program were a net cost of EUR 388 million, EUR 336 million and EUR 385 million in 2016, 2015 and 2014, respectively.

However, the impact of alternative retrocession coverage, Atlas VI (SCOR Global P&C) and Atlas IX (SCOR Global Life) (See Section 3.3.5 – Retrocession and other risk mitigation techniques) are not included in the net cost of retrocession as the products are accounted for as derivatives.

The total amount recorded in 2016 «other operating expenses» in relation to Atlas CAT bonds and the mortality transfer contract was EUR 35 million (2015: EUR 19 million).

Expenses

The Group cost ratio[(3)] calculated as the total of all management expenses less certain non-controllable expenses (e.g. bad debts), legal settlements, acquisition expenses and amortization, divided by gross written premiums, was 5.0% for the year ended December 31, 2016, unchanged from 5.0% in 2015 (2014: 5.0%). Management expenses for the years ended December 31, 2016, 2015 and 2014 were EUR 815 million, EUR 776 million and EUR 649 million respectively, on a comparative basis.

Operating income

Operating income for the year ended December 31, 2016 amounted to EUR 951 million as compared to EUR 1,048 million in 2015 and EUR 826 million in 2014. The decrease between 2015 and 2016 is notably due to a higher number of natural catastrophes. For the year ended December 31, 2016, the operating segment SCOR Global Life contributed EUR 396 million (EUR 364 million and EUR 285 million in 2015 and 2014, respectively) and SCOR Global P&C EUR 680 million (EUR 808 million and EUR 648 million in 2015 and 2014, respectively) to the operating result. In 2016, 2015 and 2014, EUR (125) million, EUR (124) million and EUR (107) million respectively, related to Group functions.

2015 and 2014 operating income benefitted from the strong technical performance of SCOR Global Life, the robust profitability of SCOR Global P&C and a rather benign year in terms of natural catastrophes.

(1) See Section 1.3.9 – Calculation of financial ratios.
(2) The return on invested assets' calculation method was adjusted in 2014 to exclude revenues from Life reinsurance contracts that do not transfer significant reinsurance risk (presented in the investment income line of the 2013 Registration Document).
(3) The effective tax rate calculation method has been adjusted in 2015 to exclude the share in results of associates from income before tax. The effective tax rate previously reported in the 2014 Registration Document was 24.5% for 2014.

Consolidated net income – Group share

SCOR generated consolidated net income of EUR 603 million in 2016, compared to EUR 642 million and EUR 512 million respectively for the years ended December 31, 2015 and 2014.

In 2016, SCOR benefited from a strong performance from both operating segments, and an active portfolio management strategy implemented by SCOR Global Investments which safeguarded shareholders' interests while delivering solid returns. In 2016, the effective tax rate was 21.7%.

In 2015, SCOR benefited from a strong operating performance, a prudent asset management policy which safeguarded shareholders' interests while delivering solid returns and a rather benign year in terms of natural catastrophes. In 2015, the effective tax rate was 26.0%.

In 2014, SCOR benefited from a strong operating performance, a prudent asset management policy of SCOR Global Investments which safeguarded shareholders' interests while delivering solid returns and a rather benign year in terms of natural catastrophes. In 2014, the effective tax rate was 24.4% (1).

Return on equity was 9.5%, 10.6% and 9.9% for the years ended December 31, 2016, 2015 and 2014 respectively. Basic earnings per share were EUR 3.26, EUR 3.46 and EUR 2.75 for the years ended December 31, 2016, 2015 and 2014, respectively.

1.3.5.2. SCOR GLOBAL P&C

SCOR Global P&C is a leading P&C reinsurer with a worldwide footprint.

The business comprises traditional reinsurance transactions: Treaty, Business Solutions, and Specialty Lines reinsurance. SCOR Global P&C capitalizes on a long-standing franchise, experience, and an extensive data base comprising multi-line expertise.

The January 2016 renewals were characterized by a market environment that shows some signs of levelling out for certain types of contracts and exposures, but where competition regained some momentum since the very end of 2015. SCOR Global P&C continued to find pockets of profitable new business, counterbalancing the premium reductions caused by increased selectivity and heightened portfolio management, thereby maintaining overall expected profitability. This has been made possible by a combination of several factors, such as the successful deployment of the client-focused initiative in the US, and having developed the right culture and the right tools to manage global client relationships and steer business in real time.

2015 was characterized by an increasingly competitive market environment. SCOR Global P&C capitalized on the quality of its franchise and the active management of its portfolios, to secure renewals that bear witness to its strong competitive position.

In 2014, SCOR Global P&C actively pursued its P&C treaty business portfolio management strategy by further expanding the proportional property, motor and casualty businesses and by improving geographical diversification in Asia and the Americas.

Gross written premiums

In 2016, gross written premiums decreased by -1.5% compared to 2015. At constant exchange rates the growth is 1.2%.

Compared to 2015, growth at constant exchange rates was driven by the performance of the Property and Casualty Treaties (mainly in the Casualty and Natural Catastrophes portfolios).

In 2015, gross written premiums increased by 16% compared to 2014. At constant exchange rates the growth was 4.9%, in line with the forecasts at the beginning of the year.

In 2014, gross written premiums increased by 1.8% compared to 2013. At constant exchange rates the growth was 2.7% in line with the assumption of EUR 5 billion annual gross written premiums indicated in the January 2014 renewals disclosure.

Combined ratio

SCOR Global P&C achieved a net combined ratio (2) of 93.1% in 2016 against 91.1% in 2015 and 91.4% in 2014.

In 2016, this ratio reflects very strong technical results, with a decreasing net attritional loss ratio (54.1% compared to 56.9% in 2015) despite higher natural catastrophes compared to 2015. Natural catastrophes had a 5.5% impact on the Group net combined ratio for year-end 2016 compared to a 2.2% impact in 2015 and a 4.2% impact in 2014.

In 2015 the combined ratio reflected very strong technical results, with a stable net attritional loss ratio 56.9% (versus 56.9% in 2014) despite some significant man-made losses and the lower impact of natural catastrophes compared to 2014. Natural catastrophes had a 2.2% impact on the Group net combined ratio for year end 2015 compared to a 4.2% impact in 2014.

In 2014, the combined ratio reflected very strong technical results, driven by the year-on-year improvement of the attritional ratio 56.9% (versus 57.7% in 2013) and the lower impact of natural catastrophes compared to 2013. Natural catastrophes had a 4.2% impact on the Group net combined ratio for the year end 2014 compared to a 6.4% impact in 2013.

(1) The effective tax rate calculation method has been adjusted in 2015 to exclude the share in results of associates from income before tax. The effective tax rate previously reported in the 2014 Registration Document was 24.5% for 2014.
(2) See Section 1.3.9.5 – Combined ratio.

Impact of natural catastrophes

SCOR defines a catastrophe as a natural event involving several risks and causing pre-tax losses, net of retrocession, totaling EUR 3 million or more.

The following table highlights losses due to natural catastrophes for the years 2016, 2015 and 2014:

	As at December 31		
	2016	**2015**	**2014**
Number of catastrophes occurred during the financial year	18 (3)	11 (5)	8 (6)
In EUR million			
Losses and loss adjustment expenses due to catastrophes, gross	323 (4)	117	231 (7)
Losses due to catastrophes, net of retrocession (2)	274 (4)	111	179 (7)
Group net loss ratio (1)	59.6% (4)	59.1%	61.1% (7)
Group net loss ratio excluding catastrophes	54.1% (4)	56.8%	56.9% (7)

(1) Loss ratios are calculated on the basis of Non-Life claims, expressed as a percentage of Non-Life premiums earned.
(2) Net of retrocession and reinstatement premiums (assumed and retrocession).
(3) Including Hurricane Matthew, Fort McMurray Wildfires, Earthquakes in Ecuador, in Taiwan, in Kaikoura and in Italy, Floodings in Europe, in Sri Lanka, in Texas, in Louisiana, in Johannesburg and in United Arab Emirates, Typhoon Meranti and Cyclone Winston.
(4) The impact of developments on the following 2015 catastrophes are included in the 2016 cat ratio: UK Flooding, Chennai Floods (India), US Northeast Winterstorms, Storm Niklas, US South & Midwest Weather, Chile Earthquake 2015, Typhoon Rainbow/Mujigae, Italy Snow & Windstorm, South Carolina Floods, Chilean Storm & Mudslides and Texas & Oklahoma Heavy Rains.
(5) Including UK Flooding, Chennai Floods (India), US Northeast Winterstorms, Storm Niklas, US South & Midwest Weather, Chile Earthquake 2015, Typhoon Rainbow/Mujigae, Italy Snow & Windstorm, South Carolina Floods, Chilean Storm & Mudslides and Texas & Oklahoma Heavy Rain.
(6) Including European Hails (Ela), Japan Snowstorm, USA Floods (Warren Michigan), Cyclone Hudhud, Hurricane Odile, Chile Earthquake, Southern Alberta Hailstorm and Typhoon Rammasun.
(7) Andreas Hailstorm (July 2013) and South Africa Hailstorm's development impacts are included in 2014 cat ratio.

In 2016, SCOR was affected by the following catastrophes which resulted in total net estimated losses of EUR 307 million as at December 31, 2016:

In EUR million **Cat losses**	**Date of loss**	**Estimated loss net of retrocession as at 12/31/2016**
Hurricane Matthew	10/05/2016	55
Fort McMurray Wildfire	05/06/2016	51
Kumamoto Earthquake	04/14/2016	31
European Hailstorm	06/23/2016	30
European Floods	06/01/2016	26
Ecuador Earthquake	04/16/2016	23
Taiwan Earthquake	02/06/2016	22
Sri Lanka Flooding	05/01/2016	12
Texas Hail	04/11/2016	11
Kaikoura Earthquake	11/13/2016	10
Other natural catastrophes (less than EUR 10 million)		36
TOTAL		**307**

In 2015, SCOR was affected by the following catastrophes which resulted in total net estimated losses of EUR 111 million as at December 31, 2015:

In EUR million **Cat losses**	**Date of loss**	**Original estimated loss net of retrocession as at 12/31/2015**	**Adjusted estimated loss net of retrocession as at 12/31/2016**
UK Flooding	December 2015	29	7
Chennai Floods	October 2015	19	22
US Northeast Winterstorms	February 2015	19	19
Storm Niklas	March 2015	10	8
Other natural catastrophes (less than EUR 10 million)	-	34	16
TOTAL		**111**	**72**

In 2014, SCOR was affected by the following catastrophes which resulted in total net estimated losses of EUR 163 million as at December 31, 2014:

In EUR million			**Adjusted estimated loss net of retrocession as at**	
Cat losses	**Date of loss**	**Original estimated loss net of retrocession as at December 31, 2014**	**12/31/2015**	**12/31/2016**
European Hails (Ela)	June 2014	82	81	78
Japan Snowstorm	February 2014	32	38	38
USA floods (Warren Michigan)	August 2014	16	17	15
Cyclone Hudhud	October 2014	14	8	8
Other natural catastrophes (less than EUR 10 million)	2014	19	15	15
TOTAL		**163**	**159**	**154**

1.3.5.3. SCOR GLOBAL LIFE

SCOR Global Life operates through its unified global organization with a specialized market approach in three regions: Americas, EMEA (Europe, Middle East and Africa) and Asia Pacific. It underwrites Life reinsurance business in the following product lines:

- Protection;
- Financial Solutions;
- Longevity.

Protection encompasses traditional Life reinsurance business for living and death benefits. The main risks undertaken are mortality, morbidity and behavioral risks for individuals and groups of individuals. Financial Solutions typically combine traditional Life reinsurance with financing components providing liquidity, balance sheet, solvency and/or income improvements to the client. Longevity products cover the risk of negative deviation from expected results due to the insured or annuitant living longer than assumed in the pricing of insurance cover provided by insurers or pension funds.

In 2016, SCOR Global Life continued to grow profitably in a competitive Life reinsurance market. The solid operating profitability of SCOR Global Life was maintained thanks to a robust technical performance across key regions and product lines.

Gross written premiums by product line

SCOR Global Life ranks among the top five life reinsurers worldwide[(1)] and has grown by 6.4% in gross written premiums from EUR 7,698 million in 2015 to EUR 8,187 million in 2016 (a 8.3% increase at constant exchange rate[(2)]). SCOR Global Life has increased its new business premiums from new clients and with existing clients in all three regions and across all three product lines. Growth was recognized in the Protection product line in Americas, in the Financial Solutions product line in Asia Pacific and in the Longevity product line in Europe.

Protection

The Protection business accounts for 79% of total gross written premiums in 2016 and remains the main driver for premium growth (5.3% growth in gross written premiums in 2016).

SCOR Global Life has maintained its leadership in the US Life reinsurance market[(3)], the largest life reinsurance market in the world. After the successful integration of Generali US's Life reinsurance activities, SCOR Global Life created a common operations platform in North America across multiple sites (Charlotte, Kansas City, Montreal and Toronto). Leveraging this new underwriting platform has led to new account wins, particularly in Canada.

(1) Based on 2016 gross written premiums.
(2) At December 31, 2016 exchange rates.
(3) Source: 2016 SOA/Munich Re survey of US life reinsurance, published in June 2016.

In the EMEA region, SCOR Global Life reinforced its franchises in key European markets such as France, the UK, and Nordic countries. SCOR Global Life is also expanding into the large South African market.

Asia Pacific remains a region with significant growth opportunities both in terms of premiums and profitability. Premiums development in Asia Pacific was driven by higher Protection business volumes in Australia, China and South Korea.

Within the Protection product line, mortality was the main risk underwritten and the main growth driver in 2016:

- Mortality: more than 60% of SCOR Global Life's portfolio is traditional mortality reinsurance business, based on 2016 gross written premiums. SCOR Global Life developed a strong position in Mortality in the US, as well as in the major European markets.
- Long-Term Care: SCOR Global Life has been pioneering LTC reinsurance solutions in the French market for twenty years, and has acquired a sound practical experience in the underwriting and the management of LTC risks. SCOR Global Life has also expanded its geographical scope by introducing its LTC reinsurance coverage to several markets.
- Disability: SCOR Global Life has established strong market positions in disability in many continental Europe markets and Canada. It has recently selectively entered into the Australian disability market in line with SCOR's risk appetite, at pricing levels in line with its profitability target, thanks to hardening market conditions.
- Critical Illness: SCOR Global Life is a market leader in the UK. It also leverages its experience and expertise from the UK to expand into selected Asian markets and South Africa.
- Medical represents a small proportion of SCOR Global Life's portfolio. It is a major product line in the markets of the Middle East and is written selectively in Asia, Continental Europe and the Americas.
- Personal Accident also represents a small proportion of SCOR Global Life's portfolio. A main source of Personal Accident business for SCOR Global Life is obtained through its distribution services company, ReMark, which provides direct marketing of life insurance products to insurers, financial institutions and affinity partners.

Through its Global Distribution Solutions (GDS), SCOR Global Life has successfully deployed a number of innovative and tailored client services which aim to help insurers expand and develop their own client bases (ReMark, Velogica, SCOR Telemed and Rehalto). SCOR Global Life has leadership positions in many markets in the EMEA and Asia Pacific regions and achieved strong growth in 2016.

Financial Solutions

In the Financial Solutions product line, accounting for 13% of 2016 gross written premiums, SCOR Global Life has built a recognized position in providing capital and solvency solutions. Since 2013, SCOR Global Life has been signing landmark transactions in Southern Europe, the US, Asia and Latin America. Regulatory environments have been in flux since late 2014, with the implementation of Solvency II in Europe and equivalent systems elsewhere (China, the US). These changes have led to a slowdown in concluding new business, in particular in the EMEA region. Insurers are expected to deploy new solutions as these new regulations come into force.

Longevity

SCOR Global Life has established itself as a recognized provider for longevity reinsurance, focusing on longevity risk transfer transactions for large in-payment pension portfolios, creating a new business pipeline with growth opportunities. The Longevity product line accounts for 8.4% of SCOR Global Life's gross written premiums in 2016 and is one of the main drivers of premium growth (23.3% increase in gross written premiums in 2016). The main active market to date for SCOR Global Life is UK with a portfolio from recent years and new business signed in 2016 while exploring business opportunities in other markets such as Canada, where SCOR Global Life entered into a longevity transaction in 2015.

Life technical margin

Overall, the Life technical margin in 2016 was 7.0% compared to 7.2% in 2015 and 7.1% in 2014.

1.3.5.4. NET INVESTMENT INCOME AND INVESTMENT INCOME ON INVESTED ASSETS

Net investment income for the year ended December 31, 2016 amounted to EUR 670 million as compared to EUR 666 million and EUR 576 million for the years ended December 31, 2015 and December 31, 2014, respectively.

The return on invested assets in 2016 was 2.9% as compared to 3.1% in 2015 and 2.9% in 2014. The evolution of investment income is essentially driven by the active portfolio management strategy implemented by SCOR Global Investments, which translated into substantial realized capital gains of EUR 207 million, mostly achieved on the real estate and fixed income portfolios and to a lesser extent on the other investments portfolio.

The following table presents a reconciliation of these figures with the IFRS figures as presented in Section 4 – Consolidated financial statements, Note 18 – Investment income.

	As at December 31		
In EUR million	**2016**	**2015**	**2014**
Investment revenues on invested assets	**374**	**405**	**334**
Realized gains/(losses) on debt securities	125	56	89
Realized gains/(losses) on loans	-	-	-
Realized gains/(losses) on equity securities	5	104	26
Realized gains/(losses) on real estate (1)(2)	58	3	17
Realized gains/(losses) on other investments	19	7	3
Realized gains/(losses) on invested assets (3)	**207**	**170**	**135**
Impairment of debt securities	(2)	(13)	-
Impairment of loans	-	-	-
Impairment of equity securities	(8)	(8)	(3)
Impairment/depreciation of real estate	(21)	(22)	(28)
Impairment of other investments	-	-	-
Impairment/amortization on invested assets	**(31)**	**(43)**	**(31)**
Fair value through income on invested assets (4)	5	11	8
Financing costs on real estate	(5)	(9)	(10)
TOTAL INVESTMENT INCOME ON INVESTED ASSETS	**550**	**534**	**436**
Net interest income on funds withheld and contract deposits	182	184	180
Investment management expenses	(62)	(52)	(40)
TOTAL NET INVESTMENT INCOME	**670**	**666**	**576**
Foreign exchange gains/(losses)	11	16	11
Income/(expenses) on technical items (5)	1	1	-
Financing costs on real estate	12	9	10
IFRS INVESTMENT INCOME NET OF INVESTMENT MANAGEMENT EXPENSES	**694**	**692**	**597**
Average invested assets	18,677	17,462	15,074
Return on invested assets *(ROIA as a %)*	**2.9%**	**3.1%**	**2.9%**

(1) Realized gains/(losses) on real estate are presented net of EUR 7 million swap termination costs. These are included in financing cost for IFRS presentation purposes.

(2) Realized gains/(losses) on real estate are presented net of EUR 4 million attributable to 3rd parties. These are included in realized capital gains/losses on investments for IFRS presentation purposes.

(3) Realized gains/losses on invested assets are shown net of realized losses on derivatives of EUR 4 million. These are included in realized capital gains/losses on investments for IFRS presentation purposes.

(4) Real estate financing expenses relate to real estate investments (buildings owned for investment purposes) only. They are not included in the IFRS investment income net of investment management expenses.

(5) Income/(expenses) on technical items include (2) and (3) amongst other technical items.

During 2016, invested assets increased to EUR 19,226 million from EUR 17,963 mainly as a result of the Group's strong operating cash flows, income generated by the invested assets portfolio in 2016, positive mark-to-market development and a positive FX impact.

SCOR announced its new investment strategy in September 2016, as part of its "Vision in Action" strategic plan. During the next three years, SCOR intends to achieve higher investment returns through a normalization of its asset management policy, consisting in (i) reducing liquidity to 5%, (ii) closing the duration gap by the end of the strategic plan by increasing invested assets' duration and (iii) providing additional degrees of freedom in the Strategic Asset Allocation.

In an uncertain economic and financial environment, affected by several significant political events, such as the Brexit referendum and the US election, SCOR maintained a prudent investment strategy throughout 2016. As a result, its liquidity, defined as cash, cash equivalents and short term investments remained almost stable at 11% of invested assets as at December 31, 2016 compared to 11% as at December 31, 2015.

Meanwhile, SCOR started to rebalance progressively its invested assets portfolio towards its new target asset allocation, and increased its exposure to corporate bonds, representing 38% of invested assets at the end of 2016 compared to 35% at the end of 2015. Over the same period of time, government bonds & assimilated were reduced from 28% to 25%. The fixed income portfolio continues to represent a significant portion of SCOR's investments with 79% invested within this asset class (2015: 78%), and an average rating maintained at "AA-" at the end of 2016. The duration of the fixed income portfolio stood at 4.5 years at the end of 2016 compared to 3.9 years at the end of 2015.

SCOR's exposure to loans increased to EUR 718 million as at December 31, 2016 and stands at 4% of invested assets (as at December 31, 2015: EUR 659 million, representing 4% of invested assets).

SCOR's exposure to equity securities decreased marginally to EUR 506 million as at December 31, 2016, representing 2% of invested assets (as at December 31, 2015: EUR 515 million, representing 3% of invested assets). This exposure is essentially made up of listed equities and convertible bonds.

The real estate portfolio increased to EUR 875 million as at December 31, 2016 and stands at 5% of invested assets (as at December 31, 2015: EUR 793 million, 4% of invested assets).

Other investments, comprising mainly Insurance-Linked Securities (ILS), private equity and infrastructure funds and non-listed equities slightly decreased to EUR 467 million as at December 31, 2016 and represent 2% of invested assets (as at December 31, 2015: EUR 482 million, 3% of invested assets).

The following table presents a reconciliation of these figures with the IFRS figures as presented in Section 4 – Consolidated financial statements:

As at December 31, 2016

IFRS classification \ Management classification	Cash	Fixed income	Loans	Equities	Real estate	Other investments	Total invested assets	Funds withheld and other	Total investments	Accrued interests	Technical items [1]	Total IFRS classification
Real estate investments	**-**	**-**	**-**	**-**	**770**	**-**	**770**	**-**	**770**	**-**	**-**	**770**
Equities	-	37	50	297	143	263	790	-	790	-	-	790
Debt securities	-	14,721	918	-	-	1	15,640	-	15,640	123	-	15,763
Available-for-sale financial assets	**-**	**14,758**	**968**	**297**	**143**	**264**	**16,430**	**-**	**16,430**	**123**	**-**	**16,553**
Equities	-	-	-	278	-	534	812	-	812	-	-	812
Debt securities	-	-	-	-	-	-	-	-	-	-	-	-
Investments at fair value through income	**-**	**-**	**-**	**278**	**-**	**534**	**812**	**-**	**812**	**-**	**-**	**812**
Loans and receivables [2]	**-**	**592**	**693**	**-**	**-**	**21**	**1,306**	**8,505**	**9,811**	**4**	**-**	**9,815**
Derivative instruments	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**187**	**187**
TOTAL INSURANCE BUSINESS INVESTMENTS	**-**	**15,350**	**1,661**	**575**	**913**	**819**	**19,318**	**8,505**	**27,823**	**127**	**187**	**28,137**
Cash and cash equivalents	1,688	-	-	-	-	-	1,688	-	1,688	-	-	1,688
TOTAL INSURANCE BUSINESS INVESTMENTS AND CASH AND CASH EQUIVALENTS	**1,688**	**15,350**	**1,661**	**575**	**913**	**819**	**21,006**	**8,505**	**29,511**	**127**	**187**	**29,825**
Less third parties' interests [3]	(177)	(205)	(942)	(69)	(73)	(352)	(1,818)	-	(1,818)	-	-	-
Direct real estate unrealized gains and losses [4]	-	-	-	-	272	-	272	-	272	-	-	-
Direct real estate debt [5]	-	-	-	-	(237)	-	(237)	-	(237)	-	-	-
Cash payable/receivable	3	-	-	-	-	-	3	-	3	-	-	-
TOTAL MANAGEMENT CLASSIFICATION	**1,514**	**15,145**	**719**	**506**	**875**	**467**	**19,226**	**8,505**	**27,731**	**-**	**-**	**-**

(1) Including Atlas CAT bonds and foreign exchange derivatives.
(2) Other loans and receivables excluded from invested assets are certificates of deposit (CDs) maturing in more than three months and less than twelve months included in short-term investments as well as infrastructure loans and real estate loans.
(3) Assets invested by third parties in mutual funds and non-controlling real estate investments fully consolidated by SCOR.
(4) Fair value less carrying amount of real estate investments excluding EUR 9 million attributable to third-party investors.
(5) Real estate financing related to real estate investments (buildings owned for investment purposes) excluding EUR 30 million attributable to third-party investors.

As at December 31, 2015

IFRS classification / Management classification	Cash	Fixed income	Loans	Equities	Real estate	Other investments	Total invested assets	Funds withheld and other	Total investments	Accrued interests	Technical items [1]	Total IFRS classification
Real estate investments	**-**	**-**	**-**	**-**	**838**	**-**	**838**	**-**	**838**	**-**	**-**	**838**
Equities	-	35	40	304	142	249	770	-	770	-	-	770
Debt securities	-	13,756	730	-	-	1	14,487	-	14,487	124	-	14,611
Available-for-sale financial assets	**-**	**13,791**	**770**	**304**	**142**	**250**	**15,257**	**-**	**15,257**	**124**	**-**	**15,381**
Equities	-	-	-	288	-	456	744	-	744	-	-	744
Debt securities	-	-	-	-	-	-	-	-	-	-	-	-
Investments at fair value through income	**-**	**-**	**-**	**288**	**-**	**456**	**744**	**-**	**744**	**-**	**-**	**744**
Loans and receivables [2]	**-**	**407**	**452**	**-**	**-**	**39**	**898**	**9,589**	**10,487**	**5**	**-**	**10,492**
Derivative instruments	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**221**	**221**
TOTAL INSURANCE BUSINESS INVESTMENTS	**-**	**14,198**	**1,222**	**592**	**980**	**745**	**17,737**	**9,589**	**27,326**	**129**	**221**	**27,676**
Cash and cash equivalents	1,626	-	-	-	-	-	1,626	-	1,626	-	-	1,626
TOTAL INSURANCE BUSINESS INVESTMENTS AND CASH AND CASH EQUIVALENTS	**1,626**	**14,198**	**1,222**	**592**	**980**	**745**	**19,363**	**9,589**	**28,952**	**129**	**221**	**29,302**
Less third parties' interests [3]	(81)	(222)	(563)	(77)	(84)	(263)	(1,290)	-	(1,290)	-	-	-
Direct real estate unrealized gains and losses [4]	-	-	-	-	209	-	209	-	209	-	-	-
Direct real estate debt [5]	-	-	-	-	(312)	-	(312)	-	(312)	-	-	-
Cash payable/receivable	(7)	-	-	-	-	-	(7)	-	(7)	-	-	-
TOTAL MANAGEMENT CLASSIFICATION	**1,538**	**13,976**	**659**	**515**	**793**	**482**	**17,963**	**9,589**	**27,552**	**-**	**-**	**-**

(1) Including Atlas CAT bonds, mortality swap and FX derivatives.
(2) Other loans and receivables excluded from invested assets are certificates of deposit (CDs) maturing in more than three months and less than twelve months included in short-term investments as well as infrastructure loans and real estate loans.
(3) Assets invested by third parties in mutual funds and non-controlling real estate investments fully consolidated by SCOR.
(4) Fair value less carrying amount of real estate investments excluding EUR 10 million attributable to third-party investors.
(5) Real estate financing related to real estate investments (buildings owned for investment) excluding EUR 45 million attributable to third-party investors.

1.3.6. FINANCIAL POSITION, LIQUIDITY AND CAPITAL RESOURCES

The strength of the 2016 results and balance sheet demonstrates the effectiveness of SCOR's strategy which is based on extensive business and geographical diversification, focusing on traditional reinsurance activity with reinsurance liabilities with very limited exposure to economic activity risks, and no material off balance sheet exposure.

1.3.6.1. CAPITAL

Shareholders' equity

After the payment of the 2016 dividend, shareholders' equity increased from EUR 6,363 million at December 31, 2015 to EUR 6,695 million at December 31, 2016. See Section 4.5 – Consolidated statement of changes in shareholders' equity for a description of this change.

Book value per share[1] stands at EUR 35.94 at December 31, 2016 compared to EUR 34.03 and EUR 30.60 at December 31, 2015 and 2014, respectively.

On December 15, 2016, following the authorization granted by SCOR's shareholders in April 2016, SCOR arranged a new contingent capital facility with BNP Paribas. This facility replaced, as from January 1, 2017, the previous contingent capital facilities which had ended on December 31, 2016. Under this new EUR 300 million arrangement, SCOR raised its level of protection by EUR 100 million. For more information on contingent capital, see Section 4.6 – Notes to the consolidated financial statements, Note 12 – Information on share capital, capital management, regulatory framework and consolidated reserves.

Capital Shield Strategy

The Group reconciles its strategic objectives with the protection of its capital via its "Capital Shield Strategy", which articulates the Group's risk appetite. This policy is based on an economic approach and aims to protect the Group against potential shock losses. The policy is built on the following four concepts: traditional retrocession, capital market solutions, solvency buffer and contingent capital facility.

For more information on the Capital Shield Strategy, refer to Section 3.3.5 – Retrocession and other risk mitigation techniques.

For information on the Atlas special purpose vehicles used in the Capital Shield Strategy, see Section 4.6 – Notes to the consolidated financial statements, Note 2 – Scope of consolidation.

Restrictions on the use of capital

Some of the letters of credit granted by SCOR to cedents require 100% collateral coverage in case of non-compliance with financial covenants or in case of a decrease in the Group's financial strength rating. For example, the Group and its companies are subject to minimum net worth requirements and maximum debt levels under the terms of certain stand-by letter of credit agreements. Non respect of these covenants could lead to an increase in the percentage of required collateralization.

However, SCOR makes every effort to limit collateral requirements related to financial covenants or the Group's financial strength rating in its financial agreements.

For information on collateral requirements, see Section 3.6 – Liquidity risks and Section 4.6 – Notes to the consolidated financial statements, Note 23 – Commitments received and given.

For more information on regulatory restrictions on the use of capital, see Section 1.2.1 – Introduction, and Section 4.6 – Notes to the consolidated financial statements, Note 12 – Information on share capital, capital management, regulatory framework and consolidated reserves.

1.3.6.2. BORROWING CONDITIONS AND FINANCING STRUCTURE

Debt is a key component of the Group's financing strategy. It is essentially composed of subordinated debt used to optimize its cost of capital. Subordinated debt provides long-term financial resources as well as financial flexibility.

The total level of financial liabilities which includes subordinated debt, real estate financing and other financial liabilities decreased to EUR 2,758 million from EUR 3,155 million in 2015 (2014: EUR 2,232 million).

For information on financial liabilities, including their related covenants, see Section 4.6 – Notes to the consolidated financial statements, Note 13 – Financial liabilities.

For a description of the derivatives used to hedge the risks related to financial liabilities, see Section 4.6 – Notes to the consolidated financial statements, Note 7 – Insurance business investments.

Subordinated debt and leverage ratio

On July 28 and August 2, 2016 respectively, SCOR completed the calls of the remaining balance of its EUR 350 million and CHF 650 million perpetual subordinated note lines. On May 24, 2016, SCOR successfully placed a dated subordinated notes issue on the Euro market in the amount of EUR 500 million.

On December 2, 2015, SCOR successfully placed a dated subordinated notes issue on the Euro market in the amount of EUR 600 million. On June 2, 2015, SCOR successfully placed a dated subordinated notes issue on the Euro market in the amount of EUR 250 million. SCOR also called the balance of the USD subordinated step-up floating-rate notes due 2029, and of the EUR subordinated step-up floating-rate notes due 2020, on June 25 and July 6, 2015 respectively.

On September 24, 2014, SCOR successfully placed perpetual subordinated notes on the Swiss franc market, with a first call date on October 20, 2020, for an amount of CHF 125 million. On September 25, 2014, SCOR successfully placed perpetual subordinated notes on the Euro market, with a first call date on October 1, 2025, for a total amount of EUR 250 million.

(1) See Section 1.3.9 – Calculation of financial ratios.

The Group has a debt leverage position of 24.4% at December 31, 2016, as compared to 27.5%(1) at December 31, 2015 and 23.1% at December 31, 2014. This ratio is calculated as the percentage of subordinated debt compared to total shareholders' equity plus subordinated debt. The calculation of the leverage ratio excludes accrued interest from debt and includes the swaps effect related to the CHF 315 million and CHF 250 million subordinated debt issuances.

Real estate debts and other financial liabilities

SCOR uses real estate debts and other financial liabilities mainly to finance real estate investments and for general corporate purposes. Operational leverage is subject to asset and liability matching with little to no risk that the assets will be insufficient to service and settle the liabilities. Debt used for operational leverage is treated as operational debt and excluded by the rating agencies from financial leverage calculations. SCOR's debt positions are non-recourse, the debtors' claims are limited to assets underlying the financing. As at December 31, 2016, real estate financing and other financial liabilities amounted to EUR 491 million and EUR 10 million, respectively (December 31, 2015: EUR 534 million and EUR 8 million, respectively). This includes the real estate debt of MRM S.A. (company acquired by SCOR on May 25, 2013) in the amount of EUR 75 million (EUR 112 million as at December 31, 2015).

Credit facilities

The Group has been granted credit facilities from several companies of the banking sector to guarantee the reinsurance activities of various subsidiaries for a global issued amount of USD 3.3 billion as at December 31, 2016. These credit facilities are stand-by letters of credit that the banking counterparty agrees to issue in the form acceptable to the American National Association of Insurance Commissioners (NAIC) or other appropriate regulatory body.

1.3.6.3. LIQUIDITY

The Group's liquidity, defined as cash, cash equivalents(2), short-term government bonds with maturities above three months and below twelve months and bank overdrafts, which is well diversified across a limited number of banks, stood at EUR 2.3 billion at the end of 2016, up from EUR 2.0 billion at the end of 2015 (EUR 0.9 billion at December 31, 2014) supported by very strong operating cash flow generation. The Group has commenced its strategy of redeployment of liquidity as described by the "Vision in Action" asset management policy.

Total investments, including cash and cash equivalents, amounted to EUR 29.8 billion at December 31, 2016 compared to EUR 29.3 billion and EUR 26.1 billion at December 31, 2015 and 2014, respectively.

See Section 4.6 – Notes to the consolidated financial statements, Note 11 – Cash and cash equivalents.

1.3.7. SOLVENCY

The Group is regulated by the "Solvency II" European Directive which applies since January 1, 2016. For more details on solvency regulations, see Chapter 1.2.1 – Introduction.

SCOR's internal model

Since January 1, 2016, the regulatory solvency position of the Group has been assessed using SCOR's internal model, which was approved in November 2015 by the relevant supervisory authorities.

This comprehensive and holistic model was developed internally over the last 10 years, on the basis of SCOR's experience and expertise. It covers all known material quantifiable risks to which the Group is exposed (Life and Non-Life underwriting risk, market and credit risk, operational risk) and reflects SCOR's risk profile and strategy. This model is based on the highest scientific standards, systematically applying stochastic simulations and modelling dependencies across risks and using cutting-edge methodologies.

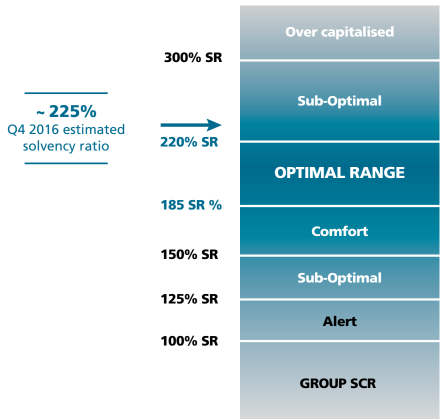
SCOR's internal model is used extensively to help to prepare management decisions which involve risk management or solvency considerations. The solvency position of the Group is monitored on SCOR's dynamic solvency scale which defines SCOR's solvency target – the "optimal range" being between 185% and 220% – as well as the various management actions to be taken depending on the solvency position, as shown below. The Solvency scale is well established and has been confirmed by the new strategic plan Vision in Action.

(1) In September 2014 and December 2015, SCOR issued two subordinated notes for EUR 250 million and EUR 600 million, respectively, and refinanced through the proceeds of these two notes the optional redemptions of the remaining balance of the 6.154% undated deeply subordinated EUR 350 million notes callable in July 2016 and of the 5.375% fixed to floating rate undated subordinated CHF 650 million notes callable in August 2016. Had these redemptions been effective on December 31, 2015, the leverage ratio would have amounted to 20.6%.

(2) Includes cash and cash equivalents from third parties. See Section 1.3.5.4 – Net investment income and investment income on invested assets.

Solvency ratio

At year-end 2016, SCOR's solvency ratio stood at 225%[1], marginally above its optimal solvency range of 185%-220% as defined in the "Vision in Action" plan.



Solvency II places great emphasis on the robustness of the risk management system of (re)insurance companies. SCOR has an established and robust ERM framework covering existing and emerging risks.

For further information on risk management mechanisms, see Section 3 – Risk factors and risk management mechanism and Appendix A – 2 – Internal control and risk management procedures.

1.3.8. CASH FLOWS

Positive operating cash flows amounted to EUR 1,354 million in 2016 (EUR 795 million in 2015 and EUR 894 million in 2014). This increase is due to the generation of strong recurring cash flows in 2016 and one exceptional item: SCOR Global P&C received a non-recurring fund withheld settlement of approximately EUR 301 million.

Cash flow used in financing activities amounted to EUR 895 million in 2016 (positive cash flow of EUR 417 million in 2015). These amounts principally reflect the dividend payments, the issuance of one subordinated debt in 2016 and two subordinated debts in 2015 as well as the repayment of two existing debts in 2016 and of two other existing debts in 2015.

The Group's liquidity, defined as cash, cash equivalents[2], short-term government bonds with maturities above three months and below twelve months and bank overdrafts, which is well diversified across a limited number of banks, stands at EUR 2.3 billion at the end of 2016, up from EUR 2.0 billion at the end of 2015 (EUR 0.9 billion at December 31, 2014) supported by very strong operating cash flow generation. The Group has commenced its strategy of redeployment of liquidity as described by the "Vision in Action" asset management policy.

See Section 4.4 – Consolidated statement of cash flows and Section 4.6 – Notes to the consolidated financial statements, Note 4 – Segment information for an analysis of the main cash flow statement items and Note 11 – Cash and cash equivalents, for a reconciliation between consolidated net income and operating cash flows.

1.3.9. CALCULATION OF FINANCIAL RATIOS

1.3.9.1. BOOK VALUE PER SHARE

The table below presents a detailed calculation of book value per share:

In EUR million	As at 12/31/2016	As at 12/31/2015	As at 12/31/2014
Group shareholders' equity	**6,661**	**6,330**	**5,694**
Shares issued as at closing date	192,534,569	192,653,095	192,691,479
Treasury shares as at closing date	(7,203,282)	(6,661,000)	(6,593,132)
Basic number of shares	**185,331,287**	**185,992,095**	**186,098,347**
BASIC BOOK VALUE PER SHARE	**35.94**	**34.03**	**30.60**

(1) Solvency ratio based on Solvency II requirements. The estimated ratio may differ from the final Group solvency results to be filed with the supervisory authorities by June 2017.
(2) Includes cash and cash equivalents from third parties. See Section 1.3.5.4 – Net investment income and investment income on invested assets.

1.3.9.2. RETURN ON INVESTMENTS AND RETURN ON INVESTED ASSETS

The table below presents a detailed calculation of return on investments and return on invested assets:

In EUR million	As at 12/31/2016	As at 12/31/2015	As at 12/31/2014
Average investments[1]	26,921	25,739	22,697
Total net investment income	670	666	576
Return on investments (ROI)	**2.5%**	**2.6%**	**2.5%**
Average invested assets[2]	18,677	17,462	15,074
Total investment income on invested assets	550	534	436
Return on Invested Assets (ROIA)	**2.9%**	**3.1%**	**2.9%**

(1) Average investments are the quarterly averages of the total investments as per the "Invested assets" reconciliation table included in Section 1.3.5.4 – Net investment income and investment income on invested assets, adjusted for funds withheld.
(2) Average invested assets are the quarterly averages of the total invested assets as per the "Invested assets" reconciliation table included in Section 1.3.5.4 – Net investment income and investment income on invested assets.

1.3.9.3. GROUP COST RATIO

The table below presents a detailed calculation of the Group cost ratio:

In EUR million	Year ended 12/31/2016	Year ended 12/31/2015	Year ended 12/31/2014
Total expenses as per profit & loss account[1]	(761)	(725)	(607)
Unallocated loss adjustment expenses (ULAE)[2]	(54)	(51)	(42)
Total management expenses	**(815)**	**(776)**	**(649)**
Investment management expenses	62	52	40
Total expense base	**(753)**	**(724)**	**(609)**
Corporate finance	1	2	1
Amortization	37	35	34
Non controllable expenses	18	13	10
Total management expenses (for cost ratio calculation)	**(697)**	**(674)**	**(564)**
Gross written premiums	**13,826**	**13,421**	**11,316**
GROUP COST RATIO	**5.0%**	**5.0%**	**5.0%**

(1) Total expenses are investment management expenses, acquisition and administrative expenses and other current operating expenses as presented in Section 4.2 – Consolidated statement of income.
(2) ULAE are part of gross benefits and claims paid.

1.3.9.4. RETURN ON EQUITY (ROE)

Return on equity is based on the Group's share of net income divided by average shareholders' equity (calculated as shareholders' equity at the beginning of the period adjusted for the effect of all movements during the period on a pro-rata temporis basis).

In EUR million	Year ended 12/31/2016	Year ended 12/31/2015	Year ended 12/31/2014
Consolidated net income – Group share	**603**	**642**	**512**
Opening shareholders' equity – Group share	6,330	5,694	4,940
Weighted consolidated net income[1]	301	321	256
Payment of dividends[2]	(185)	(170)	(154)
Weighted increase in capital[2]	(8)	(4)	(6)
Effect of changes in foreign exchange rates[3]	(90)	261	97
Revaluation of assets available-for-sale and others[1]	(31)	(29)	63
Weighted average shareholders' equity	**6,317**	**6,073**	**5,196**
ROE	**9.5%**	**10.6%**	**9.9%**

(1) Pro-rata of 50%: linear acquisition throughout the period.
(2) Considers time weighted transaction based on transaction dates.
(3) A daily weighted average is applied used for the currency or currencies that experienced foreign exchange rates movements, and simple weighted average is applied used for the other currencies.

1.3.9.5. COMBINED RATIO

The table below presents a detailed calculation of the combined ratio:

In EUR million	Year ended 12/31/2016	Year ended 12/31/2015	Year ended 12/31/2014
Gross earned premiums	5,553	5,580	4,775
Ceded earned premiums	(587)	(613)	(488)
Net earned premiums	**4,966**	**4,967**	**4,287**
Gross benefits and claims paid	(3,164)	(3,135)	(2,788)
Ceded claims	210	198	167
Total Net claims	(2,954)	(2,937)	(2,621)
Loss ratio	**59.6%**	**59.1%**	**61.1%**
Gross commission on earned premiums	(1,404)	(1,327)	(1,068)
Ceded commissions	71	75	49
Total Net commissions	(1,333)	(1,252)	(1,019)
Commission ratio	**26.8%**	**25.2%**	**23.8%**
Total technical ratio	**86.4%**	**84.3%**	**84.9%**
Acquisition and administrative expenses	(226)	(233)	(191)
Other current operating expenses	(52)	(40)	(37)
Other income and expense from reinsurance operations	(56)	(63)	(52)
Total P&C management expenses	**(334)**	**(336)**	**(280)**
Total P&C management expense ratio	**6.7%**	**6.8%**	**6.5%**
TOTAL COMBINED RATIO	**93.1%**	**91.1%**	**91.4%**

1.3.9.6. LIFE TECHNICAL MARGINE

The table below presents a detailed calculation of the life technical margin:

In EUR million	Year ended 12/31/2016	Year ended 12/31/2015	Year ended 12/31/2014
Gross earned premiums	8,172	7,719	6,363
Ceded earned premiums	(676)	(702)	(659)
Net earned premiums	**7,496**	**7,017**	**5,704**
Net technical result	**361**	**345**	**247**
Interest on deposits	165	161	158
Technical result	**526**	**506**	**405**
LIFE TECHNICAL MARGIN	**7.0%**	**7.2%**	**7.1%**

1.3.10. EVENTS SUBSEQUENT TO DECEMBER 31, 2016

No material change has occurred in the Group's financial or commercial situation since the end of the 2016 financial year.

1.3.11. DOCUMENTS ON DISPLAY

Throughout the period of validity of the Registration Document, the bylaws and any other document required by law may be consulted and are freely available upon request from the registered office of the Company at 5 avenue Kléber, 75016 Paris, France.

The information published by SCOR within the last 12 months from March 4, 2016 to March 3, 2017 is available for downloading from the following sites:

- Autorité des marchés financiers (AMF): http://www.amf-france.org
- Bulletin des Annonces Légales Obligatoires (BALO): http://www.journal-officiel.gouv.fr/balo
- SCOR: https://www.scor.com/
- L'info financière: http://info-financiere.fr