SCOR
Form 20-F/A
October 20, 2004

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 20-F/A

(Amendment No. 1)

o	**REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**
	OR
x	**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the fiscal year ended December 31, 2003**
	OR
o	**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the transition period from to**

Commission file number: 1-14518

SCOR

(Exact name of registrant as specified in its charter)

N/A	**The Republic of France**
(Translation of registrant s name into English)	*(Jurisdiction of incorporation or organization)*

1, Avenue du Général de Gaulle, 92074 Paris-La Défense Cedex, France

(Address of principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
American Depositary Shares (as evidenced by American Depositary Receipts), each representing one Ordinary Share	New York Stock Exchange
Ordinary Shares, no par value*	New York Stock Exchange

* Not for trading, but only in connection with the listing of American Depositary Shares, pursuant to the requirements of the Securities and Exchange Commission.

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

Indicate the number of outstanding shares of each of the issuer s class of capital or common stock as of the close of the period covered by the annual report:

136,544,845 Ordinary Shares, including 1,884,444 American Depositary Shares (as evidenced by American Depositary Receipts), each representing one Ordinary Share.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirement for the past 90 days.

x Yes o No

Indicate by check mark which financial statement item the registrant has elected to follow:

o Item 17 x Item 18

This Annual Report on Form 20-F/A dated October 20, 2004 is being filed by SCOR to amend the Annual Report on Form 20-F for the fiscal year ended December 31, 2003 filed on June 30, 2004. We have amended Item 9. The Offer and Listing A. Offer and Listing Details IRP Mandatory Exchange to include expanded disclosure of the IRP exchange mechanism and correct certain computational errors.

Item 9. Exhibits includes the certifications of the principal executive officer and principal financial officer of SCOR. Other than the foregoing items and conforming changes related thereto, and the correction of certain typographical errors, no part of the Annual Report on Form 20-F filed on June 30, 2004 is being amended, and the filing of this Annual Report on Form 20-F/A should not be understood to mean that any other statements contained therein are true or complete as of any date subsequent to June 30, 2004.

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In this Annual Report on Form 20-F, the term the Company refers to SCOR and the terms SCOR and the Group , or we , us and our refer t Company together with its consolidated subsidiaries.

As used herein, references to EUR or are to euro and references to dollars , USD or $ are to U.S. dollars. For your convenience, this annual report contains translations of certain euro amounts into dollars at the rate of USD 1.2092 per EUR 1.00, the noon buying rate in New York for cable transfers in euro as certified for customs purposes by the Federal Reserve Bank of New York (the Noon Buying Rate) on June 22, 2004. See Item 3 Selected Financial Data for certain historical information regarding the Noon Buying Rate.

CAUTIONARY STATEMENT WITH RESPECT TO FORWARD-LOOKING STATEMENTS

This annual report contains statements that constitute forward-looking statements within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the U.S. Securities Exchange Act of 1934, as amended, or the Exchange Act. In addition, other written or oral statements, which constitute forward-looking statements, have been made and may in the future be made by or on behalf of SCOR.

In this annual report, such forward-looking statements include, without limitation, statements relating to:

- the implementation of the Group s Back on Track plan described under Item 4. Information on the company ;
- the implementation of strategic initiatives, including the update of information systems;
- changes in premium revenues;
- changes in the balance of lines and class of business;
- the development of revenues overall and within specific business areas;
- the development of expenses;
- the direction of insurance and reinsurance rates and, the demand for reinsurance products and services;
- the market risks associated with interest and exchange rates and equity markets; and
- other statements relating to SCOR s future business development and economic performance.

The words anticipate , believe , expect , estimate , intend , plan and similar expressions identify certain of these forward-looking statements. Readers are cautioned not to put undue reliance on forward-looking statements because actual events and results may differ materially from the expected results described by such forward-looking statements.

Many factors may influence SCOR s actual results and cause them to differ materially from expected results as described in forward-looking statements. Such factors include:

- the frequency and severity of insured loss events, including natural and man-made catastrophes, terrorist attacks and environmental and asbestos claims;
- mortality and morbidity levels and trends;
- the underwriting results of primary insurers;
- the accuracy and overall quality of information provided to us by primary insurance companies with which we transact, particularly regarding their reserve levels;
- the availability of and terms under which we are able to enter into retrocessional arrangements;

the state of the reinsurance brokerage market;

persistency levels;

interest rate levels;

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currency exchange rates, including the euro U.S. dollar exchange rate;

economic trends in general;

global debt and equity markets performance;

increasing levels of competition in France, Europe, North America and other international reinsurance markets;

ratings downgrades;

changes in laws, regulations and case law; and

general competitive factors, in each case on a global, national and/or regional basis.

SCOR disclaims any intention or obligation to update and revise any forward-looking statements, whether as a result of new information, future events or otherwise. See Item 3.D Risk Factors for certain risks that may affect the Group s results.

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PART I

Item 1. Identity of Directors, Senior Management and Advisers

Not applicable.

Item 2. Offer Statistics and Expected Timetable

Not applicable.

Item 3. Key Information

A. SELECTED FINANCIAL DATA

Currency Translations And Exchange Rates:

The following table sets forth, for the periods indicated, the high, low, average and end of period Noon Buying Rates, expressed in U.S. dollars per euro:

Year Ended December 31,	High	Low	Average Rate(1)	End of Period
1999	1.18	1.00	1.06	1.01
2000	1.03	0.83	0.92	0.94
2001	0.95	0.83	0.89	0.89
2002	1.05	0.86	0.95	1.04
2003	1.26	1.04		
December	1.26	1.20	1.14	1.26
2004 (through June 22)(2)	1.29	1.18	1.22	1.21
January	1.29	1.24		
February	1.28	1.24		
March	1.24	1.21		
April	1.23	1.18		
May	1.23	1.18		
June (through June 22)(2)	1.23	1.20		

(1) The average of the Noon Buying Rates on the last business day of each month during the relevant period, except for the month of June 2004 where June 22, 2004 has been used in place of the last day of the month.

(2) The Noon Buying Rate on June 22, 2004 was USD 1.2092 per EUR 1.00.

SCOR prepares and publishes its financial statements in euro. Because a substantial portion of the Group s revenues and expenses is denominated in dollars and other currencies, SCOR has a financial reporting translation exposure attributable to fluctuations in the value of these currencies against the euro.

See also Item 5 Operating and Financial Review and Prospects for information regarding the effects of currency fluctuations on the Group s results.

Fluctuations in the exchange rate between the euro and the dollar will affect the dollar amounts received by holders of American Depositary Shares (ADSs) on conversion by the Depositary of dividends paid in euro on the Ordinary Shares underlying the ADSs.

Selected U.S. GAAP Consolidated Financial Data

The following selected financial data are derived from the consolidated financial statements of SCOR which have been audited by Ernst & Young, independent auditors, except for the financial statements of Commercial Risk Partners Limited, or CRP, a wholly-owned subsidiary, for the years ended December 31, 2000 and prior, which financial statements reflected total assets constituting 10% in 2000 and 9% in 1999, and total revenues constituting 20% in 2000 and 15% in 1999, of the related consolidated totals which were audited by other independent auditors.

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The selected consolidated financial data should be read in conjunction with the Company s consolidated financial statements, related Notes and other financial information included elsewhere in this annual report and in Item 5 Operating and Financial Review and Prospects.

The dollar amounts presented in the table below have been translated solely for convenience at the Noon Buying Rate on June 22, 2004, which was USD 1.2092 per EUR 1.00.

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SELECTED U.S. GAAP CONSOLIDATED FINANCIAL DATA

	As at and for the year ended December 31,					
	1999	2000	2001	2002	2003	2003 Translated
	(EUR)	(EUR)	(EUR) (millions, except per share amounts)	(EUR)	(EUR)	(USD)
Income Statement						
Gross premiums written	2,760	3,355	4,429	4,914	3,306	3,998
Net premiums written	2,457	2,878	3,720	4,358	2,988	3,613
Net premiums earned						
Life (net of premiums ceded 63, 109, 101, 97 and 195)	343	396	546	578	517	625
Property-casualty (net of premiums ceded totaling 235, 360, 547, 471 and 292)	2,019	2,281	3,107	3,575	2,807	3,394
Net investment income	236	287	347	381	321	388
Net realized gains (losses) on investment	143	413	10	(52)	116	140
Total revenues	2,741	3,377	4,010	4,482	3,761	4,548
Expense						
Life claims (net of reinsurance recoveries totaling 42, 63, 90, 41 and 172)	239	283	451	459	421	509
Property-casualty claims and loss adjustment expenses (net of recoveries reinsurance totaling 191, 381, 1,051, 139 and 86)(2)	1,552	2,204	2,962	3,361	2,697	3,261
Pre-tax catastrophe losses and loss adjustment expenses, net of reinsurance(1)	134		215	94	72	87
Policy acquisition costs and commissions	552	661	848	909	742	897
Underwriting and administration expenses	142	162	209	208	165	199
Foreign exchange loss (gain), net	21	18	(8)	(61)	(99)	(120)
Amortization/ Impairment of goodwill	14	15	17	17	0	0
Other operating expenses (income), net	(4)	16	(1)	19	22	27
Total expenses	2,650	3,359	4,693	5,006	4,020	4,861
Income (loss) before taxes, minority interests and income investments accounted for by the equity method	91	18	(683)	(524)	(259)	(313)
Income tax(2)	(23)	57	273	(28)	(293)	(354)
Income (loss) before minority interests and income from investments accounted for by the equity method	68	75	(410)	(552)	(552)	(667)
Minority interest						
Income (loss) before income from investments accounted for by the equity method	(2)	(1)	(1)	(13)	(26)	(31)
	66	74	(411)	(565)	(578)	(699)
Income from investments accounted for by the equity method	23	3	4	4	1	1

Income (loss) before cumulative effect of change in accounting	89	77	(407)	(561)	(577)	(698)
Cumulative effect of change in accounting principles, net of income taxes(2)			42			
Net income (loss)	89	77	(365)	(561)	(577)	(698)
Net income per Ordinary Share, basic(3)	2.70	2.44	(10.74)	(4.11)	(4.23)	(5.11)
Net income per Ordinary Share, diluted(3)	2.58	2.27	(9.40)	(4.11)	(4.23)	(5.11)
Balance sheet data (at end of year)						
Total investments and cash	5,113	7,402	9,017	9,011	8,040	9,722
Total assets	9,385	12,776	16,933	15,936	13,466	16,283
Total liabilities	8,044	11,381	15,623	14,791	13,038	15,765
Shareholder s equity	1,341	1,395	1,310	1,145	428	517
Property-casualty						
Loss and LAE reserves, gross	4,774	5,575	8,365	7,967	7,003	8,468
Loss and LAE reserves, net	4,353	5,068	6,917	6,900	6,330	7,654
Unearned premium reserves, gross	919	1,226	1,665	1,617	1,124	1,359
Unearned premium reserves, net	812	1,097	1,411	1,487	1,048	1,267
Life						
Reserve for future policy benefits, gross	824	2,468	2,601	2,368	2,562	3,098
Reserve for future policy benefits, net	761	1,798	1,953	1,857	2,161	2,613
Book value per Ordinary Share	42	44	35	8	3	4
Number of Ordinary Share outstanding at December 31 (in thousands)	34,629	34,794	41,244	140,285	136,545	136,545
Certain financial ratios and operating data						
Property-casualty						
Loss ratio(4)	83%	96%	102%	97%	99%	99%
Expense ratio(5)	31%	29%	29%	27%	32%	32%
Combined ratio(6)	114%	125%	132%	124%	131%	131%
Effect of catastrophe losses on Property-casualty ratio (7)	6%		7%	3%	3%	3%

(1) A catastrophe is defined by the Company as an event involving multiple insured risks and causing pre-tax losses net of reinsurance of EUR 10 million or more.

(2) The change in accounting principles due to the discount of reserves occurred in 2001. The effect of the change in 2001 was to increase Property Casualty net income by EUR 62 million before tax and EUR 41 million after tax, and in 2002 and 2003 if the accounting change was never made, the impact would have been to increase Property Casualty net income by EUR 17 million before tax and

EUR 11 million after tax, EUR 3 million before tax and EUR 2 million after tax, respectively. You should read note 1.14 to our consolidated financial statements for additional information about changes in accounting principles relating to the discount of reserves.

(3) Excluding shares held by SCOR

(4) Loss ratios are calculated on the basis of aggregate losses and LAE expressed as a percentage of net premiums earned.

(5) Expense ratios are calculated on the basis of underwriting and administration expenses expressed as a percentage of net premiums earned.

(6) Combined ratios are calculated on the basis of underwriting and administration expenses and aggregate losses and LAE expressed as a percentage of net premiums earned.

(7) The effect of catastrophe losses on Property-casualty ratios is calculated on the basis of pre-tax catastrophe losses and LAE net of reinsurance expressed as a percentage of Property-casualty net premiums earned.

Dividends

The payment and amount of dividends on outstanding Ordinary Shares are subject to the recommendation of the Company s board of directors and the approval by the Company s shareholders at an ordinary general meeting. The board of directors also recommends, and the Company s shareholders determine at the annual general meeting, the portion, if any, of the annual dividend that each shareholder will have the option to receive in Ordinary Shares. Since 1996, dividends have been paid entirely in cash. Future dividends will depend on the Company s earnings, financial condition and other factors.

Under French law and the Company s *statuts*, or bylaws, net income in each fiscal year (after deduction for depreciation and reserves), as increased or reduced, as the case may be, by any profit or loss of the Company carried forward from prior years, less any contributions to legal reserves, is available for distribution to the shareholders of the Company as dividends, subject to other applicable requirements of French law and the Company s *statuts*.

Dividends paid to holders of ADSs are converted from euro to U.S. dollars, subject to a charge by the Depositary for any expenses incurred by the Depositary in such conversion. See Item 10.E Taxation for a description of the principal French and U.S. federal income tax consequences to holders of ADSs and Ordinary Shares.

Dividends for each year are paid in the year following the approval of such dividend at the annual meeting of shareholders (generally held in April or May). The aggregate annual dividends paid with and without the French *avoir fiscal*, or tax credit, and before deduction of any French withholding tax for each of the five years ended December 31, were as follows:

	Ordinary Shares	**Dividend per Ordinary Share**	**Dividend per Ordinary Share including *Avoir Fiscal*(1)**	**Dividend per ADS(2)**	**Dividend per ADS including *Avoir Fiscal*(1)(2)**
	(Thousands)	**(EUR)**	**(EUR)**	**(USD)**	**(USD)**
1998	34,357	1.70	2.55	1.76	2.64
1999	34,629	1.70	2.55	1.63	2.45
2000	34,794	1.70	2.55	1.52	2.28
2001	41,244	0.30	0.45	0.27	0.40
2002	136,545	0.00	0.00	0.00	0.00
2003	136,545	0.00	0.00	0.00	0.00

(1) Any payment equivalent to the French *avoir fiscal*, or tax credit, less applicable French withholding tax, will be made only following receipt by the French tax administration of a claim of such payment, and is generally not expected to be paid until after the close of the calendar year in which the respective dividends are paid. Certain holders of Ordinary Shares or ADSs will not be entitled to payments of *avoir fiscal*. See Item 10.E Taxation.

(2) Solely for convenience, the dividend per Ordinary Share and *avoir fiscal* amounts have been translated from the French francs or euro amounts actually paid into the corresponding U.S. dollar amounts at the Noon Buying Rates. The Noon Buying Rate may differ from the rate

that may be used by the Depositary to convert French francs or euro to U.S. dollars for purposes of making payments to holders of ADSs.

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B. CAPITALIZATION AND INDEBTEDNESS

Not applicable.

C. REASONS FOR THE OFFER AND USE OF PROCEEDS

Not applicable.

D. RISK FACTORS

The insurance and reinsurance sectors are cyclical, which may impact our results

The insurance and reinsurance sectors, particularly in the Non-Life area are cyclical. Historically, reinsurers have experienced significant fluctuations in operating results due to volatile and sometimes unpredictable developments, many of which are beyond the direct control of the reinsurer, including, notably, competition, frequency or severity of catastrophic events, levels of capacity and general economic conditions. Demand for reinsurance is influenced significantly by underwriting results of primary insurers and prevailing general economic conditions. The supply of reinsurance is related to prevailing prices, the levels of insured losses, levels of sector surplus and utilization of underwriting capacity that, in turn, may fluctuate in response to changes in rates of return on investments being earned in the insurance and reinsurance industries. In addition, claims may be higher when economic conditions are unfavorable, particularly for products that provide reinsurance coverage for a risk that is related to the financial condition of the company that is being insured. As a result, the reinsurance business has been cyclical historically, characterized by periods of intense price competition due to excessive underwriting capacity and periods when shortages of underwriting capacity permit favorable premium levels. For example, certain reinsurance sectors in which the Group does business have, particularly since the terrorist attack of September 11, 2001, been characterized by a reduction in subscription capacity on the part of reinsurance companies, in turn leading to increases in pricing and tightened reinsurance conditions. These improved market conditions have led to an increase in supply, including from new entrants in the reinsurance market, which may limit increases in premiums in the future. We are unable to determine for how long this trend will continue.

We can be expected to experience the effects of such cyclicality and there can be no assurances that changes in premium rates, the frequency and severity of catastrophes or other loss events or other factors affecting the insurance or reinsurance industries generally will not have a material adverse effect on our results of operations in future periods.

We are exposed to losses from catastrophic events

Like other reinsurers, our operating results and financial condition have in the past been, and can be expected in the future to be, adversely affected by natural and man-made catastrophes, which may give rise to claims under the Property-Casualty and Life reinsurance coverage we provide. Catastrophes can be caused by a variety of events, including hurricanes, windstorms, earthquakes, hail, explosions, severe winter weather and fires. Although catastrophes can cause losses in several of the Group s business lines, most of the Group s catastrophe related claims in the past have related to homeowners or commercial property coverage. In the case of natural catastrophes, this risk exposure arises primarily in respect of earthquake risk in Turkey, Japan, and Italy, as well as weather-related risks in North America, Europe and Asia.

The frequency and severity of such events, particularly natural catastrophes, are by their nature unpredictable. The inherent unpredictability of these events makes forecasts and risk evaluations uncertain for any given year. As a result, our claims experience may vary significantly from one year to another, which can have a significant impact on our profitability and financial condition.

We generally seek to manage our exposure to catastrophe losses through selective underwriting practices, including the monitoring of risk accumulations on a geographic basis, and through the purchase of retrocessional catastrophe reinsurance. There can be no assurance, however, that these underwriting practices, including the management of risks on a geographical basis, or the purchase of retrocessional reinsurance, will be adequate to protect us against material catastrophe losses, or that retrocessional reinsurance will continue to be available in the future at commercially reasonable rates. Although we attempt to limit our exposure to acceptable levels, it is possible that a single or multiple catastrophic events could have a material adverse effect on our consolidated financial condition, results of operations and cash flows.

We may be subject to losses due to our exposure to risks related to terrorist acts

In the context of our business, we may be exposed to claims arising from the consequences of terrorist acts. These risks (the potential significance of which can be illustrated by the September 11, 2001 attack in the United States) can affect both individuals and property. The September 11, 2001 attack on the World Trade Center resulted in the Group establishing a total amount of reserves, net of retrocession, of approximately USD 190 million, based on the assumption that the attack on the two towers of the World Trade Center was one single occurrence and not two occurrences under the terms of the applicable coverage. In the event that, as a result of currently pending legal proceedings in the United States, it is determined that the attack constituted two occurrences, this could have a material adverse impact on our operating results and financial condition, depending on the final determination of losses. See Item 8.A Consolidated Statements and Other Financial Information Legal Proceedings for a discussion of the pending World Trade Center litigation.

After the events of September 11, 2001, we adopted measures designed to exclude or limit our exposure to risks related to terrorism in our reinsurance contracts (in particular in those countries and for the risks that are the most exposed to terrorism). Contracts entered into prior to the implementation of these measures, however, remain unchanged. In addition, it has not always been possible to implement these measures, particularly in our principal markets. For example, certain European countries do not permit excluding terrorist risks from insurance policies. Due to these regulatory constraints, SCOR has actively supported the creation of insurance and reinsurance pools that involve insurance and reinsurance companies as well as public authorities in order to spread the risks of terrorist activity among the members of these pools. We participate in pools created in France (GAREAT), in Germany (Extremus), in the United Kingdom and in Austria. In the United States, although Congress passed the Terrorism Risk Insurance Act (TRIA) in November 2002, the US insurance market is nevertheless still subject to significant exposures in respect of terrorism-related losses. SCOR has decreased its exposure to the US market by significantly reducing the underwriting of large national insurers (also see Our results may be impacted by the inability of our reinsurers or other members of pools in which we participate to meet their obligations). In addition to the commitments described above, the Group does reinsure, from time to time, terrorist risks, usually limiting by event and by period the coverage that ceding companies receive for damage caused by terrorist acts.

As a result, additional terrorist acts, whether in the U.S. or elsewhere could cause us to make significant claims payments and, as a result, could have a significant effect on our operating income, our financial condition and our future profitability.

We could be subject to losses as a result of our exposure to environmental and asbestos related risks

Like other reinsurance companies, we are exposed to environmental and asbestos related risks, particularly in the United States. Insurers are required under their contracts with us to notify us of any claims or potential claims that they are aware of. However, we often receive notices from insurers of potential claims related to environmental and asbestos risks that are imprecise, as the primary insurer may not have fully evaluated the risk at the time it notifies us of the claim. Due to the imprecise nature of these claims, we can, as with other reinsurers, only give a very approximate estimate of our potential exposure to environmental and asbestos claims that may or may not have been reported. We believe that our reserves as at December 2003 are sufficient to cover our estimated liabilities relating to environmental and asbestos claims. During the third quarter of 2003, these reserves were strengthened for an amount of EUR 9 million, primarily with respect to latent asbestos-related claims.

In addition, due to the changing legal environment and changes in tort law, the evaluation of the final cost of our exposure to asbestos related and environmental claims appears to be increasing, in uncertain proportions. Diverse factors could increase our exposure to the consequences of asbestos related risks, such as an increase in the number of claims filed or in the number of persons likely to be covered by these claims. These uncertainties inherent to environmental and asbestos claims are unlikely to be resolved in the near future. Evaluation of these

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risks is all the more difficult given that claims related to asbestos and environmental pollution are often subject to payments over long periods of time. In these circumstances, it is difficult for us to estimate the reserves that should be recorded for these risks and to give any assurance that the amount reserved will be sufficient.

As a result of these imprecisions and uncertainties, we cannot exclude the possibility that we could be exposed to significant additional environmental and asbestos claims, which could have a material adverse effect on our results and financial condition.

If our reserves prove to be inadequate, our results may be adversely affected

We are required to maintain reserves to cover our estimated ultimate liability for Property-Casualty losses and loss adjustment expenses with respect to reported and unreported claims incurred as of the end of each accounting period (net of estimated related salvage and subrogation claims). Our reserves are established on the basis of information that we receive from insurance companies, particularly their own reserving levels. For our Life business, we are required to maintain reserves for future policy benefits that take into account expected investment yields and mortality, morbidity, lapse rate and other assumptions. In our Non-Life business, our reserves and policy pricing are also based on a number of assumptions and on information provided by third parties, which, if proven to be incorrect, could have an adverse effect on our results. Similarly, reserving for exposures related to the reinsurance of credit derivative risks is largely dependent on statistics provided by third parties and fluctuations in general market conditions. Even though we have the possibility of auditing some of the companies with which we do business, and despite our frequent contacts with these companies, our reserving policy remains dependent on the risk evaluations of these companies, particularly in respect of long-tail risks.

The inherent uncertainties in estimating reserves are compounded for reinsurers by the significant periods of time that often elapse between the occurrence of an insured loss, the reporting of the loss to the primary insurer and ultimately to the reinsurer, the primary insurer s payment of that loss and subsequent indemnification by the reinsurer, as well as by differing reserving practices among ceding companies and changes in jurisprudence, particularly in the United States.

Furthermore, we have significant exposures to a number of business lines in respect of which accurate reserving is known to be particularly difficult including workers compensation, liabilities insurance, credit derivative, and environmental and asbestos-related claims. Our reserves for these lines of business represent a significant portion of our technical reserves. In relation to such claims, it has in the past been necessary to revise our estimated potential loss exposure and, therefore, the related loss reserves. Changes in law, evolving judicial interpretations and theories as well as developments in class action litigation, particularly in the United States, add to the uncertainties inherent in claims of this nature.

We periodically review our methods for establishing reserves and their amounts. To the extent that our reserves prove to be insufficient, after taking into account available retrocessional coverage, we increase our reserves and incur a charge to earnings, which can have a material adverse effect on our consolidated financial condition, results of operations and cash flows. We strengthened our reserves on several occasions in 2002 and 2003 following internal and external actuarial reviews. The most recent such reserves strengthening occurred at September 30, 2003, when the Group increased its loss reserves by EUR 297 million, EUR 290 million of which was related to adverse trends in loss experience in the United States with respect to business underwritten by SCOR US and CRP over the period 1997-2001. These additional reserves mainly concern lines of business, which have now been put in run-off or sharply reduced, such as buffer layers, program business and workers compensation.

Although we have strengthened our Non-Life reserves to the current best estimates level (excluding latent claims and reserves for CRP claim management costs), on the basis of recent reviews made by external actuaries on those business lines considered to be the most sensitive and representing more than 74% of the Group s technical reserves (excluding certain lines of business, notably short-tail property business and credit derivatives), we cannot guarantee that even this increased level of reserves will be sufficient to cover future losses. In particular, our experience has shown that these measures have not always proven to be sufficient. In addition, for latent claims, we decided to increase only progressively our technical reserves, when circumstances change, in order to improve our survival ratio (reserves divided by average payments in the course of the past three years) over the coming years.

Our results may be impacted by the inability of our reinsurers or other members of pools, in which we participate, to meet their obligations

We transfer a part of our exposure to certain risks to other reinsurers through retrocession arrangements. Under these arrangements, other reinsurers assume a portion of our losses and expenses associated with losses in exchange for a portion of policy premiums. When we obtain retrocession, we are still liable for those transferred risks if the reinsurer cannot meet its obligations. Therefore, the inability of our reinsurers to meet their financial obligations could materially affect our operating results. Although we conduct periodic reviews of the financial condition of our reinsurers, our reinsurers may become financially unsound by the time they are called upon to pay amounts due, which may not occur for many years. In addition, retrocession may prove inadequate to protect against losses or may become unavailable in the future or unavailable at commercially reasonable rates. Furthermore, since our reinsurers do business in the same sector as we do, events that have an effect on the sector could have an effect on all of the participants in the reinsurance sector.

We participate in various pools of insurers and reinsurers in order to spread certain risks (in particular terrorist risks) among the members of the pool. In case of default of one of the members of a pool, we could be required to assume part of the liabilities and obligations of the member in default, which could affect our operating income.

We operate in a highly competitive industry

The reinsurance business is highly competitive. Our position in the reinsurance market is based on many factors, such as underwriting expertise, reputation and experience in the lines written, the jurisdictions in which the reinsurer is licensed or otherwise authorized to do business, premiums charged, as well as other terms and conditions of the reinsurance offered, services offered and speed of claims payment and perceived overall financial strength of the reinsurer. We compete for business in the French, European, United States, Asian and other international reinsurance markets with numerous international and domestic reinsurance companies, some of which have a larger market share, greater financial resources and higher ratings from financial ratings agencies than we do.

When the supply of reinsurance is greater than the demand from ceding companies, these competitors may be better positioned to enter into new contracts and to gain market share at our expense. If we do not reach or maintain a competitive level in our markets, our business, our financial condition and our results of operations could be seriously affected.

Given that all of our relevant competitors hold higher ratings, our current ratings have in the past and may continue to significantly hinder our competitive position (See Ratings are important to our business).

We are exposed to the impact of changes in interest rates and developments in the financial and equity markets

Interest rate fluctuations could have consequences on our return from fixed maturity securities, as well as the market values of, and corresponding levels of capital gains or losses, on the fixed maturity securities in our investment portfolio.

In addition, the level of or changes in, interest rates, as well as developments in the capital markets, could lead to unanticipated changes in the pattern of surrender and withdrawal of our annuity and other Life reinsurance products, including the fixed annuities of SCOR Life US Re. These would result in cash outflows that might require the sale of assets at a time when the investment portfolio is negatively affected by increases in interest rates, resulting in losses.

We are also exposed to risks in the fixed-income securities markets since the financial difficulties of certain issuers and the deterioration of their credit quality could make payment of their obligations uncertain and lead to lower market prices for their fixed-income securities, which would affect the value of our investment portfolio.

We are also exposed to equity price risk. While equity investments accounted for only 5% of our investments as at December 31, 2003 (by market value), we may need to record impairments to our equity portfolio as a result of negative developments in the stock markets. Such depreciation could affect our results and financial condition.

Ratings are important to our business

Our ratings are reviewed periodically. Over the course of 2003, our credit ratings from all the major rating agencies were revised downwards on several occasions and put on watch, particularly after we announced we would be increasing our reserves and announced the amount of our loss for the third quarter of 2003. Given that our main competitors hold higher ratings, our current ratings may significantly hinder our competitive position and there can be no assurance that such ratings will be increased or maintained in the future. Such rating downgrades have made it more difficult to renew our existing contracts (a significant part of which were up for renewal during the fourth quarter or in particular on January 1, 2004) or to enter into new contracts and, in addition, have led or could lead to the cancellation of current business and/ or an increase of contracted financing costs, including the letters of credit mentioned below. Our ratings profile since July 2003 has contributed to a reduction in our earned premiums in 2004. There can be no assurance that such a decrease of the premiums volume could be entirely offset by an improvement of our underwriting result or by a reduction of our management expenses.

The maintaining of our rating at its current level during the course of 2004 could as well have a significant impact on our financial situation. If the rating agencies decided not to upgrade our rating, we might not be able to renew a portion of our existing contracts during 2004 (for those being renewed during the year) or on January 1, 2005 (for those being renewed at that time), notably for Life reinsurance business. In that case, the Group s written premiums for 2004 and 2005 could decrease.

Life reinsurance business is particularly sensitive to the way our ceding companies perceive our financial strength as well as to our credit ratings. In many countries, including the U.S., our clients follow our ratings closely. In the context of the incorporation of the Group s life reinsurance activities into a new entity called SCOR VIE, we are endeavoring to obtain a stand-alone A range rating in order to encourage the development of this business. If we do not obtain such a rating, this could impact our existing Life business, including both new business and renewals of existing business at SCOR VIE.

In addition, given that some of our reinsurance treaties contain termination clauses triggered by ratings, there is a risk that our reserves would be reduced as a result of such termination by our clients, which in turn would be likely to significantly reduce our future financial margins and to require us to depreciate some or all of our DAC (see also Our shareholders equity is highly sensitive to the value of our intangible assets).

In addition, an important part of our business is conducted with U.S. ceding companies for whom state insurance regulations and market practice require that we obtain letters of credit from banks in order to maintain reinsurance contracts. If we are unable to honor our financial commitments under our outstanding credit facilities or if we suffer any further ratings downgrade, our financial situation and results could be significantly affected. Downgrading of our ratings has increased the cost of such letters of credit and has sometimes made it more difficult for us to renew or obtain letters of credit and, as a result, to conclude or renew reinsurance contracts. Moreover, any further downgrading would significantly restrict our ability to obtain such letters of credit and would affect our operations. In these circumstances, we could be required to reduce our business with U.S. ceding companies and our financial condition could be adversely affected.

A significant portion of our treaties contains provisions relating to financial strength, which could have an adverse effect on our financial condition.

A significant portion of our reinsurance treaties, in particular in our Life reinsurance business, contains triggers relating to financial strength which entitle our cedents to terminate the relevant treaty upon the occurrence of specified events of default, which events include a ratings downgrade, our net assets falling below a specified threshold or our carrying out a reduction in share capital. Any such events could allow some of our cedents to terminate their contractual undertakings, which would have a material adverse effect on our financial condition. In addition, our main credit facilities, in particular those which were renewed in the third and fourth quarters of

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2003, contain financial undertakings and provisions with respect to minimum ratings and net consolidated assets, the breach of which could constitute an event of default and cause a suspension in the use of these credit facilities and prevent us from obtaining new credit facilities, either of which would have a material adverse effect on our business.

SCOR faces a number of significant liquidity requirements in the short to medium-term

The main sources of revenue from SCOR s reinsurance operations are premiums, revenues from investing activities, and realized capital gains. The bulk of these funds are used to pay out claims and related expenses, together with other operating costs. Our operations generate substantial cash flows due to the fact that most premiums are received prior to the date at which claims must be paid out. Historically, these positive operating cash flows, together with the portion of the investment portfolio held directly in cash or highly liquid securities, have allowed us to meet the cash demands entailed by our operating activities.

However, a number of significant liquidity requirement arise in the short to medium term, as described below:

In 1999, SCOR issued approximately EUR 233 million in so-called OCEANE bonds (convertible or exchangeable for new or existing shares of stock). These convertible bonds are repayable on January 1, 2005 at a price of EUR 65.28 per bond, representing a total amount payable (including redemption premium) of EUR 263 million. Because SCOR s share price is currently significantly lower than the redemption value of its OCEANE bonds, it will probably be necessary to repay the bonds in cash at their maturity date.

In 2002, SCOR issued EUR 200 million in unsubordinated notes repayable on June 21, 2007.

Pursuant to agreements entered into connection with the formation of IRP Holdings Limited (IRP Holdings), IRP s minority shareholder has agreed on exit rights exercisable during certain defined periods. The agreements permit the minority shareholder to exit IRP during the first half of 2005 and in any event require an exit no later than May 31, 2006. SCOR may acquire the shares held by the minority shareholder either with existing or newly-issued SCOR shares or with cash. SCOR may, depending on conditions at the time of the exit, decide to pay for all or part of these shares in cash. For more information on IRP, see Item 9.A The Offer and Listing IRP , and for a description of the pending litigations initiated by the minority shareholder of IRP, see Item 8.A Consolidated Statements and Other Financial Information Litigation .

Despite the level of cash generated by its ordinary activities, SCOR may be required to seek full or partial external financing in order to meet some or all of the foregoing payments.

The extent of any recourse to external financing will depend in the first place on the Group s available cash. In that respect, a significant portion of SCOR s assets are collateralized for the purpose of guaranteeing either letters of credit obtained from banks for the purpose of writing reinsurance contracts with ceding companies, or payment of loss claims made by ceding companies. These liabilities amounted to EUR 3,226 million at December 31, 2003 and accordingly restrict our capacity to manage our cash by means of asset disposals. The proportion of assets against which we are obliged to grant collateral is expected to rise in the short term as a result of the recent ratings downgrades and the terms of loan covenants negotiated in the last quarter of 2003. Moreover, the cash available in Group subsidiaries may not be transferable to the company, subject to local regulations and because of these subsidiaries own cash requirements. Finally, our decision to withdraw from a significant number of business lines has significantly reduced our premium income, which may further affect our cash-flow.

Moreover, access to additional outside financing on top of the recent EUR 751 million capital increase also depends on a range of other factors, among them general economic conditions, market conditions, and investor perceptions of the company s sector of activity and financial condition. In addition, SCOR s ability to raise new financings depends on clauses in outstanding finance contracts. SCOR cannot guarantee that it will be in a position to obtain additional financing, or to do so on acceptable terms. If SCOR were unable to do so, the pursuit of its business development strategy and its financial condition would be materially adversely affected.

We are exposed to the risk of changes in foreign exchange rates

We publish our consolidated financial statements in euros, but a significant part of our income and expenses, as well as our assets and liabilities, are denominated in currencies other than the euro.

In particular, the shareholders equity of a large majority of the SCOR Group entities is stated in a currency other than the euro. As a result, from year to year, changes in the exchange rates used to translate foreign currencies into euros, such as the weakening of the U.S. dollar against the euro in recent years, may impact our consolidated net equity. As of December 31, 2003, the decline of the dollar against the euro resulted in a negative exchange rate adjustment in the Group s equity of EUR 136 million. In order to counter the effects of this exchange rate adjustment, we have entered into hedging arrangements in the fourth quarter of 2003, which resulted in an unrealized foreign exchange gain of EUR 37 million which was recorded in the Group s shareholders equity. A significant portion of our shareholders equity is denominated in US dollars and any noticeable change in exchange rates could have a negative impact on its level.

In addition, the variation of the U.S. dollar against the euro could have a significant impact on the Group s results due to significant technical undertakings denominated in dollars (and not covered by corresponding dollar-denominated assets) related to the deterioration of the U.S. business retroceded by SCOR US to SCOR. Nevertheless, at December 31, 2003, the decline in the U.S. dollar against the euro resulted in an exchange rate income of EUR 98 million.

Our Non-Life subsidiaries in the United States are facing financial difficulties and certain of our American subsidiaries are subject to a regulatory review by U.S. insurance regulators.

The operations of our Non-Life subsidiaries in the U.S. have deteriorated principally as a result of losses stemming from the underwriting years 1997 to 2001, the impact of the terrorist attack of September 11, 2001 and the claims experience of the health insurance and credit markets. Based on U.S. risk-based capital requirements, we recapitalized our U.S. subsidiaries in 2000, 2001 and 2002, through capital investments or by the issuance of surplus notes, for a total amount of approximately USD 400 million. In early 2004, SCOR made a capital contribution in an amount of USD 207 million to SCOR US. The level of risk-based capital of our U.S. subsidiaries was slightly below acceptable levels for regulators at the end of 2003. The operations of our U.S. subsidiaries and in particular the level of their risk-based capital, is still being monitored by insurance regulators in the U.S.

SCOR s U.S. reinsurance and insurance subsidiaries are required to file financial reports in the states in which they are licensed or authorized, prepared in accordance with the accounting principles and methods prescribed by the New York State Insurance Department (NYID) and other state regulators. On February 25, 2004, SCOR Reinsurance Company (SCOR Re) notified the NYID that it had incorrectly accounted for a loss portfolio transfer reinsurance treaty signed in 2000 with three reinsurers unaffiliated to the Group in its 2000, 2001 and 2002 financial statements. The application by SCOR Re of the correct accounting principles and methods during this period would have had no material impact on SCOR s US GAAP consolidated financial condition. The NYID is currently reviewing this matter and has not advised SCOR Re as to its conclusion.

We face risks from changes in government regulations and certain litigation matters.

We are subject to detailed, comprehensive regulation and supervision in all the countries in which we do business. Changes in existing laws and regulations may affect the way in which we conduct our business and the products we may offer. Moreover, we are involved in legal and arbitration proceedings in certain European, and other (including U.S.) jurisdictions. In particular, we are subject to proceedings initiated by the minority shareholder of IRP Holdings. See Item 8.A Consolidated Statements and Other Financial Information Litigation . An adverse outcome of this proceeding could have a material adverse affect on our liquidity, financial condition and results of operations.

A significant part of our business is conducted with a limited number of brokers

As is the case with many reinsurance companies, an important part of our Non-Life business comes through reinsurance brokers. The Non-Life reinsurance brokerage market is dominated by a limited number of participants with whom we do business.

As a result of our recent rating downgrades, several large brokers had decided to suspend us from the list of reinsurers that they propose to their clients. Nevertheless, certain clients could request of these brokers to maintain their commercial relationship with us, which several of them have done. The completion of the capital increase at the beginning of 2004 allowed SCOR to be put back on the lists of reinsurers put forward by the brokers to their clients. However, any decision taken by some brokers to stop all business with us would affect our volume of written premiums, which could significantly impact our operating result as well as our financial situation.

If we do not successfully implement our recovery plan or if such plan is not effective, our financial condition and business would be adversely affected

Our Board of Directors formulated a recovery plan entitled Back on Track in November 2002 and took several effective decisions concerning new underwriting priorities, the resulting adjustments in allocation of capital and financial goals and constraints for 2003-2005. Additional measures were adopted with respect to the initial strategy of our recovery plan, namely relating to the run-off of CRP in January 2003 and the implementation of a strategy for certain of the SCOR US operations.

The implementation and the success of this recovery plan are based on a certain number of assumptions and factors that are not under our control. If economic conditions, our competitive position, our rating level, our financial condition or our internal organization are not consistent with these assumptions or our objectives, or if the measures envisaged by the recovery plan are insufficient, it is possible that our recovery plan would fail and that we would not achieve our objectives, including our return to profitability in 2004. In this case, our business and financial condition could deteriorate and new measures would need to be devised.

The successful implementation of our recovery plan also greatly depends on our ability to properly manage the run-off of certain of our lines of business in the United States, including those of CRP and SCOR US.

In January 2003, we put CRP operations in run-off. In addition, we have determined to withdraw from certain lines of our business at SCOR US operations. We are currently studying the possible options regarding the future management of such operations, but have not yet finalized our analysis. The costs and liabilities associated with these run-off businesses and other contingent liabilities could cause the Group to take additional charges that could be material to the Group s results of operations.

In addition, a significant part of our strategy regarding the run-off of certain of our operations in the United States includes the commutation of the risks held by our American subsidiaries (including CRP). There can be no assurance that any such commutation could be made on attractive terms for the Group.

Our shareholders equity is highly sensitive to the value of our intangible assets.

A significant portion of our assets is comprised of intangible assets, the value of which is to a large extent dependent on our future operating performance. The valuation of intangible assets also requires us to make subjective and complex judgments about matters that are inherently uncertain. If there is a change in the assumptions supporting our intangible assets, we may be required to write them down in whole or in part, thereby further reducing our capital base.

The amount of goodwill we carry in our consolidated accounts may be impacted by business and market conditions. In particular, we currently carry an amount of EUR 202 million in goodwill primarily related to our United States operations, as a result of the acquisition of Partner Re Life in 2002, Sorema North America in 2001 and Allstate Re in 1996.

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According to FAS 142, the Group performs the required annual assessment of goodwill during the fourth quarter (annual closing); however, this norm requires for an additional test to be performed during the year in the occurrence of some events or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. Thanks to the Group s successful capital increase completed in January 2004, which restored the Group s positive financial situation and convinced the insurance brokers, at the end of 2003, to place the Group back on the list of reinsurers that their clients should use, the Group has managed to maintain its various ratings to an appropriate level to support a significant portion of the Group s business. Should any adverse significant change occur during 2004, the Group would need to perform an impairment assessment of its goodwill before the regular fourth quarter assessment. If the goodwill is determined to be impaired, the amount of the goodwill s write off will impact the Group s results.

Other assets we carry are subject to review. For example, as of December 31, 2003 we had a total of EUR 17 million in deferred tax assets and EUR 56 million in deferred tax liabilities compared to a total of EUR 438 million in deferred tax assets and EUR 224 million in deferred tax liabilities at December 31, 2002. The calculation of deferred tax assets and liabilities is based on applicable tax legislation and accounting standards and the future recoverability of these deferred tax assets depend on the performance of each entity. At each annual financial statement closing, we are required to assess the need for a valuation allowance of our deferred tax assets. Because we have experienced three consecutive annual losses, the criteria are more severe and future taxable income cannot be used. As a result at December 31, 2003, we had to write down all of the deferred tax assets related to SCOR US and SCOR Paris, resulting in a charge of EUR 385 million.

The costs of acquiring new business, including commissions and underwriting expenses, are deferred and amortized as deferred acquisition costs, or DAC. In general, DAC are amortized in proportion to the profits expected to be generated over the life of the underlying contracts. The assumptions we make with respect to the recoverability of DAC are therefore affected by such factors as operating performance, market conditions and persistency of underlying life policies. If the assumptions on which recoverability of DAC is based prove to be incorrect, it could become necessary to accelerate its amortization, which could have a material adverse impact on our financial condition and results of operations.

Item 4. Information on the Company

A. BUSINESS OVERVIEW

General

SCOR is a French société anonyme with its registered office at 1, avenue du Général de Gaulle, 92074 Paris-La Défense Cedex, France, phone number : 33.(0)1.46.98.70.00

SCOR provides treaty and facultative reinsurance on a worldwide basis to Property-Casualty and Life insurers. In 2003, the Group had net written premiums of EUR 2,988 million, which management believes makes it the largest French reinsurer, one of the five largest European reinsurers and one of the world s ten largest reinsurers, in each case based on management s estimate of the 2003 net written premiums of other major international reinsurers and excluding intra-group business.

SCOR operates in 19 countries through its subsidiaries, branches and representative offices.

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Recent Developments

In June 2003, the SCOR Group acquired a 6.67% stake in IRP Holdings, thus increasing its ownership interest in IRP Holdings from 46.68% as of March 31, 2003 to 53.35% as of June 30, 2003.

In accordance with the shareholders agreement dated December 28, 2001 entered into upon the creation of IRP Holdings, the exit of IRP s minority shareholder will be completed by May 31, 2005. However, under certain circumstances, the minority shareholder may elect to delay the exit for one year. SCOR may acquire the shares held by the minority shareholder either with existing or newly-issued SCOR shares or with cash.

For more information on IRP, see Item 9.A The Offer and Listing IRP and Item 8.A Consolidated Statements and Other Financial Information Legal Proceedings .

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INDUSTRY OVERVIEW

Principles

Reinsurance is an arrangement in which a company, the reinsurer, agrees to indemnify an insurance company, the ceding company, against all or a portion of the primary insurance risks underwritten by the ceding company under one or more insurance contracts. Reinsurance can provide a ceding company with several benefits, including a reduction in net liability on individual risks, catastrophe protection from large or multiple losses and assistance in maintaining acceptable financial ratios. Reinsurance also provides a ceding company with additional underwriting capacity by permitting it to accept larger risks and write more business than would be possible without a concomitant increase in capital and surplus. Reinsurance, however, does not discharge the ceding company from its liability to policyholders.

Reinsurance provides three essential functions, as well as a number of additional services to customers.

First, reinsurance helps to stabilize direct insurers earnings when unusual and major events occur, by assuming the high layers of these risks or relieving them of accumulated individual exposures.

Reinsurance allows insurers to increase the maximum amount they can insure for a given loss or category of losses-by enabling them to underwrite a greater number of risks, or larger risks, without unduly over-burdening their administrative expenses or their need to cover their solvency margin, and hence their capital base.

Reinsurance makes substantial quantities of liquidity available to insurers in the event of major loss events, which enables the latter to manage their assets more predictably and thus more profitably.

In addition, reinsurers also:

- help ceding companies define their reinsurance needs and devise the most effective reinsurance plan;
- supply a wide array of support services, particularly in terms of technical training, organization, accounting and information technology;
- provide expertise in certain highly specialized areas such as the analysis of complex risks and risk pricing;
- enable ceding companies to build up their business even if they are undercapitalized, particularly in order to launch new products requiring heavy investment.

Types of Reinsurance

Treaty and Facultative Reinsurance

The two basic types of reinsurance arrangements are treaty and facultative reinsurance. In treaty reinsurance, the ceding company is obligated to cede and the reinsurer is obligated to assume a specified portion of a type or category of risks insured by the ceding company. Treaty reinsurers, including the SCOR Group, 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, are largely dependent on the original risk underwriting decisions made by the ceding primary policy writers. Such dependence subjects reinsurers in general, including the Group, to the possibility that the ceding companies have not adequately evaluated the risks to be reinsured and, therefore, that the premiums ceded in connection therewith may not adequately compensate the reinsurer for the risk assumed. The reinsurer s evaluation of the ceding company s risk management and underwriting practices as well as claims settlement practices and procedures, therefore, will usually impact the pricing of the treaty.

In facultative reinsurance, the ceding company cedes and the reinsurer assumes all or part of the risk under a single insurance contract. Facultative reinsurance is negotiated separately for each insurance contract that is reinsured. Facultative reinsurance normally is purchased by ceding companies for individual risks not covered by their reinsurance treaties, for amounts in excess of the monetary limits of their reinsurance treaties and for unusual risks. Underwriting expenses and, in particular, personnel costs, are higher relative to premiums written on facultative business because each risk is individually underwritten and administered. The ability to separately

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evaluate each risk reinsured, however, increases the probability that the underwriter can price the contract to more accurately reflect the risks involved.

Proportional and Non-Proportional Reinsurance

Both treaty and facultative reinsurance can be written on a proportional, or pro rata, basis or a non-proportional, or excess of loss, basis. With respect to proportional or pro rata reinsurance, the reinsurer, in return for a predetermined portion or share of the insurance premium charged by the ceding company, indemnifies the ceding company against a predetermined portion of the losses and loss adjustment expenses (LAE) of the ceding company under the covered insurance contract or contracts. In the case of reinsurance written on a non-proportional, or excess of loss basis, the reinsurer indemnifies the ceding company against all or a specified portion of losses and LAE in excess of a specified amount, known as the ceding company s retention or reinsurer s attachment point, subject to a negotiated reinsurance contract limit.

Although the frequency of losses under a pro rata reinsurance contract is usually greater than on an excess of loss contract, generally the loss experience is more predictable and the terms and conditions of a pro rata contract can be structured to limit aggregate losses from the contract. A pro rata reinsurance contract therefore does not necessarily require that a reinsurance company assume greater risk exposure than on an excess of loss contract. The predictability of the loss experience may better enable underwriters to price such business accurately in light of the risk assumed, therefore reducing the volatility of results.

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

Premiums payable by the ceding company to a reinsurer for excess of loss reinsurance are not directly proportional to the premiums that the ceding company receives because the reinsurer does not assume a direct proportionate risk. In contrast, premiums that the ceding company pays to the reinsurer for pro rata reinsurance are proportional to the premiums that the ceding company receives, consistent with the proportional sharing of risk. In addition, in pro rata 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 (commissions, premium taxes, assessments and miscellaneous administrative expense) and also may include a profit factor for producing the business.

Retrocession

Reinsurers typically purchase reinsurance to cover their own risk exposure or to increase their capacity. Reinsurance of a reinsurer s business is called a retrocession. Reinsurance companies cede risks under retrocessional agreements to other reinsurers, known as retrocessionaires, for reasons similar to those that cause primary insurers to purchase reinsurance: to reduce net liability on individual risks, protect against catastrophic losses, stabilize financial ratios and obtain additional underwriting capacity.

Broker vs. Direct Reinsurance

Reinsurance can be written through professional reinsurance brokers or directly from ceding companies. From a ceding company s perspective, both the broker market and the direct market have advantages and disadvantages. A ceding company s selection of one market over the other will be influenced by its perception of such advantages and disadvantages relative to the reinsurance coverage being placed. For example, broker coverages usually involve a number of participating reinsurers that have been assembled by a broker, each assuming a specified portion of the risk being reinsured. A ceding company may find it easier to arrange such coverage in a

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difficult underwriting environment where risk capacity is constrained and reinsurers are seeking to limit their risk exposure. In contrast, direct coverage usually are structured by ceding companies directly with one or a limited number of reinsurers. The relative amount of brokered and direct business written by the Group s subsidiaries varies according to local market practice.

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PRODUCTS AND MARKETS

General

Our operations are organized in the following four business segments: Non Life, Life/Accident & Health, Alternative Reinsurance and Credit, Surety & Political Risks. Non Life is further organized into two sub-segments: Property-Casualty Treaty and Large Corporate Accounts written on a facultative basis (SCOR Business Solutions or SBS). Within each segment, we write various classes of business, as indicated below. Responsibilities and reporting within the Group are established based on this structure, and our consolidated financial statements reflect the activities of each segment.

The following table sets forth our gross premiums written by segment and class of business:

	Year Ended December 31,					
	2001		2002		2003	
	EUR	%	EUR	%	EUR	%
			(EUR, in millions)			
By segment of business						
Non Life	2,480	56	3,106	63	2,259	68
Life/Accident Health	1,062	24	1,218	25	983	30
Alternative Reinsurance	712	16	467	10	(1)	
Credit, Surety & Political Risks	175	4	123	3	65	2
Total	4,429	100	4,914	100	3,306	100
By segment and class of business						
Property-Casualty Treaty						
Property	796	41	1,139	52	972	58
Casualty	1,039	55	920	42	609	36
Marine, Space and Transportation	61	3	77	4	63	4
Construction	26	1	40	2	46	2
Total Property-Casualty Treaty	1,922	100	2,176	100	1,690	100
Large Corporate Accounts (SBS)						
Property	266	48	437	47	329	58
Casualty	181	32	278	30	85	15
Marine, Space and Transportation	38	7	79	8	36	6
Construction	73	13	136	15	119	21
Total Large Corporate Accounts	558	100	930	100	569	100
Total Non Life	2,480		3,106		2,259	
Life/Accident & Health						
Annuity-based	121	11	182	15	198	18
Individual & group life	527	50	493	40	384	46
Accident	81	8	100	8	132	12
Disability	57	5	56	5	50	4
Health	229	22	200	16	105	9
Unemployment	12	1	14	1	28	3
Long-term care	35	3	173	14	86	8
Total Life/Accident & Health	1,062	100	1,218	100	983	100

Non Life

The Non Life segment is divided into two operational sub segments: Property Casualty Treaty and Large Corporate Accounts.

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The Property-Casualty Treaty sub-segment includes the proportional (pro rata) and non-proportional (excess of loss and stop loss) treaty classes of property, marine, space and transportation, and construction reinsurance.

Property. The Group s proportional property treaty business provides reinsurance coverage for underlying insured property damage or business interruption losses resulting from fire or other perils in the homeowners, personal auto, industrial and general commercial property lines.

Non-proportional property treaty business covers the same lines and risks, but some specialized excess of loss covers provide primarily catastrophe loss protection to cedents.

Casualty. The Group s casualty proportional and non-proportional treaty reinsurance includes auto liability and general third party liability coverage, as well as the liability components of both homeowners and general commercial coverage. Auto liability reinsurance covers bodily injury and third party property and other liability risks arising from both private passenger and commercial fleet auto coverage.

Marine, Space and Transportation. The Group s marine, space and transportation treaty business relates primarily to ocean and inland marine risk, as well as a limited amount of commercial aviation and space coverage.

Construction. The Group s construction treaty business, primarily written on a proportional basis, includes inherent defect insurance covers, also known as decennial insurance. As required by French law, decennial insurance covers major structural defects and collapse for ten years after completion of construction of a building.

The second sub-segment of the Non Life segment is Large Corporate Accounts (which we refer to as SCOR Business Solutions or SBS). The Group s large facultative business is written by specialized underwriting teams organized under SCOR Business Solutions. This structure was reorganized in 2000 around the activities of corporate buyers seeking global risk financing solutions that combine traditional risk covers and alternative financing. It shares risks with cedents for large, complex industrial or technical risks, such as automotive assembly lines, semiconductor manufacturing plants, oil and gas or chemical facilities, oil and gas exploration and production sites, energy facilities, and boiler and machinery installations.

Large facultative business is primarily written in property, as well as, to a lesser degree, in the liability, transportation, space and construction classes of business. Casualty facultative also encompasses commercial fleet auto coverage, workers compensation, fraud and commercial third party liabilities.

Space and transportation facultative coverage is written particularly in the areas of space and offshore risks, and requires the application of sophisticated, highly technical risk analysis and underwriting criteria. Offshore business relates to offshore oil and gas exploration and operations, while space business relates to satellite assembly, launch and coverage for commercial space programs.

Construction facultative coverage is typically provided against risk of loss due to physical damage caused during the construction period as well as, in certain cases, business interruption or other financial losses incurred as a result of completion delays for large and complex construction and industrial projects. The Group has acted or is acting as lead or principal reinsurer on several world scale infrastructure projects. For these leading projects, SCOR takes an active role in all phases of the development, and works with cedents, brokers, insureds, risk managers and project sponsors in optimizing the combination of risk management techniques and insurance solutions.

Life/Accident & Health

Life/Accident & Health reinsurance includes life reinsurance products, as well as personal casualty reinsurance, namely accident, disability, health, unemployment and long-term care.

Life. The Group s Life business, written primarily on a proportional and non-proportional treaty basis, provides life reinsurance coverage with respect to individual and group life, reinsurance of annuity-based products, and longevity reinsurance, to primary life insurers and pension funds.

Accident, disability, health, unemployment and long-term care. The personal segments of this business are written primarily on a proportional treaty basis.

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Alternative Risk Transfer (ART)

The Group s alternative reinsurance business was conducted primarily out of CRP, the Group s Bermuda-based subsidiary. It focused on three distinct products:

workers compensation, motor insurance and general liability claims in the U.S. market;

using alternative insurance techniques primarily temperature-based derivatives;

developing single integrated risk transfer instruments to protect against combinations of fortuitous uncertainties with financial exposures.

Reported incurred loss ratios on CRP s prospective workers compensation portfolio for accident years 1999 and 2000 began to deteriorate during the first half of 2002 and this trend continued for the remainder of 2002. Consequently, a decision was made in the latter part of 2002 to cease underwriting. In January 2003, the Group decided to transfer CRP to run-off status and in April 2003, explored the sale of CRP. In June 2003, SCOR began the process of commuting CRP s portfolio and had completed commutations by December 31, 2003 on about 60% of the portfolio, compared to year-end 2002, and is still seeking further commutations.

Credit, Surety and Political Risks

SCOR s credit, surety and political risks business is conducted by teams based primarily in Europe and to a lesser extent in the United States. In credit insurance contracts, the insurer covers risks of loss due to non-payment of debts, while in surety insurance contracts, the insurer acts as guarantor to pay (or make pay) a debt. Political risks insurance covers risks of loss as a result of measures taken by governments or governmental entities jeopardizing a sales contract or an obligation.

Distribution by geographic area

In 2003, SCOR generated approximately 58% of its gross premiums written in Europe, with significant market positions in France, Germany, Spain and Italy, 25% of its gross premiums written in North America, including Bermuda and the Caribbean region and 17% of its gross premiums written in Asia.

The following table shows the distribution of the Group s gross premiums written by geographic area:

Gross Premiums Written by Geographic Area[(1)]

	Year ended December 31,					
	2001		2002		2003	
	EUR	%	EUR	%	EUR	%
	(EUR figures in millions)					
France	586	13%	840	17%	720	22%
Europe (Outside of France)	1,083	24%	1,377	28%	1,205	36%
Total Europe	1,669	37%	2,217	45%	1,925	58%
North America	2,229	51%	1,934	39%	822	25%
Asia-Pacific and Other International	531	12%	763	16%	559	17%
Total	4,429	100%	4,914	100%	3,306	100%

(1) Premiums are allocated by geographic area based on information received by the Group from its cedents concerning the primary location of the cedents underlying insured risks.

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RATINGS

Our current Group ratings by A.M. Best Co. (A.M. Best), Fitch Ratings, and S&P are as follows:

A.M. Best	Financial Strength rating	B++	Very Good
(January 4, 2004)	Long-term debt	bb+	Speculative
	Short-term debt	AMB-2	Adequate
S&P	Financial strength rating	BBB+	Good
(December 2, 2003)	Long-term debt	BBB+	Adequate
	Short-term debt	A-2	Satisfactory
Fitch Ratings	Financial strength rating	BB+	Moderately weak
(January 12, 2004)	Long-term debt	BB	Speculative
	Short-term debt	B	Speculative

On January 4, 2004, A.M. Best changed the implications of the under review status of the B++ (Very Good) financial strength rating of SCOR and its core subsidiaries from developing to stable.

On December 2, 2003, Standard & Poor s Ratings Services raised its long-term counterparty credit and insurer financial strength ratings on SCOR and subsidiaries to BBB+ from BBB- . In addition, Standard & Poor s raised its short-term counterparty credit and commercial paper ratings on SCOR to A-2 from A-3 . All ratings were removed from CreditWatch, where they had been placed originally on June 17, 2003. The outlook on all Group entities is currently stable.

On January 12, 2004, Fitch Ratings affirmed the rating of SCOR Group s Insurer Financial Strength (IFS) at BB+ and the long-term and short-term ratings of SCOR at BB and B , respectively, removing them from Fitch s Rating Watch Negative. The outlooks for these ratings are currently stable. Since January 2004, the Fitch rating has been unsolicited.

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UNDERWRITING, RISK MANAGEMENT AND RETROCESSION

Underwriting

Consistent with its strategy of selective market and business segment development, the Group seeks to maintain a portfolio of business risks that is well diversified both geographically and by line and class of business. In addition, the Company has centrally established underwriting guidelines for its subsidiary companies to ensure the diversification and management of risk with respect to its business by line and class of business.

The Group s underwriting is conducted through Property-Casualty treaty and facultative, and Life underwriting teams, with the support of technical departments such as actuarial, claims, legal, retrocession and accounting.

Both underwriting and support staffs are located in the Group s Paris headquarters as well as in local subsidiaries and branches, although some support functions, like retrocession, have been centralized at the head office level. While underwriting is carried out at decentralized (subsidiary or division) level, the Group s overall exposure to particular risks and in particular geographic zones is centrally monitored from Paris.

Facultative underwriters belong to the Group s SCOR Business Solutions integrated division, which operates on a worldwide basis, from four underwriting centers (in Paris, London, New York and Singapore) and with underwriting entities located in the Group s subsidiaries and branches. This division is dedicated to large corporation business and is geared to provide its clients with solutions for the conventional and/or alternative transfer of their risks.

Life underwriting within the Group is under the worldwide responsibility of SCOR VIE. Our Life clients are life or accident and health insurance companies worldwide. They are served by specialized Life underwriters familiar with the specific features of each of the markets in which they operate, including mortality tables, morbidity risks, disability and pension coverage, product development, financing and specific market coverage and policy conditions. Life underwriting consists of the consideration of many factors, including the type of risks to be covered, ceding company retention levels, product and pricing assumptions and the ceding company s underwriting standards and financial strength.

Life underwriters worldwide are supported by the Life Underwriting Department (LUD), which coordinates underwriting activities at the group level and conducts underwriting audits in the operating units, and by the Technical and Development Department (TDD), responsible for pricing tools, reserving rules, product development and retrocession. These two departments set in common the underwriting guidelines, which are approved by the Underwriting Innovation Committee, comprising SCOR Vie General Management, and the heads of underwriting units LUD and TDD. This Committee periodically reviews and updates the level of underwriting authority (there are four levels) delegated to each underwriter.

Property-Casualty treaty underwriters manage client relationships and offer reinsurance support after a careful review and assessment of the cedents underwriting policy, portfolio profile, exposures and management procedures. They are responsible for writing treaty business as well as small facultative risks in their respective territories within the limits of their delegated underwriting authority and the scope of underwriting guidelines approved by the Group General Management.

The underwriting teams are supported by a technical underwriting unit based in the Group head office. The technical underwriting unit is providing worldwide treaty and small facultative underwriting guidelines, the delegation of capacity, underwriting support to specific classes or individual risks when required, ceding company portfolio analyses and risk surveys.

The underwriting teams are also supported by a Group actuarial unit responsible for pricing and reserving methods and tools to be applied by the actuarial units based in the treaty operating units. The Group audit department conducts frequent underwriting audits in the operating units.

Catastrophe Risk and Exposure Controls

Like other reinsurance companies, SCOR is exposed to multiple insured losses arising out of a single occurrence, whether a natural event such as a hurricane, flood or an earthquake, or another man-made catastrophe such as an

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explosion or fire at a major industrial facility or an act of terrorism. Any such catastrophic event could generate insured losses in one or many of SCOR s lines of business.

In 2003, SCOR experienced no major natural catastrophe losses, the largest one being the storms in the midwest of the U.S. for a net cost of EUR 30 million.

During the summer of 2002, the catastrophic floods in Central Europe affecting the Czech Republic, Germany and Austria produced a pre-tax catastrophe loss for the Group, net of retrocession, of EUR 95 million. Typhoon Rusa in Korea in August 2002, the flooding in the south-east of France in September 2002 and the windstorm Jeannet in northern Europe in October 2002 did not have a material impact on SCOR.

The consequences of the earthquakes, which occurred in January 2001 in El Salvador and in India, in February 2001 in the state of Washington, U.S., and in March 2001 in Japan, were limited due to either a relatively low involvement of the Group in the damaged regions or limited overall insured and reinsured losses.

SCOR carefully evaluates its potential natural event and other risk accumulation for its entire property portfolio at the head office level, including exposures underwritten by its subsidiaries worldwide. Pursuant to overall guidelines and procedures established from the Paris headquarters, each subsidiary monitors its own accumulation for the relevant country or region, and the Accumulation Department based in Paris centrally consolidates the results for the Group.

SCOR employs various techniques, depending upon the region and peril, to assess and manage its accumulated exposure to property natural catastrophe losses in any one region of the world and quantifies that exposure in terms of its potential maximum loss. SCOR defines this as its anticipated maximum loss, taking into account contract limits, caused by a single catastrophe affecting a broad contiguous geographic area, such as that caused by a windstorm, a hurricane or an earthquake, occurring within a given return period. SCOR estimates that its current Group-wide potential maximum loss from natural catastrophe events, before retrocessional reinsurance, with the most significant exposures relating to earthquake risks are located in Japan, Italy, Israel and Turkey and that its wind and other weather-related risks are concentrated in Europe and Japan.

The following table summarizes the main Group identified natural catastrophe exposures by geographic area:

Range of Potential Catastrophe Exposure(1) (EUR, in millions)	Subject countries as of December 2003
100 to 200	Canada, Colombia, Greece, Peru, United States
200 to 300	Chile, Israel, Italy, Mexico, Portugal, Taiwan, Turkey
300 and over	Japan, Europe

(1) Calculated on a potential maximum loss basis for a given return period before reinsurance.
The results are based on proprietary software.

For more than 15 years, SCOR has been using its own internally developed and regularly updated software program for evaluating earthquake potential maximum losses for 20 countries. The methods utilized for the simulation of the events and of their consequential damages have been upgraded into SERN (*Système d Evaluation des Risques Naturels* or Natural Risks Evaluation System), an enhancement of existing models initiated in 1997 by SCOR and partners from prominent research institutes and recognized private IT companies. This software program is directly linked to our worldwide database and available to all of SCOR s subsidiaries and operating units. As of December-end 2003, SERN is operational for earthquake exposure in Australia, Algeria, Canada, Chile, Colombia, Greece, Indonesia, Israel, Jordan, Italy, Japan, Mexico, New Zealand, Peru, Philippines, Portugal, Taiwan, the United States and Venezuela. SERN modeling development for Turkey is in progress and estimates of earthquake exposure and related potential maximum losses are obtained from SCOR s older proprietary system. For countries such as Japan and the United States, SCOR s analyses are compared with other calculations performed using programs developed by specialized independent consultants.

The potential accumulation due to hurricanes in the United States is analyzed in a similar fashion, using third-party software and simulation tools. The potential accumulation due to typhoons in Japan is analyzed using maximum liability for non proportional treaties and scenario based on Mireille (major typhoon in Japan in 1991)

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for prorata treaties. European windstorm accumulation in the treaty portfolio is also assessed by SERN, which has been adapted to analyze windstorm events and is now operational in eight European countries, reproducing past events. SCOR continues to refine its loss estimation methodologies internally with the assistance of outside consultants.

The following table sets forth certain data regarding the Group s catastrophe loss experience in each of the three years ended December 31, 2003:

	Year Ended December 31,		
	2001	2002	2003
	(EUR, in millions)		
Number of catastrophes[(1)]	1	1	4
Incurred losses and LAE from catastrophes, gross	670(2)	95(3)	78(4)
Incurred losses and LAE from catastrophes, net of retrocession	215(2)	94(3)	72(4)
Group loss ratio[(5)]	102%	97%	99%
Group loss ratio excluding catastrophes	95%	94%	96%

(1) A catastrophe is defined by SCOR as an event involving multiple insured risks causing pre-tax losses, net of reinsurance, of EUR 10 million or more.

(2) World Trade Center.

(3) Catastrophic floods in Central Europe.

(4) Floods in Italy and Southwestern France, storms in the midwest (USA) and typhoon Maemi in South Korea.

(5) Loss incurred prior to discount on workers compensation reserves on North American operations expressed as a percentage of premiums earned.

Claims

SCOR s Group Claims Division, created in April 2003, has the mission to implement a general claims handling policy for the Group and to put in place worldwide control and reporting procedures.

The claims handling function is performed by the Group Claims Division supported by the subsidiaries claims departments, which initially process and monitor individual reported claims. In addition to managing claims, periodic audits are conducted on specific claims and lines of business; procedures and claims processing are reviewed at the offices of ceding companies with the aim to evaluate adjusting techniques, reserves valuation and adequacy, quality of the staff. Technical and legal assistance is provided to underwriters before and after accepting certain risks. Following these audit and assistance missions, when needed, recommendations are given to underwriters, claims adjusters and management.

The Group Large Claims Committee chaired by the Group General Manager reviews on a monthly basis all large claims, including litigation claims and asbestos and environmental claims. Its main objectives are to review the consolidated impact of such claims and to strengthen the monitoring of large claims management across the lines of business and countries.

Retrocessional Reinsurance

The Group retrocedes a portion of the risks it underwrites in order to control its exposures and losses, and pays premiums based upon the risks and exposures of its facultative and treaty acceptances, subject to such retrocession reinsurance. Retrocession reinsurance is subject to collectibility in all cases where the original business accepted by the Group suffers from a loss. The Group remains primarily liable to the direct insurer on all risks reinsured although the retrocessionaire is liable to SCOR to the extent of the reinsurance limits purchased. SCOR then monitors the financial condition of retrocessionaires on an ongoing basis. In recent years, the Group has not experienced any material difficulties in collecting recoverable amounts from its retrocessional reinsurers. SCOR reviews its retrocession arrangements periodically, to ensure that they fit closely to the development of its business.

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The Group utilizes a variety of retrocession agreements with non-affiliated retrocessionaires to control its exposures to large property losses. The overall program set in place on an annual basis provides coverage for up to three major events within one occurrence year. A major event is likely to be a natural catastrophe such as an earthquake, a windstorm, a hurricane or a typhoon in a region where the Group has aggregate exposures stemming from the business written.

Had a major catastrophe occurred resulting in a loss equal to the Group s natural perils potential maximum exposure in 2003, management estimates that the net loss before tax for SCOR in 2003, including the cost of reinstatement retrocession premium (excluding any reinstatement premium collected from ceding companies) would have been EUR 200 million.

IRP was established in December 2001 to reinsure (as a retrocessionaire) certain of SCOR s non-Life reinsurance business on a quota share basis from 2002 forward. The retrocession rate in 2003 was 25%. SCOR s initial ownership interest in IRP was 41.68%, and was increased to 53.35% in 2003. IRP was fully consolidated from fiscal year 2001.

In January 2002, the Group purchased a USD 150 million multi-year reinsurance cover, to provide coverage against the occurrence of an earthquake in the U.S or in Japan, or a severe windstorm in Europe, subject to a limit of USD 100 million per occurrence. The contract, provided by Atlas Reinsurance II p.l.c., protects SCOR s property and construction portfolio for a period of three years. Atlas Reinsurance II p.l.c. issued two classes of notes for a total of USD 150 million with principal reduction contingent on the parametric model designed by Risk Management Solutions (RMS) based on SCOR s exposure. This cover will expire on December 31, 2004.

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RESERVES

Significant periods of time may elapse between the occurrence of an insured loss, the reporting of the loss to the ceding company and the reinsurer and the ceding company s payment of that loss and subsequent payments to the ceding company by the reinsurer. To recognize liabilities for unpaid losses, LAE and future policy benefits, insurers and reinsurers establish reserves, which are balance sheet liabilities representing estimates of future amounts needed to be paid in respect of reported and not yet reported claims and related expenses on losses that have already occurred.

The Group maintains reserves to cover its estimated ultimate liability for losses and LAE with respect to reported and not yet reported claims. Because reserves are estimates of ultimate losses and LAE, management monitors reserve adequacy over time, evaluating new information, as it becomes known and adjusting reserves, as necessary. Management considers many factors when setting reserves, including the following:

- information from ceding companies,
- historical trends, such as reserving patterns, loss payments, pending levels of unpaid claims and product mix,
- internal methodologies that analyze the Group s experience with similar cases,
- current legal interpretations of coverage and liability, and
- economic conditions.

Based on these considerations, management believes that adequate provision has been made for the Group s Non-Life loss and LAE reserves, which totaled EUR 6,330 million (net of retrocession) as of December 31, 2003. Actual loss and LAE paid may deviate, perhaps significantly, from such reserves. To the extent reserves prove to be insufficient to cover actual losses and LAE after taking into account available retrocessional coverage, the Group would have to augment such reserves and incur a charge to earnings which could have a material adverse effect on the Group s consolidated financial condition, results of operations and cash flows.

The Group Chief Reserving Actuary conducted an appraisal of the technical reserves as at December 31, 2003, based on reports by internal and external actuaries. As a result, and considering the strengthening of reserves recorded during the third quarter of 2003, losses reserves at December 31, 2003 were confirmed and adjusted only in order to take into account developments in the fourth quarter.

General

As part of the reserving process, insurers and reinsurers review historical data and anticipate the impact of various factors such as legislative enactments and judicial decisions that may tend to affect potential losses from casualty claims, changes in social and political attitudes that may increase exposure to losses, mortality and morbidity trends and trends in general economic conditions. This process assumes that past experience, adjusted for the effects of current developments, is an appropriate basis for anticipating future events. The reserving process implicitly recognizes the impact of inflation and other factors affecting losses by taking into account changes in historical claim patterns and perceived trends. There is no precise method, however, for subsequently evaluating the impact of any specific item on the adequacy of reserves, because the eventual deficiency or redundancy of reserves is affected by many factors.

The Group periodically reviews and updates its methods of determining estimates for incurred but not yet reported (IBNR) losses and establishing resulting reserves, and such adjustments are currently reflected in income. Estimation of loss reserves is a difficult process, however, especially in view of changes in the legal and tort environment that may impact the development of loss reserves. While the reserving process is difficult and subjective for the ceding companies, the inherent uncertainties of estimating such reserves are even greater for the reinsurer, due primarily to the longer time between the date of an occurrence and the reporting of any attendant claims to the reinsurer, the diversity of development patterns among different types of reinsurance treaties or facultative contracts, the necessary reliance on the ceding companies for information regarding reported claims and differing reserving practices among ceding companies. In addition, trends that have affected development of

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liabilities in the past may not necessarily occur or affect liability development to the same degree in the future. Thus, actual losses, LAE and future policy benefits may deviate, perhaps significantly, from estimates of reserves reflected in the Group s consolidated financial statements.

When a claim is reported to the ceding company, its claims personnel establishes a case reserve for the estimated amount of the ultimate settlement, if any, with respect to such claim. The estimate reflects the judgment of the ceding company s claims personnel, based on its reserving practices. The ceding company reports the claim to the Group entity from which it obtained the reinsurance, together with the ceding company s suggested estimate of the claim s cost. SCOR records the ceding company s suggested reserve and may establish additional reserves based on review by the Group s claims department and internal actuaries. Such additional reserves are based upon the consideration of many factors, including coverage, liability, severity and the Group s assessment of the ceding company s ability to evaluate and handle the claim.

In accordance with industry practice, the Group maintains IBNR reserves. IBNR reserves are actuarially determined and reflect the ultimate loss amount which may have to be paid by the Group on claims for events and circumstances which have occurred but which have not yet been reported either to the ceding company or to the Group, and the expected change in the value of those claims, which have already been reported to the Group.

In its actuarial determination of IBNR reserves, the Group uses generally accepted actuarial reserving techniques that take into account quantitative loss experience data, together with, where appropriate, qualitative factors. IBNR reserves are also adjusted to reflect changes in the volume of business written, reinsurance contract terms and conditions, the mix of business and claims processing that can be expected to affect the Group s liability for losses over time. With the exception of reserves associated with workers compensation and CRP finite reinsurance contracts that are discounted, the Group does not discount Non-Life reserves.

In the Life area, reserves for future policy benefits and claims are established based upon the Group s best estimates of mortality, morbidity, persistency and investment income, with appropriate provision for adverse deviation. The liabilities for future policy benefits established by the Group with respect to individual risks or classes of business may be greater or less than those established by ceding companies due to the use of different mortality and other assumptions. Reserves for policy claims and benefits include both mortality and morbidity claims in the process of settlement and claims that have been incurred but not yet reported. Actual experience in a particular period may be worse than assumed experience and, consequently, may adversely affect the Group s operating results for such period.

In addition to loss, LAE, future policy benefits and IBNR reserves, under French GAAP and pursuant to applicable French insurance regulations, and in the case of certain non-French subsidiaries, pursuant to applicable local regulations, SCOR is required to establish certain catastrophe equalization reserves for future catastrophes and other losses. These reserves are generally established by setting aside in each year a specified portion of underwriting gains, if any, for such year, subject to specified aggregate limits based on premium volumes in lines of business affected by catastrophes or other events. These reserves are not recorded as liabilities in the financial statements prepared in accordance with U.S. GAAP. The U.S. GAAP financial statements do, however, include an allocation of retained earnings to a catastrophe reserve recorded as an account in shareholders equity. Retained earnings allocated to the catastrophe reserve represent amounts expensed as catastrophe coverage premium expense under French GAAP but not under U.S. GAAP. Because such amounts have been expensed for French accounting purposes, these amounts are not distributable as dividends and consequently have been shown as an allocation of retained earnings in the U.S. GAAP financial statements.

Changes in Historical Reserves

The table below shows changes in historical loss reserves, on a U.S. GAAP basis for the Group s Property-Casualty operations for 1994 and subsequent years, net of retrocessional reinsurance. The Group s reinsurance contracts are generally written on an underwriting year basis and the Group maintains its records on this same basis. As compared to loss development tables presented on an accident year basis by U.S. registrants, presentation on an underwriting year basis accelerates the timing of the presentation of loss reserve development by moving development of losses that actually occur in an accident year subsequent to the end of the applicable underwriting year back into such underwriting year. As discussed in the third paragraph below, the Company s underwriting year loss development data is, as a result, not fully comparable with accident year data presented by U.S. registrants.

The top line of the table shows the initial estimated reserves for unpaid losses and LAE recorded at each year-end date, as well as the amount of such initial reserve net of amounts retroceded to reinsurers. The upper (paid) portion of the table presents the cumulative amounts paid through each subsequent year on those claims for which reserves were carried as of each specific year-end. The lower (liability re-estimated) portion shows the re-estimated amount of the previously recorded reserves, net of retrocession, based on experience as of the end of each succeeding year. The estimate changes as more information becomes known about the actual claims for which the initial reserves were carried. The cumulative redundancy/deficiency line represents the cumulative change in estimates since the initial reserve was established. It is equal to the latest liability re-estimated amount less the initial reserve.

An underwriting year reinsurance contract reinsures losses incurred on underlying insurance policies that begin at any time during the reinsurance contract term. This means that, if both the underlying insurance contracts and the reinsurance contract have twelve-month terms, the reinsurance contract will cover underlying losses occurring over a twenty-four month period. For example, if an underwriting year reinsurance contract term was from January 1 to December 31, 2003, it would cover underlying policies with terms beginning on both January 1, 2003 and December 31, 2003. Losses incurred on underlying policies beginning on January 1, 2002 could occur as early as January 1, 2003 while losses incurred on underlying policies beginning on December 31, 2003 could occur as late as December 30, 2004. For purposes of the loss reserve development table, the Group has assigned all losses incurred under reinsurance contracts written in a particular year to that year, even though some of those losses may not have been incurred until twelve months after the end of the year.

Since losses have been so assigned, the reserve re-estimated x years later set forth in the table includes all those losses incurred during the x years following the reference year, but related to an underwriting year prior to and including the reference year. As a result, the amounts on the line labeled cumulative redundancy/(deficiency) before premium development in the loss development tables are not a precise indication of the adequacy of the initial reserves that appear on the first and third lines of the tables

This has been partially corrected by inclusion in the line labeled premium development of all the premiums attributable to the underwriting year and which are earned in subsequent years. Such earned premiums are comprised primarily of amounts included in the unearned premium reserves at the end of a given reference year and which are progressively earned during the years following such reference year, but also include experience rated premiums received under certain reinsurance contracts written in such underwriting year. The Group does not specifically segregate experience rated premiums in its accounting systems, but management does not believe such amounts are material. This presentation permits a comparison of the reserves for claims and claims expenses as initially established with the re-estimated reserves for claims and claims expenses, which have been adjusted for the effect of claims and claims expenses incurred subsequent to the reference year-end. While the resulting adjusted cumulative redundancy/deficiency is not a precise measurement and is not fully comparable to the amounts that would be determined using accident year data, management believes it to be a reasonable indication of the adequacy of the Group s loss and loss adjustment expense reserves as recorded in its consolidated financial statements as of the referenced year ends.

The following tables present ten-year loss development on a U.S. GAAP basis and a three-year reconciliation of beginning and ending reserve balances on a U.S. GAAP basis. The U.S. GAAP loss development data is presented on an underwriting year basis, while the reserve reconciliation data represents the Company s allocation of incurred and paid losses and LAE between current and prior years on a calendar year basis. See also Note 16 to the consolidated financial statements.

Ten-Year Loss Development Table Presented Net of

Reinsurance with Supplemental Gross Data (U.S. GAAP)[1]

	December 31,									
	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
	(EUR, in millions)									
Initial gross reserves for unpaid loss and LAE	2,760	2,600	3,361	3,723	3,942	4,774	5,575	8,365	7,967	7,003
Initial retroceded reserves	351	234	316	306	337	421	507	1,448	1,068	673
Initial net reserves[2]	2,409	2,366	3,045	3,417	3,605	4,353	5,068	6,917	6,899	6,330
Paid (cumulative)[3] as of:										
One year later	354	420	654	874	1,040	1,399	1,807	2,514	2,627	
Two years later	717	901	1,136	1,440	1,570	2,294	3,163	3,614		
Three years later	1,054	1,188	1,405	1,778	1,946	3,046	4,390			
Four years later	1,292	1,368	1,599	2,015	2,356	3,606				
Five years later	1,431	1,505	1,731	2,306	2,626					
Six years later	1,542	1,590	1,953	2,488						
Seven years later	1,613	1,779	2,073							
Eight years later	1,777	1,871								
Nine years later	1,853									
Reserves re-estimated as of:										
One year later	2,595	2,630	3,458	3,690	4,057	4,996	5,938	8,030	8,112	
Two years later	2,665	2,733	3,411	3,772	4,082	5,278	6,352	8,699		
Three years later	2,767	2,702	3,401	3,810	4,117	5,446	7,385			
Four years later	2,758	2,692	3,404	3,807	4,209	5,952				
Five years later	2,748	2,675	3,379	3,887	4,479					
Six years later	2,722	2,653	3,429	4,002						
Seven years later	2,711	2,711	3,522							
Eight years later	2,777	2,792								
Nine years later	2,834									
Cumulative redundancy/ (deficiency) before premium development	(425)	(426)	(477)	(585)	(874)	(1,599)	(2,317)	(1,782)	(1,213)	
Percentage before premium development	(18)%	(18)%	(16)%	(17)%	(24)%	(37)%	(46)%	(26)%	(18)%	
Premium development[4]	244	228	359	343	390	491	938	1,214	639	

Cumulative redundancy/ (deficiency) after premium development	(181)	(198)	(118)	(242)	(484)	(1,108)	(1,379)	(568)	(574)
Percentage after premium development	(8)%	(8)%	(4)%	(7)%	(13)%	(25)%	(27)%	(8)%	(8)%
Gross re-estimated liability at December 31, 2002	2,877	2,992	3,719	4,325	5,282	7,162	8,634	12,755	10,713
Reinsurance recoverables at December 31, 2002	43	200	197	323	803	1,210	1,249	4,056	2,601
Net re-estimated liability at December 31, 2002	2,834	2,792	3,522	4,002	4,479	5,952	7,385	8,699	8,112
Gross cumulative redundancy/ (deficiency) before premium development	(117)	(392)	(358)	(602)	(1,340)	(2,388)	(3,059)	(4,390)	(2,746)
Gross premium development	340	311	454	449	474	684	1,077	1,402	854
Gross redundancy/ (deficiency) after premium development	223	(81)	96	(153)	(866)	(1,704)	(1,982)	(2,988)	(1,892)
Percentage	8%	(3)%	3%	(4)%	(22)%	(36)%	(35)%	(36)%	(24)%

(1) Paid (cumulative) amounts and reserves re-estimated amounts are shown on an underwriting year basis, consistent with the reporting practices of the Company and its cedents, particularly in the European market.

(2) For 1994, SCOR s initial reserves have been adjusted by EUR 86 million to include historical amounts for CRP.

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(3) Cash commutation payments (i) received in 1993 of EUR 60 million and in 1994 of EUR 129 million and (ii) paid in 1994 of EUR 48 million have been excluded from the paid (cumulative) amounts presented. The North American portfolio acquired in 1996 of EUR 260 million has been excluded from the paid (cumulative) amount presented for the years concerned.

(4) Re-estimated gross claims reserves for a given underwriting year are reduced by the amount of any premiums earned subsequent to but related to that underwriting year, including experience-rated premiums received and accrued from the ceding insurers as assumed losses were incurred.

Reconciliation of Reserves for Losses and LAE (U.S. GAAP)

	Year ended December 31,		
	2001	**2002**	**2003**
	(EUR, in millions)		
Reserves for losses and LAE at beginning of year, net	5,068	6,917	6,899
Effect of changes in foreign currency exchange rates	133	(738)	(657)
Effect of claims portfolio transfer and other reclassifications	1,071	73	35
Incurred related to:			
Current year	3,076	2,785	1,596
Prior years	101	671	1,173
Total incurred losses and LAE	3,177	3,456	2,769
Change in accounting principle	(62)		
Paid related to:			
Current year	738	450	68
Prior years	1,732	2,358	2,648
Total paid losses and LAE)	2,470	2,808	2,716
Reserves for losses and loss expenses at end of year net	6,917	6,900	6,330
Reinsurance recoverable on unpaid losses	1,448	1,067	673
Reserves for losses and loss expenses at end of year gross	8,365	7,967	7,003

Asbestos and environmental

The Group s reserves for losses and LAE include an estimate of its ultimate liability for asbestos and environmental claims for which an ultimate value cannot be estimated using traditional reserving techniques and for which there are significant uncertainties in estimating the amount of the Group s potential losses. SCOR and certain of its subsidiaries, of which principally SCOR Paris and SCOR U.S., have received and continue to receive notices of potential reinsurance claims from ceding insurance companies which have in turn received claims asserting environmental and asbestos losses under primary insurance policies, in part reinsured by Group companies. Such claims notices are frequently merely precautionary in nature and generally are unspecific, and the primary insurers often do not attempt to quantify the amount, timing or nature of the exposure. Given the lack of specificity in these notices, SCOR cannot fully quantify its total potential exposure regarding the claims reported. In addition, due to the changing legal and regulatory environment and changes in tort law, in our evaluation, the final cost of our exposure to asbestos related and environmental claims appears to be increasing, but we are unable to determine to what degree. Diverse factors could increase our exposure to the consequences of asbestos related risks, such as an increase in the number of claims filed or in the number of persons likely to be covered by these claims. These uncertainties inherent to environmental and asbestos claims are unlikely to be resolved in the near future. Evaluation of these risks is all the more difficult given that claims related to asbestos and environmental pollution are often subject to payments over long periods of time. In these circumstances, it is difficult for us to estimate the reserves that should be recorded for these risks and to guarantee that the amount reserved will be sufficient.

As a result of these imprecisions and uncertainties, we cannot exclude the possibility that we could be required to pay significant additional claims in these areas and these payments would have a material effect on our results and financial conditions. Case reserves have been established when sufficient information has been developed to indicate the involvement of a specific reinsurance contract. In addition, incurred but not reported reserves have been established to provide for additional exposure on both known and unasserted claims. These reserves are reviewed and updated continually. In establishing liabilities for asbestos and environmental claims, management considers facts currently known and the current legal and tort environment. The Group may be required to increase the reserves in future periods if evidence becomes available indicating that the latent claims will develop above the recorded amounts.

	Year ended December 31,					
	Asbestos(1)			Environmental(1)		
	2001	2002	2003	2001	2002	2003
	(EUR, in millions)					
Gross claims reserves, including IBNR reserves	124	157	109	92	88	59
% of total loss and LAE reserves	1.5%	2%	1.3%	1.1%	1.1%	0.7%
Claims and LAE paid	15	7	15	17	71	13
% of the Group s total net property-casualty claims and LAE paid	0.6%	0.2%	0.5%	0.7%	2.5%	0.4%

(1) Asbestos and environmental (A&E) reserve data includes SCOR s estimated A&E exposures in respect of its participation in the Anglo French Reinsurance Pool, for which A&E exposures for the years shown were as follows:

2001 reserves are EUR 38 million and EUR 35 million for asbestos and environmental, respectively. 2001 paid claims and LAE are EUR 2.4 million and EUR 2.2 million for asbestos and environmental, respectively.

2002 reserves are EUR 30 million and EUR 28 million for asbestos and environmental, respectively. 2002 paid claims and LAE are EUR 0.8 million and EUR 0.7 million for asbestos and environmental, respectively.

2003 reserves are EUR 19 million and EUR 18 million for asbestos and environmental, respectively. 2003 paid claims and LAE are EUR 0.6 million and EUR 0.9 million for asbestos and environmental, respectively.

(2) The significant change in the EUR/USD exchange rate from 2002 to 2003 of 17% resulted in a decrease of gross claims reserves. SCOR s exposure to environmental risks has significantly decreased over the past two years due to the settlement of large claims and the commutation by the Company of several policies related to one block of pollution-related business covering prior years.

More generally, SCOR has developed a policy of buying back its longstanding liabilities on asbestos and environmental exposures whenever the possibility exists to do so on a commercially reasonable basis, i.e., whenever SCOR determines, based on its assessment of the potential exposure of the Group based on actuarial techniques and market practices, that the terms of the final negotiated settlement are attractive in light of the possible development of future liabilities. Preference is given to selected treaties with regard to specific circumstances such as the maturity of claims, the level of claims information available, the status of cedents and market settlements. It is the intention of management that this commutation policy be further pursued and developed in 2004 and in subsequent years. It is anticipated that the policy will affect settlement patterns to a limited degree in future years, although these changes in settlement patterns are not expected to have a material adverse effect on the Group s financial condition, results of operations or cash flows.

SCOR s exposure to asbestos and environmental liabilities stems from its participation in both proportional and non-proportional treaties and in facultative contracts, which have generally been in run-off for many years.

Proportional treaties typically provide claims information on a global treaty basis, and as a result specific claims data is rarely available. With respect to non-proportional treaties and facultative contracts, normal market practice is to provide a specific proof of loss for each individual claim, making it possible to record total claims notified for such contracts. With respect to environmental exposures, most of SCOR s identified claims stem from its U.S. subsidiary operations, with less significant amounts recorded by its European subsidiaries. When applicable, LAE are part of the claims submitted by cedents and as such are included in the figures above for both asbestos and environmental exposures.

	Year Ended December 31, 2003	
	Asbestos	Environmental
Number of claims notifications with respect to non-proportional treaties and facultative contracts	7,389	6,962
Average cost per claim[1]	EUR 9,819	EUR 2,726

(1) Not including claims that were settled at no cost, and claims of a precautionary nature not quantified in amount.

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INVESTMENTS

General

SCOR s overall investment strategy is to achieve satisfactory returns on managed assets with minimal exposure to risk. This investment strategy also reflects the structure of SCOR s liability profile, and the duration of the assets of each subsidiary is generally established based upon the expected duration of liabilities. At December 31, 2003, the weighted average duration of the Group s fixed maturity portfolio was approximately 6.2 years. As a general practice, the Group does not invest in derivative securities for the purpose of managing the relative duration of its assets and liabilities. See Changes in Historical Reserves for a discussion of the expected duration of the Group s reinsurance liabilities, and the tabular summary of the Group s fixed maturities by remaining contract maturity, set forth in Note 2 to the consolidated financial statements, for information concerning the duration of the Group s assets. Similarly, assets are generally invested in currencies corresponding to those in which the related liabilities are denominated in order to minimize exposure to currency fluctuations. In addition, to a limited extent, the Group uses currency spot and forward contracts, as well as swap and other derivative contracts, to manage its foreign currency exposure.

SCOR s investment policy is largely centralized. Investment guidelines are established annually and regularly reviewed and updated by the Investment Committee, subject to supervision by the Company s board of directors. Regular meetings of the Investment Committee are held to review portfolio performance and monitor market and portfolio developments.

The Group s portfolio consists primarily of government and government-guaranteed bonds with medium term maturities. The remainder of the portfolio is divided among equity securities, real estate and liquid and short-term assets. The Company manages its investment portfolio to maximize income and generally does not manage such portfolio for the purpose of generating capital gains, but seeks to realize capital gains or losses when and as they become available as a result of its normal investing activities.

The following table summarizes net investment income of the SCOR Group s portfolio for 2001, 2002 and 2003. See also Note 2 to the consolidated financial statements.

Consolidated Net Investment Income

	Year ended December 31,								
	2001			2002			2003		
	Income	Pre-tax Yield(1)	Realized Gains (Losses)	Income	Pre-tax Yield(1)	Realized Gains (Losses)	Income	Pre-tax Yield(1)	Realized Gains (Losses)
	(EUR in millions)								
Fixed maturity securities	379	6.7%	69	332	5.6%	72	283	4.8%	93
Equity securities	26	4.7%	(66)	6	4.0%	(217)	3	1.1%	13
Trading equity securities	(56)			53			9		
Short term and other(2)	92	3.6%	7	122	2.6%	93	137	4.7%	10
Less investment expense									
Swap interest	(13)			(17)			(8)		
Commercial paper expense	(3)			(8)					
Administration expense	(13)			(16)			(29)		
Other (including convertible debenture interest and discount)	(65)			(91)			(74)		
Total	347			381			321		116

(1) Pre-tax yield is calculated as investment income (including dividends in the case of equities) divided by the average of the beginning and end of year investment balances. Investment balances were at fair value, except for equities for which cost was used. To the extent applicable, investment balances were converted into euro from local currencies at year-end exchange rates.

(2)

Includes swap income of EUR 13 million in 2000, and 10 million in 2001, and 10 million in 2002. Other swap-related net income is included in realized and unrealized capital gains (and losses).

Portfolios

The following table details the distribution by category of investment of SCOR Group s insurance investment portfolio by net book value:

Consolidated Investment Position

	Net book value as of December 31,					
	2001		2002		2003	
	(EUR in millions)					
Fixed maturities available for sale, at fair value	5,582	62%	6,107	68%	5,698	70%
Equity securities, available for sale	646	7%	573	6%	269	3%
Equity securities, held for trading	56	1%	0	0%	34	0%
Short-term investments	448	5%	198	2%	0	0%
Other long-term investments	358	4%	345	4%	295	4%
Cash and cash equivalents	1,927	21%	1,788	20%	1,824	22%
Total	9,017	100%	9,011	100%	8,120	100%

See Note 2 to the consolidated financial statements for a breakdown of amortized costs and estimated fair values of fixed maturity investments by major type of security, including fixed maturities held to maturity and available for sale as of December 31, 2001, 2002 and 2003.

The following table presents the Group s fixed maturities by counterparty credit quality as of December 31, 2003:

	As of December 31, 2003	
Rating	Net book value	% of total net book value
	(EUR, in millions)	
Guaranteed by the French or European government or its agencies, or the European Union[(1)]	123	2.16%
AAA	4,214	73.96%
AA	435	7.63%
A	533	9.35%
BBB	280	4.91%
Below BBB	1	0.02%
Unrated	112	1.97%
Total	5,698	100.00%

(1) Debt securities issued or guaranteed by the French government, by another European government or by the European Union, none of which are rated.

See Note 2 to the consolidated financial statements for a breakdown of fixed maturities included in the Group s portfolio by remaining maturity as of December 31, 2003.

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INFORMATION TECHNOLOGY

All branches and subsidiaries of the SCOR Group use the same information systems both for reinsurance and non-reinsurance functions. In reinsurance, the OMEGA system was developed in-house and was designed to allow for Group- wide relationship follow-up of clients and insureds, worldwide on-line facultative clearance, analysis of the technical profitability of contracts, and quarterly closings based on ultimate result estimates. SCOR has also developed modeling and simulation tools for evaluating impacts of natural catastrophes or for capital allocation and contract profitability. In addition, for non-reinsurance functions, software packages, among which the PeopleSoft solutions for human resources and finance, are now used throughout the Group.

Thanks to the use of one global system, SCOR can provide its services in essentially the same way worldwide. Moreover, administration processes have been simplified and optimized. The imaging system launched in Europe last year has been extended to Asia and North America in 2003, allowing our SBS division to share and work on the same documents worldwide. Paperless administration is also reinforced by our continued efforts in developing standard electronic exchanges with our business partners worldwide.

Security improvement is a permanent concern. In 2003, Internet security has been enhanced and audited, and Disaster Recovery procedures have been tested. In addition, In 2002, SCOR completed its Information System 2005 study, concerning the strategic alignment between SCOR s information system and its businesses.

REGULATION OF THE REINSURANCE INDUSTRY

French corporations exclusively engaged in reinsurance business are subject to reporting requirements and are controlled by the French Insurance Control Commission (*Commission de Contrôle des Assurances or C.C.A.*) in application of the French August 8, 1994 Act (Law no. 94-879). This regime has been modified significantly by the May 15, 2001 New Economic Regulation Act (Law no. 2001-420), which institutes a system of prior authorization. This regime applies equally to companies already engaged in the reinsurance business at the time of entry into force. However, pending publication of the enabling decrees, this new regime has not come into effect.

Under the new regime, reinsurance companies will be required to file an application with the C.C.A., which will have authority to issue and revoke operating licenses. Within the framework of its supervisory mission, which has been enhanced by the New Economic Regulation Act, the C.C.A. will in particular have the power to conduct onsite inspections, to place reinsurers whose solvency is impaired under special surveillance, and to impose sanctions on reinsurers found to be in breach of the regulations applicable to them. The New Economic Regulation Act has broadened the range of sanctions, which now include revocation of a company s license to engage in reinsurance operations.

There is no European regulatory framework, at present, harmonizing the supervision of reinsurance. The European Commission has been working closely with the member states of the European Union since 2001 on a draft directive aimed at instituting solvency ratios and mutual recognition of reinsurance companies in the EU member states. It is expected that this draft directive will be adopted in 2005.

In the United States, the Group s reinsurance and insurance subsidiaries are regulated primarily by the insurance regulators in the State in which they are domiciled, but they are also subject to regulation in each State in which they are licensed or authorized. SCOR Reinsurance Company, the Group s principal Non-Life subsidiary in the United States, is domiciled in New York State and SCOR Life U.S. Re Insurance Company, the principal Life subsidiary in the United States, is domiciled in Texas.

The other subsidiaries in the United States are domiciled in Arizona, Delaware, Texas and Vermont, and one subsidiary is also commercially domiciled in California.

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B. ORGANIZATIONAL STRUCTURE

OPERATIONS

General

The Group s reinsurance operations are conducted through the treaty Property-Casualty reinsurance, Life/ Accident & Health reinsurance, and large industrial risks operating divisions of SCOR, respectively known as Division SCOR Non-Vie, SCOR Vie and Division SCOR Business Solutions, as well as through ten European, North-American and Asian subsidiaries, each of which operates primarily in its regional market. The life, accident, disability, health, unemployment and long-term care operations of the Group are conducted mainly through SCOR Vie, which was made a subsidiary on December 1, 2003. SCOR Vie operates mainly through its branches in Italy and Germany as well as through SCOR Life U.S. Re, which also provides support in these segments of reinsurance to Group subsidiaries. SCOR, SCOR Vie and SCOR U.S. accounted for 69% of the Group s gross written premiums in 2003. IRP reinsures (as a retrocessionaire) some of SCOR s non-Life reinsurance business on a quota share basis. The following sets forth the Group s primary reinsurance subsidiaries as of December 31, 2003, their respective country of incorporation, and between parentheses, the main markets served by each entity and SCOR s ownership percentage:

SCOR Mother company (France and worldwide)

SCOR VIE (France 100%)

SCOR Life US Re, United States (United States 100%)

SCOR US, United States (United States, Mexico, the Caribbean and Central America 100%)

SCOR Canada, Canada (Canada 100%)

Commercial Risk Partners, Bermuda (100%)

SCOR Italia, Italy (Italy 100%)

SCOR Asia Pacific, Singapore (North-east Asia, South-east Asia and Australasia 100%)

SCOR Deutschland, Germany (Germany and Austria 100%)

Irish Reinsurance Partners, Ireland (53%)

SCOR UK, United Kingdom (United Kingdom, Ireland and Iceland 100%)

The current Group structure has been developed to facilitate access to domestic markets through local subsidiaries and branch offices, to provide for clearly identified profit centers in each major primary reinsurance market, and to develop local management and underwriting expertise in order to better attract, service and maintain relationships with local cedents and better understand the unique nature of local risks.

The Group s headquarters operations in Paris provide claims, actuarial, accounting, legal, administrative, systems, internal audit, investment, human resources and other support to the Group subsidiaries. The Group s worldwide offices are connected through a backbone network and application, data and exchange systems, allowing local access to centralized risk analysis, underwriting or pricing databases, while at the same time allowing information on local market conditions to be shared among the Group s offices worldwide. In addition, through regular exchanges of personnel between Group headquarters in Paris and its non-French subsidiaries and branch offices, the Group encourages professional development and training across its various geographic markets and business lines.

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C. PROPERTY, PLANTS AND EQUIPMENT

In 2003, SCOR sold the Group s headquarters, consisting of 30,000 square meters of offices located in the business district of Paris La Defense. The Group remains a tenant of these headquarters offices and also rents space separate from its head-office for the purpose of safeguarding its data handling capability in case of emergency. The Group also owns properties in Hanover (Germany), Milan (Italy) and Singapore, where its local subsidiaries have their head offices, and rents space for other subsidiaries. SCOR U.S. s headquarters, located at the WTC in New York, were destroyed in the attacks of September 11, 2001 and have since been relocated to other facilities in lower Manhattan. SCOR believes that the Group s facilities are adequate for its present needs in all material respects. SCOR also holds other investment properties in connection with its reinsurance operations.

Item 5. Operating and Financial Review and Prospects

A. OPERATING RESULTS

Overview

In recent years, SCOR, along with many other insurance and reinsurance companies suffered a series of unprecedented setbacks both with respect to their assets and their liabilities. Leaving aside the direct economic cost of at least USD 40 billion to the world s insurers and reinsurance, the September 11, 2001 terrorist attacks deeply affected the industry in terms of capacity and the cost of insurance covers. Other disasters, such as the explosion at the AZF chemical plant in Toulouse on September 21, 2001, and the floods in central Europe in the summer of 2002, have also had a serious impact on the industry. In addition, insurers under-estimated risks taken on in the late-1990s, which is demonstrated by the low prices at which risks were underwritten at the time. As a consequence, in 2002, many insurers were required to set aside additional reserves to cover prior-year writings.

At the same time, companies assets and surplus were adversely impacted by the stock market crisis in 2001 and 2002, as the world s major stock markets lost between 40% and 60% of their value and interest rates continued to fall. Historically, financial and underwriting cycles have been asynchronous, with investment income offsetting technical losses, and vice versa. In recent years, however, insurance and reinsurance companies liabilities have increased significantly, but their assets have decreased simultaneously.

As a result of these developments, major insurance companies have revised their underwriting policies and developed measures to improve risk analysis and selection, and adjust rates. They have also refocused their investment portfolio in light of falling equity markets and interest rates.

The unprecedented loss that hit the industry over the past three years led to pricing adjustments that were needed and expected by reinsurers. Although rates did not reach the level of 2002, the reinsurance market continued to harden in 2003. This was true for the Property-Casualty business overall, and more particularly for some Casualty lines like general liability and workers compensation in the U.S. which, due to persistent poor developments over recent years, were first in need of pricing reevaluations. Rates, terms and conditions of the Property Casualty lines also showed significant improvements in the European and Asian markets.

The Life and Accident and Health developments were also in line with expectations for the majority of the European markets. In France, the consolidation of the insurance industry continued in 2003, offering reinsurance opportunities to respond to new needs of new operational structures. In the United States, after two difficult years due to weakened financial markets, life insurance showed first signs of recovery following slight improvements in companies investment yields and balance sheets.

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Exchange Rate Fluctuations

The following table sets forth the value of one euro in our subsidiaries main functional currencies, used in the preparation of the Group s consolidated financial statements for balance sheet items (year-end exchange rates) and income statement items (average yearly rates).

	Value of one euro in each currency					
	Year-end exchange rates as of December 31,			Average annual exchange rates for the year ended December 31,		
	2001	2002	2003	2001	2002	2003
U.S. Dollar	0.882	1.042	1.263	0.892	0.950	1.141
Canadian Dollar	1.413	1.638	1.623	1.386	1.487	1.587
British Pound	0.609	0.650	0.705	0.620	0.629	0.693
Singapore Dollar	1.636	1.809	2.145	1.604	1.693	1.986

SCOR books its operations in approximately 100 local currencies. All these currencies are then converted into euro. The fluctuation of the main transaction currencies of the Group in comparison to the euro has an important impact on income statement items and main balance sheet items. In particular, when a currency is not matching (i.e. there is a surplus in assets or liabilities in one currency), the variation of exchange rate from one period to another has a direct impact on the foreign exchange result.

Consolidated Results of Operations

We recorded a net loss of EUR 577 million for the year ended December 31, 2003 compared to a net loss of EUR 561 million in 2002 and a net loss of EUR 365 million in 2001. The following discussion addresses the principal components of our revenues, expenses and other components of our net losses in each of those years.

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Premiums

The following table sets forth the Group s premium revenues for the years ended December 31, 2001, 2002 and 2003:

	Year ended December 31,		
	2001	2002	2003
	(EUR, in millions)		
Gross premiums written			
Treaty Property-Casualty	1,922	2,176	1,690
Large Corporate accounts	558	930	569
Total Non-life	2,480	3,106	2,259
Life/ Accident & Health	1,062	1,218	983
Alternative Reinsurance	712	467	(1)
Credit, Surety & Political Risks	175	123	65
Total	4,429	4,914	3,306
Net premiums written			
Treaty Property-Casualty	1,737	1,982	1,580
Large Corporate accounts	216	757	461
Total Non-life	1,953	2,739	2,041
Life/ Accident & Health	896	1,045	885
Alternative Reinsurance	710	466	(1)
Credit, Surety & Political Risks	161	108	63
Total	3,720	4,358	2,988
Net premiums earned			
Treaty Property-Casualty	1,704	2,016	1,670
Large Corporate accounts	263	559	504
Total Non-life	1,967	2,575	2,174
Life/ Accident & Health	852	901	869
Alternative Reinsurance	671	524	159
Credit, Surety & Political Risks	163	153	122
Total	3,653	4,153	3,324

Gross premiums written decreased by 33% in 2003 from EUR 4,914 million in 2002 to EUR 3,306 million in 2003. In 2002, gross premiums increased by 11% from EUR 4,429 million in 2001 to EUR 4,914 million in 2002.

The one-third reduction in the volume of gross written premiums in 2003 compared to 2002 resulted from the combination of the following three constraining factors: the implementation of the Back on Track plan; the negative impact of the fluctuations in exchange rates; and the lowering of the Group s financial strength ratings.

Implementation of the Back on Track plan: by implementing this 2002 restructuring plan effective for 2003 renewals, SCOR took several steps to optimize its business portfolios. In particular:

The Group determined to exit a number of unprofitable lines of business in the U.S., as well as to discontinue writing alternative risk transfer and credit derivatives business, and to focus on property and casualty treaty business, Large Corporate Accounts facultatives business and Life and Accident & Health reinsurance. Furthermore, reinsurance assumed was more oriented toward short tail business coverage. Excluding such exited business lines, our gross premium written in 2002, gross written premiums would have decreased by 18% in 2003 compared to 2002.

From a geographical point of view, SCOR decided to focus on two key regions, Europe and Asia Pacific and to reduce exposure to North America business. As a consequence, the share of premiums originating from Europe increased to 58% in 2003 from 45% in 2002 and 37% in 2001. The share of Asia Pacific decreased to 4% in 2003 from 7% in 2002 and 4% in 2001. On the other hand, the weight of the North America declined to 25% in 2003 compared to 39% in 2002 and 50% in 2001.

Fluctuations in exchange rates. The fluctuations in exchanges rates used to translate foreign currencies into Euro, and particularly the depreciation of the US dollar against the Euro by 17% have had an adverse impact of 7% on the development of premium income year over year. On a constant exchange rate basis, the Group gross written premiums decreased by 23% in 2003 compared to 2002.

Lowering of the Group financial strength rating Finally, the successive downgrading of SCOR s financial strength ratings, despite an improvement to BBB+ from Standard & Poors on December 2, 2003, affected SCOR s business development during 2003.

The increase in total gross premiums written in 2002 compared to 2001 was due to a 13% increase in gross premium written in Treaty Property-Casualty, our largest segment, and to a 67% increase in gross premium written in Large Corporate Accounts. This increase was partially offset by a decrease in gross premiums written in Alternate Risk Transfer (ART) and the suspension of credit derivatives reinsurance underwriting, where the Company decided to reduce its risk exposure. The significant increase in premiums in the Treaty Property-Casualty and Large Corporate Accounts lines was mainly due to improved pricing as a result of the events of September 11, 2001 as well as an increase in the volume of premiums written, offset in part by changes in exchange rates. In 2003, the Non Life segment (which does not include Alternative Reinsurance and Credit and Surety) represented 66% of our overall gross premiums written, compared to 63% in 2002 and 56% in 2001. Within the Non-Life segment, Treaty Property-Casualty accounted for 49% of overall gross premiums written in 2003, compared to 44% in 2002 and 43% in 2001, while Large Corporate Accounts represented 17% in 2003, compared to 19% in 2002 and 13% in 2001. Life and Accident & Health represented 32% of overall gross premiums written in 2003, compared to 25% in 2002 and 24% in 2001. Alternative Reinsurance decreased from 16% in 2001 to 10% in 2002 and 0% in 2003 following the Group s decision to commute businesses underwritten by CRP. Credit, Surety and Political Risks share was reduced to 2% compared to 3% in 2002 and 4% in 2001 following the steps taken to exit the credit derivatives market.

Net premiums written decreased by 31% in 2003, from EUR 4,358 million in 2002 to EUR 2,988 million in 2003, reflecting the decrease in gross premiums written. During 2002, net premiums written increased by 17%, from EUR 3,720 million in 2001 to EUR 4,358 million in 2002, reflecting the increase in gross premiums written and a higher retention rate than in 2001.

In 2003, our overall retention level was 90%, compared to 89% in 2002 and 84% in 2001. The increase to 90% in 2003 from 89% in 2002 is due to an increase in our Life Accident & Health retention level from 86% in 2002 to 90% in 2003 and by an increase in our Non-Life retention rate from 88% in 2002 to 90% in 2003. The 5-points retention increase between 2001 and 2002 was due to the exceptional cost of retrocession in 2001 because of reinstatement premiums paid following the AZF and World Trade Center losses. This increase was mainly due to significantly increased retention levels for Large Corporate accounts (from 39% to 81%) and increased retention levels for Life Accident & Health (from 84% to 86%) offset by a decrease in the retention level for Credit, Surety & Political Risks (from 92% to 88%) and a stability for Treaty Property-Casualty (from 90% to 91%) and Alternative Risks (100% for each of 2001 and 2002).

Revenues

Our consolidated total revenues decreased by 16% to EUR 3,761 million in 2003 compared to EUR 4,482 million in 2002, reflecting a 20% decrease in net premiums earned, a 16% decrease in net investment income, offset by a significant net realized gain on investments.

In 2002, our consolidated total revenues increased by 12%, from EUR 4,010 million in 2001 to EUR 4,482 million in 2002.

Net premiums earned

Net premiums earned decreased by 20% in 2003 from EUR 4,153 million in 2002 to EUR 3,324 million in 2003. Net premiums earned represented 86% of our consolidated total revenues in 2003 compared to 93% in 2002. The overall decrease in net premiums earned resulted from decreases of 17% in Treaty Property-Casualty, 4% in Large Corporate Accounts, 10% in Life-Accident & Health, 70% in Alternative Reinsurance and 20% in Credit, Surety & Political Risks. The 20% decrease in net premiums earned was due to a 30% decrease in gross written premiums in 2003 offset in part by underwritings in Alternative Reinsurance and Non Life businesses in 2002 and prior years, for which premiums were earned in 2003.

In 2002, net premiums earned represented 93% of our consolidated total revenues. The overall increase in net premiums earned resulted from increases in the Treaty Property-Casualty, Life-Accident &Health and Large Corporate Accounts segments of 18%, 6% and 113%, respectively, while Alternative Reinsurance and Credit, Surety & Political Risks net premiums earned were down 22% and 6%, respectively.

Net Income from investments

Our net income from investments increased by 33% in 2003 from EUR 329 million in 2002 to EUR 437 million in 2003 due to a net realized gain on investments of EUR 116 million in 2003 compared to a net loss of EUR 52 million in 2002, partially offset by decreased net investment income of EUR 321 million in 2003 compared to EUR 381 million in 2002.

Realized capital gains on investment in 2003 amounted EUR 116 million and resulted from the capital gain of EUR 93 million from the sale of fixed securities, EUR 13 million from the sale of equity securities and EUR 10 million from the sale of real estate.

The realized capital gain on the sale of SCOR s head office that took place in December 2003 for EUR 69 million is not included in the realized capital gain recorded in 2003. Under FASB 13, 66 and 98, because SCOR has a continuing involvement in the property, the sale and leaseback transaction has not been treated as a sale. Therefore the sale is not currently recognized and the asset remains on SCOR s books. In addition, the sale proceeds are considered as financing and part of SCOR s debt as of December 31, 2003. Under the financing method, lease payments (EUR 10.3 million per year over 9 years) will reduce the debt over the lease and property will be amortized. The transaction will be recognized as a sale at the end of the lease at the latest. Our net investment income decreased in 2003 to EUR 321 million in 2003 compared to 381 million in 2002 due to lower interest rates in 2003. The main portion of net investment income is derived from fixed-income securities, which accounted for EUR 283 million of our net investment income in 2003 compared to EUR 332 million in 2002.

Financial expenses (net of interest expenses on swaps) amounted to EUR 70 million in 2003, reflecting a 2% decrease compared to 2002. In 2003, financial expenses included EUR 34.7 million of interest on outstanding debt securities we issued, a 4% decrease over the EUR 36.3 million recorded in 2002 mainly due to a decrease in the Eurolibor and US Libor rates and a significant reduction of our short-term debt securities due to the issuance of EUR 200 million 5-year senior notes in May 2002.

In 2002, our income from investments increased to EUR 329 million compared to EUR 357 million in 2001 due to a realized loss on investments of EUR 52 million in 2002 compared to a realized gain of EUR 10 million in 2001, only partially offset by increased net investment income of EUR 381 million in 2002 compared to EUR 347 million in 2001.

Our realized loss on investments of EUR 52 million in 2002 was due to a loss of EUR 98 million resulting from the subscription to the capital increase of Swiss Life and to further capital losses in an amount of EUR 57 million on the sale of certain other equity securities in accordance with our strategy of reducing our equity exposure due to the generally weak financial markets, partially offset by capital gains of EUR 93 million realized on the sale in July 2002 of our 35.26% stake in Coface to Natexis-Banques Populaires for a price of EUR 62 per share.

The increase in our net investment income in 2002 was mainly due to trading equity securities (Swiss Life). When excluding Swiss Life securities (EUR 53 million), our net investment income decreased 18% from EUR 400 million in 2001 to EUR 328 million in 2002, reflecting the 2002 worldwide slow-down of financial markets. These changes are also reflected by the increase in our provisions for portfolio depreciation and in our financial expenses.

Financial expenses in 2002 included EUR 36.3 million of interest on outstanding debt securities we issued, a 14% increase over the EUR 31.9 million recorded in 2001. This significant increase reflects the increased amount of our short-term debt securities issued and outstanding during 2002, which carried a higher interest rate. At the end of May 2002, we issued 5-year senior notes for EUR 200 million to consolidate part of our short-term debt.

Swap interest, net of swap income, was EUR 5.3 million for 2003, EUR 6.5 million for 2002 and EUR 3 million for 2001.

Expenses

In 2003, the Group s consolidated total expenses decreased by 20% to EUR 4,020 million, compared to EUR 5,006 million in 2002, or five percentage points more than total revenues. In 2002, the Group s consolidated total expenses increased by 7% to EUR 5,006 million, compared to EUR 4,693 million in 2001.

Total claims decreased by 18% in 2003, notwithstanding the reserve increases noted below, while the volume of premiums decreased by 20%. In 2002, total claims increased by 8%, while the growth in the volume of premiums was 14%, reflecting a slower loss increase and improved underwriting conditions in 2002.

Property-Casualty claims decreased by 20% in 2003, resulting in a loss ratio of 99% in 2003 compared to 97% in 2002, as premium volumes also declined. Losses were impacted in 2003 and 2002 by the US treaty reserve strengthening in an amount of EUR 272 million and EUR 340 million, respectively. In 2002, Property-Casualty claims increased by 9%, with a loss ratio of 97% in 2002 compared to 102% in 2001.

Life claims decreased by 8% to EUR 421 million in 2003 compared to EUR 459 million in 2002. This decrease was 3 percentage points lower than the reduction in Life earned premiums in 2003. In 2002, Life claims increased by 2% to EUR 459 million in 2002 compared to EUR 451 million in 2001.

Policy acquisition costs and commissions decreased by 18% to EUR 742 million in 2003, compared to EUR 909 million in 2002. This decrease is in line with the decrease of 20% in earned premiums. Underwriting and administration expenses decreased by 21% in 2003 to EUR 165 million compared to EUR 208 million in 2002. In 2002, policy acquisition costs and commissions increased by 7% to EUR 909 million in 2002, compared to EUR 848 million in 2001, representing only approximately one half of the 14% increase in premiums earned, mainly due to the development of the non-proportional business and SCOR Business Solutions, which have lower commission rates. Underwriting and administration expenses decreased to EUR 208 million in 2002 compared to EUR 209 million in 2001.

Foreign exchange gain increased by 62% to EUR 99 million in 2003 compared to a gain of EUR 61 million in 2002 due to the strengthening of the Euro against the US Dollar of 16.8% between 2002 and 2003, based on average annual exchange rates. In 2002, foreign exchange movements accounted for EUR 61 million of expenses compared to EUR 8 million in 2001 due to a corresponding revaluation of the Euro against the US Dollar of 6.5% between 2001 and 2002.

No impairment of goodwill in 2003 had been made compared to an impairment of EUR 17 million made in 2002 with respect to CRP. Amortization of goodwill in 2002 was consistent with 2001.

Other operating expenses were EUR 22 million in 2003 compared to expenses of EUR 19 million in 2002 and an income of EUR 1 million in 2001. The level of other operating expenses in 2003 and 2002 was due to reclassification of the amortization of intangible assets of SCOR Life Re.

In 2003, the ratio of underwriting and administration expenses to gross premiums written was 4.8%, compared to 4.2% in 2002 and 4.7% in 2001.

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Income taxes

In 2003 and 2002, income taxes paid by French corporations were subject to a statutory surcharge of 3% and to an additional statutory surcharge of 3.3%, which resulted in a total rate of income tax on French corporations of 35.43%.

In 2003, French tax law changed and thus authorizing unlimited carry forward of tax losses compared to 5 years previously.

In 2001, income taxes paid by French corporations were subject to a surcharge of 6% and to an additional surcharge of 3.3%, which resulted in a total rate of income tax on French corporations of 36.43%.

In 2003, the Group recorded a net income tax expense of EUR 293 million compared to EUR 28 million in 2002 and a benefit of EUR 273 million in 2001.

At December 31, 2003, the most significant factor affecting net income tax expense was a tax loss resulting from an additional impairment of EUR 385 million of deferred tax assets in accordance with SFAS 109 due to a net loss of SCOR U.S. and SCOR on a consolidated basis for three consecutive years. At December 31, 2002, the most significant factors affecting net income tax benefit were a tax profit relating to loss carry forwards for EUR 131 million and an impairment loss of EUR 138 million based on deferred tax assets recorded in accordance with SFAS 109 due to a net loss result of SCOR U.S. and SCOR on a consolidated basis for two consecutive years. See Note 7 (Income Tax) to the consolidated financial statements.

The 2003 net income tax expense was due to a tax loss computed at the statutory rate of EUR (299) million, including write off of deferred tax assets resulting from tax loss carry forwards. This net income tax expense was also due to certain tax-exempt expenses (EUR (9) million) and the reduction in French Corporate tax rates for 2003 (EUR 4 million). The 2002 net income tax expense resulted primarily from a tax benefit computed at the statutory rate of EUR 37 million including deferred tax benefits resulting of tax loss carry forwards, compared to EUR 219 million in 2001. This net income tax expense was also due to certain tax exempt revenues (EUR 24 million), resulting in tax loss carry forwards that are greater than GAAP losses, and from the reduction in French corporate tax rates for 2002 (EUR 40 million).

Minority interests

Minority interests expenses were EUR 26 million in 2003 compared to 13 million in 2002 and to EUR 1 million in 2001. This increase was due to the incorporation of IRP, which started to subscribe business on January 1, 2002, and the increase in SCOR s stake in IRP to 53.35% as of December 31, 2003.

Income from investments accounted for under the equity method

Income from investments accounted for under the equity method totaled EUR 1 million in 2003 and EUR 4 million in both 2002 and in 2001.

On March 29, 2002 we sold our 35.26% stake in Coface, which is no longer included in our accounts, and the capital gain realized in this transaction was recorded in the first half of 2002. Coface s contribution to our net income was EUR 1 million in both 2002 and 2001.

Changes in accounting standards

During 2001, SCOR U.S. adopted the practice of discounting tabular workers compensation claims for statutory and U.S. GAAP using an interest rate of 5%. Management believes that discounting such claims is preferable since it more closely matches revenues and expenses, better reflects the economic reality of paying the fixed amounts over a long period of time and represents a method commonly used in the industry. The effect of the change in 2001 was to increase net income by EUR 62 million before tax, and EUR 41 million after tax. To be able to compare figures, the effect of this change in 2002 would have been EUR 17 million before tax and EUR 11 million after tax.

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Underwriting Results

Non-Life

The Non Life segment is divided into two operational sub-segments: Property Casualty Treaty (including the proportional and non-proportional treaty classes of property, marine, space and transportation, and construction reinsurance) and Large Corporate Accounts or SCOR Business Solutions (including the Group s large faculative business).

The following table sets forth premium, loss and expense data, and related ratios, for our Non-Life segment for the periods indicated:

	Year ended December 31,		
	2001	2002	2003
		(EUR, in millions)	
Gross premiums written	2,481	3,106	2,259
Net premiums written	1,953	2,738	2,042
Net premiums earned	1,966	2,575	2,175
Net loss and LAE	2,117	2,259	2,042
Net commissions and expenses(1)	646	730	584
Underwriting profit (loss)	(797)	(414)	(451)
Loss ratio	108%	88%	94%
Expense ratio(1)	33%	28%	27%
Combined ratio	141%	116%	121%

(1) Expenses include direct charges of each business segment and indirect charges allocated by business segment pro rata according to direct expenses.

Gross premiums written decreased by 27% in 2003 compared to 2002. This decrease reflected the implementation of the Back on Track plan announced in November 2002, that resulted in the Group s underwriters taking significant actions in 2003 to cancel unprofitable or non-core businesses and, when necessary, adjusting pricing or improving terms and conditions in order to achieve targeted profitability.

In 2003, the premium rates and renewal terms and conditions remained, as a whole, in line with expectations and SCOR continued to focus on profitable activities, particularly on short-to-medium tail business. As a consequence, the Property Treaty premiums in 2003 increased by 7 percentage points to 44%, while Casualty Treaty business and Large Corporate Accounts decreased by 3 and 5 percentage points to respectively represent 31% and 25% of the Non-Life segment.

The retention level of the Non-Life segment increased by 2 percentage points to 90% in 2003. Net premium earned showed a 16% decrease in 2003 compared to 2002, reflecting premiums earned in 2003 from 2002, while gross and net written premiums decreased by 27% and 25%, respectively.

The combined ratio of the Non-Life segment was 121% in 2003 compared to 116% in 2002. The loss ratio remained quite unsatisfactory mainly due to a further increase in loss reserves regarding our North American casualty operations for accident years 1997 to 2001. The increase in our loss reserves, based on a comprehensive review of our claims reserves at best estimate in September 2003, amounted to EUR 233 million and contributed 11 percentage points to our Non-Life loss ratio of 94% in 2003. The amount of claims related to natural catastrophes represented a net charge of EUR 72 million in 2003 (storms in the Midwest (USA) for EUR 31 million, typhoon Maemi (South Korea) for EUR 18 million, floods in Italy for EUR 12 million and floods in the Southwestern France for EUR 11 million) compared to a net charge of EUR 94 million in 2002 (floods in Central Europe).

Gross premiums written increased by 25% in 2002 compared to 2001 due to improved pricing and underwriting conditions, and reflecting a strict underwriting approach and a focus on short-to-medium tail business lines particularly on the Large Corporate Accounts side. Property and Casualty business accounted for 70% of the

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Non-Life segment in 2002 compared to 77% in 2001, while Large Corporate Accounts accounted for 30% in 2002 compared to 23% in 2001.

Net premiums earned in 2002 increased by 31% compared to 2001, reflecting the increase of premium volume in property, transportation and construction businesses, as well as higher retention levels on short tail risks, particularly on the facultative side.

The Non-Life combined ratio improved from 141% in 2001 to 116% in 2002 mostly due to a significant improvement of both loss and expense ratios.

The Non-Life loss ratio decreased by 20 percentage points from 108% in 2001 to 88% in 2002. This significant improvement was due to a better loss experience regarding property business, offset in part by the occurrence of the floods in Central Europe resulting in a net charge of EUR 94 million, and to the strengthening of EUR 154 million for the SCOR US reserves to adjust our liabilities regarding accident years between 1997 and 2001. We also added EUR 15 million to our environmental reserves in order to reflect adverse developments in U.S. case law. The loss ratio of the Large Corporate Accounts improved from 161% in 2001 to 83% in 2002. In 2001, the claims in connection with the World Trade Center tragedy and the explosion at the AZF plant particularly affected our large corporate risks business, while in 2002, both major industrial and natural catastrophe losses were comparatively low.

Non-Life commissions and expenses ratio decreased from 33% in 2001 to 28% in 2002, reflecting the continuing positive effects of the hardening of the reinsurance market.

Life/Accident & Health

The following table sets forth premium, loss and expense data, and related ratios, for the Group s Life/Accident & Health segment for the years indicated:

	Year ended December 31,		
	2001	2002	2003
		(EUR, in millions)	
Gross premiums written	1,062	1,218	983
Net premiums written	896	1,045	885
Net premiums earned	852	901	869
Net loss and LAE	687	663	653
Net commissions and expenses[(1)]	266	312	315
Underwriting profit (loss)	(101)	(74)	(100)
Loss ratio	81%	73%	75%
Expense ratio[(1)]	31%	35%	36%
Combined ratio	112%	108%	112%

(1) Expenses include direct charges of each business segment and indirect charges allocated by business segment pro rata according to direct expenses.

The Life and Accident & Health gross written premiums decreased by 19% in 2003 compared to 2002. This reduction, which impacted the Accident & Heath segment resulted from a significant withdrawal from the French medical welfare business initiated by the Group in the last quarter of 2002.

In 2003, net premiums written decreased by 16% compared to 2002. As a result, the retention level for 2003 decreased to 80% from 86% in 2002. This 6 percentage points decrease in the overall retention level of the Life and Accident & Health segment was principally due to the withdrawal from the French medical welfare business on which we had a strong retention level in 2002. The 4% decrease in net earned premium in 2003 compared to 2002 was less pronounced than the decrease in net written premiums in the same period, due to the writing of a contract in the last quarter of 2002 that generated strong retained earned premiums in 2003.

In the Life and Accident & Health activity, results are more reliable at the operating result level, since the technical performance may vary from one year to another according to the termination or renewal of certain

important contracts under different terms and conditions. This was particularly true for SCOR in 2003, a year where the global Life and Accident & Health activity showed a weaker technical result but a higher investment related income.

Gross premiums written in 2002 were EUR 1,218 million, a 15% increase from 2001. Much of the increase in premiums derived from the new product Long Term Care developed in France and the continuing development of Provident products.

Net premiums written increased by 17% in 2002 from 2001, reflecting the proportionate increase in gross premiums written. The retention rate level in 2002 was 86% compared to 84% in 2001. In 2002, as in 2001, the retention rate level increase was due to the underwriting of new large contracts with a high retention rate.

Net premiums earned increased by 6% in 2002 from 2001. This lower increase registered in net earned premiums compared to net written premiums mainly reflected the development of Long Term Care and Provident products where unearned premium reserves increased significantly between 2001 and 2002.

The net loss ratio in 2002 was 73% compared to 81% in 2001. This decrease was partly due to the cessation in underwriting of U.S. Health business and the significant reduction of Health underwriting outside the United States, and to the exceptional losses in 2001 due to the World Trade Center tragedy.

In 2002, commissions and expenses increased 17% from 2001 in line with the increase in net premiums written.

Alternative Reinsurance

The following table sets forth premium, loss and expense data, and related ratios, for the Group s Alternative Reinsurance segment, conducted through CRP, for the years indicated:

	Year ended December 31,		
	2001	2002	2003
	(EUR, in millions)		
Gross premiums written	712	467	(1)
Net premiums written	710	466	(1)
Net premiums earned	671	524	159
Net loss and LAE	655	714	339
Net commissions and expenses(1)	92	61	(4)
Underwriting profit (loss)	(76)	(251)	(176)
Loss ratio	98%	136%	213%
Expense ratio(1)	14%	12%	(2)%
Combined ratio	111%	148%	211%

(1) Expenses include direct charges of each business segment and indirect charges allocated by business segment pro rata according to direct expenses.

Commercial Risk Partners, the ART Bermuda-based subsidiary of SCOR ceased writing business in January 2003. During the same quarter, SCOR began Commercial Risk Partners sales negotiations and started commutation negotiations with its largest ceding companies. By year-end, the sale of CRP was no longer pursued, but SCOR had succeeded in commuting approximately 60% of its alternative risk transfer portfolio.

Due to the termination of activity, there were no gross premiums written in 2003. Net premiums earned from the run-off operations was EUR 159 million in 2003, compared to EUR 524 million in 2002, reflecting the run-off status of CRP.

Losses and LAE in 2003 was EUR 339 million, which primarily reflected the ongoing deterioration of our worker s compensation contracts underwritten in accident years 1999 and 2000. This incurred loss amount included, as from September 2003, reserves strengthening of EUR 49 million.

Gross premiums written in 2002 decreased by 34% to EUR 467 million compared to EUR 712 million in 2001, reflecting our strategy to stop underwriting of this class of business in January 2003 after reducing it since the first half of 2002.

The loss ratio increased to 136% in 2002 compared to 98% in 2001. In November 2002, we announced an increase in reserves for CRP of EUR 141 million, chiefly in respect of finite prospective worker s compensation business written in 1999 and 2000. An additional allowance of USD 54 million had previously been established at September 30, 2002 for underwriting years prior to 2002.

Net commissions and expenses decreased by 34% to EUR 61 million in 2002 compared to EUR 92 million in 2001 reflecting the decrease in premiums written of 34% and the impact of the reduction in business on the CRP organization which reduced management expenses by 26%.

Credit, Surety & Political Risks

The following table sets forth premium, loss and expense data, and related ratios, for the Group s Credit, Surety & Political Risks segment for the years indicated:

	Year ended December 31,		
	2001	2002	2003
	(EUR, in millions)		
Gross premiums written	175	123	65
Net premiums written	161	108	63
Net premiums earned	163	153	122
Net loss and LAE	115	278	157
Net commissions and expenses[1]	52	39	33
Underwriting profit (loss)	(4)	(164)	(68)
Loss ratio	71%	182%	129%
Expense ratio[1]	32%	25%	27%
Combined ratio	103%	208%	156%

(1) Expenses include direct charges of each business segment and indirect charges allocated by business segment pro rata according to direct expenses.

Our credit and surety business consists primarily of our surety business outside of the United States, which consists of insuring commitments of financial institutions against the risk of default of their borrowers. The Group stopped the underwriting of credit derivatives business in November 2001.

In both 2003 and 2002, the Group significantly reduced its Credit and Surety gross premium income. Gross written premiums were reduced by 47% in 2003 and by 30% in 2002. These reductions mainly reflected share reductions in existing portfolios as well as the continuing impact of the reduction of the Group surety book in the United States.

At the earned premium level, there was a less pronounced decrease of 20% in 2003 compared to 2002 due to the continuing spread out of the credit derivatives premiums.

On December 1, 2003, SCOR removed its credit derivative exposures by entering into an agreement with Goldman Sachs to hedge the Group entirely against all credit events that occur on or subsequent to that date, representing a maximum loss amount of USD 2.5 billion. The overall cost for SCOR, including a related commutation transaction that took place at the beginning of the fourth quarter of 2003, amounted to EUR 45 million.

Credit, surety and political risks written premiums decreased by 30% to EUR 123 million in 2002 compared to EUR 175 million in 2001, as a result of a reduction in our U.S. surety book, the economic slowdown in the United States, and the decision to stop underwriting in credit derivatives in November 2001. Although loss experience was much higher than the earlier years, in the wake of a number of bankruptcies, in particular Swissair and Enron, our credit portfolio suffered relatively little from the business failures recorded, and thus

posted positive results. In November 2002, EUR 30 million was added to the reserves to cover reinsurance for credit derivatives.

B. LIQUIDITY AND CAPITAL RESOURCES
Liquidity and Capital Resources (see also section C. Off Balance-Sheet Transactions)

The following table sets forth the Group s summarized cash flows statements:

	Year ended December 31,		
	2001	2002	2003
	(EUR, in millions)		
Net cash flows provided by (used in) operating activities	9	269	(101)
Net cash flows provided by (used in) investing activities	846	(523)	273
Net cash flows provided by (used in) financing activities	742	307	(38)
Effect of exchange rate changes on cash	(7)	(57)	21
Cash and cash equivalents at beginning of year	247	1,927	1,788
Effect of changes in exchange rates on cash beginning	6	(135)	(195)
Changes in consolidation scope	84		
Cash and cash equivalents at end of year	1,927	1,788	1,824

In the insurance and reinsurance industries, liquidity generally relates to the ability of a company or a group to generate adequate amounts of cash from its normal operations, including from its investment portfolio, in order to meet its financial commitments, which are principally obligations under its insurance or reinsurance contracts. Future catastrophe claims, the timing and amount of which are inherently unpredictable, may create increased liquidity requirements for the Group.

The principal sources of funds for the Group s reinsurance operations are premiums, net investment income and realized capital gains, while the major uses of these funds are to pay claims and related expenses, and other operating costs. The Group generates substantial cash flow from operations as a result of most premiums being received in advance of the time when claim payments are required. These positive operating cash flows, along with that portion of the investment portfolio that is held in cash and highly liquid securities, have historically met the liquidity requirements of the Group s operations.

The Group s liquidity requirements are met on both a short and long-term basis by funds provided by reinsurance premiums collected, investment income and collected retrocessional reinsurance receivable balances, and from the sale and maturity of investments. The Group also has access to the commercial paper, medium-term note and other credit facilities described below as additional sources of liquidity.

The Group s balance of cash and cash equivalents was EUR 1,824 million at December 31,2003 compared to EUR 1,788 million at December 31, 2002 and EUR 1,927 million at December 31, 2001.

Net cash used by operations was EUR 101 million in 2003 compared to a net cash provided of EUR 269 million in 2002, and EUR 9 million in 2001.

In 2003, the non-life technical provisions decrease for claims (EUR (199) million) and unearned premiums (EUR (375) million) was a result of the decrease in our activities in accordance with the Back on Track plan which we started during the fourth quarter of 2002. In 2003, we increased our reserves related to certain reinsurance contracts in the United States prior to 2002 by EUR 272 million and commuted business underwritten by our Bermudan subsidiary CRP. Excluding EUR 799 million of cash used in connection with CRP s activities, primarily commutation transactions, our operating cash flow would have been net cash provided of EUR 698 million, or an increase of EUR 429 million compared to 2002.

In 2002, the technical provisions increase for claims (EUR 467 million) and unearned premiums (EUR 192 million) was a result of developments in our activities. In particular, the higher increase in losses and LAE reserves than in unearned premium reserves was due to the high loss ratios in Alternative Reinsurance and in Credit, Surety and Political Risks. We readjusted our reserves related to certain reinsurance contracts in the United States prior to 2001. Likewise, we readjusted our reserves, due particularly to an increase in claims related to certain credit derivatives reinsurance contracts largely caused by the worsening of the condition of certain debtors, to certain events related to the Program Business of SCOR U.S. and to the high claims rate of certain contracts covering workers compensation in the United States underwritten by our Bermudan subsidiary CRP.

Changes in assets and liabilities created net cash provided of EUR 140 million in 2003 compared to net cash used of EUR 116 million in 2002. This cash provided in 2003 was mainly due to the combined effect of the 30% reduction in premiums and a decrease of the claims payments.

In 2002, changes in assets and liabilities created net cash used of EUR 116 million. This was due to a strong increase (EUR 525 million) in deposits with ceding companies (mainly due to Life deposits and a stronger need of guarantees from the cedent due to the downgrade of our ratings) and in receivable on sundry debtors and creditors, compensated by a decrease in accrued reinsurance balance payable (EUR 409 million) due to a decrease of our estimates taking into consideration the ceding accounts receipt.

In 2001, the components of operating cash-flows reflected the rise in Property-Casualty, Alternative Reinsurance and Large Corporate Accounts premiums offset by the increase in paid claims due to major losses occurred in 2001. The increase in reserves, mainly for the World Trade Center and AZF catastrophes and very high losses on industrial risks and in treaty reserves due to additional reserves made on U.S. business for underwriting years 1998 and prior, reflects an increase in loss and LAE reserves, net, of EUR 772 million. The increase in Property-Casualty and Alternative Reinsurance and Large Corporate Accounts premiums written was reflected through a change in accrued reinsurance balance, gross, of EUR 306 million.

Net cash provided by investing activities was EUR 273 million in 2003 compared to cash used of EUR 523 million in 2002. For 2003, our investing activities consisted of a net sale of fixed maturities for EUR 33 million, short-term investments for EUR 169 million and a sale of real estate for EUR 46 million.

Net cash used by investing activities was EUR 523 million in 2002, compared to cash provided of EUR 846 million in 2001. For 2002, transactions in fixed maturities resulted in a net purchase of EUR 1,227 million while transactions in equity securities resulted in a net sale of EUR 253 million. The sales of our shares of Coface led to an inflow, net of expenses, of EUR 275 million.

In 2001, transactions in fixed maturities resulted in a net sale of EUR 1,261 million. The sales were made to raise liquidity for future payments for the World Trade Center claims. Transactions in equity securities resulted in a net sale of EUR 465 million. Investments in reinsurance companies resulted in a net purchase, representing the purchase of Sorema SA.

Net cash used by the Group s financing activities was EUR 38 million in 2003, compared to net cash provided of EUR 307 million in 2002. This was due primarily to a net proceed of long-term borrowings of EUR 194 million and our acquisition of minority interests in our company IRP for EUR 40 million.

Cash provided by the Group s financing activities was EUR 307 million in 2002, compared to EUR 742 million in 2001. The 2002 cash provided is mainly explained by the issuance of new shares due to the December 2002 company capital increase, which resulted in an increase of our resources of EUR 363 million.

As part of its ongoing short and medium term debt management strategy, SCOR finalized the placement of a 5-year, 5.25% senior notes issue in May 2002. The Group sold EUR 200 million of notes, due on June 21, 2007, at a yield to maturity of 5.395%, i.e. with a spread of 45 basis points over Mid-swap. This offering lengthened the average duration of SCOR s outstanding debt. The issue was used entirely to consolidate part of SCOR s existing commercial paper program and did not alter the Group s overall debt ratio.

In 2001, proceeds from borrowings of EUR 774 millions, net of repayments of EUR 491 million, represented principally the issuance in 2001 of commercial paper for future payments of World Trade Center related claims. Additionally, an amount of EUR 174 million was invested by minority shareholders of IRP.

On April 17, 2002, SCOR issued USD 112 million index-linked securitization of liabilities designed to lower its risk profile in Credit Reinsurance. This securitization is fully backed by Aaa-rated assets. This coverage is linked to Moody s A and Baa ratings indices, which comprise weighted credit risk populations rated between A1 and Baa3. The indices were picked for their match with the credit exposures SCOR is seeking to protect in terms of quality, geographic diversity and range of sectors.

At December 31, 2003, the Group had approximately EUR 50 million available in unused short and long-term credit lines, compared to EUR 100 million for 2002 and EUR 640 million for 2001. For additional information, see below under Off Balance Sheet Transaction . EUR 381 million of this amount consisted of confirmed back-up credit lines related to the commercial paper program provided by several French and German banks at a commitment fee not higher than 1/16th of 1% and a drawing cost not higher than 3/16th of 1% over EURIBOR, subject to certain limited exceptions. At the same dates, EUR 250 million was represented by back-up credit facilities with several banks at commitment fees ranging from 1/10th to 5/32nd of 1% and at drawing costs of 3/16th of 1% over EURIBOR.

Taking into consideration the company s equity and guaranties given to the financial institutions, SCOR believes that its working capital is sufficient for its present requirements.

The extraordinary shareholders meeting held on December 1, 2003 authorized the Board of Directors to increase the share capital. Pursuant to this authorization, 682,724,225 shares were issued at a subscription price of EUR 1.10. Since this operation was completed on January 7, 2004, the 2003 cash flow from financing activities does not reflect this capital increase.

C. OFF-BALANCE SHEET TRANSACTIONS

We enter into off-balance-sheet arrangements in the ordinary course of business both on our own behalf and on behalf of our customers. Off-balance-sheet arrangements we enter into for our own behalf generally consist of OTC and other derivative instruments, and are described in Note 13 to the Consolidated Financial Statements.

Off-balance-sheet arrangements we enter into for our clients consist of letter of credit (LOC) transactions where we provide LOC coverage for all or part of our reinsurance obligations to ceding companies, or where similar coverage is provided to us by our retrocessionaires. These transactions are entered into in the ordinary course to comply with ceding companies credit or regulatory requirements. We also pledge some securities as collateral in order to guarantee the payment of cedents reserves. The following table sets forth our off-balance-sheet engagements at December 31, 2001, 2002 and 2003:

	Year ended December 31,		
	2001	**2002**	**2003**
	(EUR, in millions)		
Commitments received			
Unused credit lines	640	100	50
Endorsements and sureties	2	1	68
Finance leases		59	60
Letters of Credit	78	1,262	1,285
Other commitments		1	
Total	720	1,423	1,463
Commitments given			
Endorsements and sureties	2	1	90
Finance leases	5	120	102
Letters of Credit	1,459	1,085	594
Repos and equivalents			
Collateralized securities	795	2,584	3,226
Other commitments	27	23	139
Total	2,288	3,813	4,151

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We are not aware of factors relating to the foregoing off-balance-sheet arrangements that are reasonably likely to adversely affect liquidity trends or the availability of or requirements for capital resources. As of December 31, 2003, there were no material additional financial commitments required from Group companies in respect of such arrangements.

At the end of December 2003, SCOR Group had access to bank facilities, which included a credit line of EUR 50 million and letters of credit of EUR 1,285 million.

In December 2003, SCOR entered into amended bank facilities as follows:

EUR 50 million short term credit line

On November 5, 2003, the Board of Directors of SCOR authorized the extension and amendment of a contract signed on December 11, 2002 concerning the opening of a EUR 100 million short-term credit line between SCOR and a syndicate of banks. Pursuant to a December 8, 2003 amendment, the global commitment under the short-term credit line was reduced to EUR 50 million and one bank left the syndicate. The credit line was terminated by SCOR on February 24, 2004.

SCOR Credit Line

On November 5, 2003, the Board of Directors of SCOR authorized the signature of an amendment extending and modifying the terms of the credit agreement between SCOR and a banking syndicate entered into on December 26, 2002, relating to the issuance of letters of credit in an aggregate amount of up to USD 900 million. This amendment was signed on November 13, 2003 with the same banking syndicate as in the December 26, 2002 agreement, excluding one bank, for an amended aggregate amount of up to USD 842 million. This maximum amount was subsequently reduced to USD 822 million in December 2003, and was further reduced to USD 582 million in April 2004.

In addition to covenants, events of default, and other provisions, the credit facility is guaranteed by collateral given to the banking syndicate in the form of French Government OAT Bonds for an aggregate amount equal to 105% of the amounts drawn and outstanding.

In addition, SCOR VIE has granted an indemnity bond (*caution personnelle, solidaire et indivisible*) to guarantee all sums due in respect of the letters of credit issued in respect of Life business. This guarantee is entirely released.

SCOR VIE Credit Line

On November 14, 2003, in the context of the contribution of the Life business of SCOR to SCOR VIE, SCOR VIE entered into a EUR 110 million-credit facility agreement with a banking syndicate, utilizable by the issuance of letters of credit.

As in the case of the SCOR credit facility, this credit facility is guaranteed by collateral given to the banking syndicate in the form of French Government OAT Bonds for an aggregate amount equal to 105% of the amounts drawn and outstanding.

In addition, SCOR has granted an indemnity bond (*caution personnelle, solidaire et indivisible*) to guarantee all sums due in respect of the SCOR VIE credit agreement.

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D. CONTRACTUAL OBLIGATIONS

The following table sets forth the schedule of repayments of SCOR s long-term debt as of December 31, 2003:

Year	Payment
	(EUR, in millions)
2004	14
2005	257
2006	
2007	224
2008	
Thereafter	240
Total long-term debt	735(1)

(1) Excluding EUR 150 million related to the sale of the SCOR building.

	Payment due by period				
Contractual obligations	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Long term debt	735	14	257	224	240
Capital lease					
Operating lease					
Purchase					
Other long term liabilities					
Total	735	24	247	224	240

For more information, see Note 6 to the financial statements. See Item 3.D. Key Information Risk Factors SCOR faces a number of significant liquidity requirements in the short to medium-term.

E. RESEARCH AND DEVELOPMENT, PATENTS, LICENSES

See Item 4.B Business overview Information technology.

F. TREND INFORMATION

See Item 4.B Business overview and Item 5.A Operating results.

G. CRITICAL ACCOUNTING POLICIES

SCOR s consolidated financial statements included in this annual report have been prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP). The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions. The following presents those accounting policies that management believes are the most critical to its operations and those policies that require significant judgment on the part of management. These critical accounting policies are those which involve the most complex or subjective decisions or assessments, and relate to the recognition of premium income, the establishment of technical insurance reserves, the recording of deferred acquisition costs, goodwill, deferred taxes and the determination of the fair value of financial assets. In each case, the determination of these items is fundamental to our financial condition and results of operations, and requires management to make complex judgments based on information and financial data that may change in future periods. As a result, determinations regarding these matters necessarily involve the use of assumptions and subjective judgments as to future events and are subject to change, as the use of different assumptions or data could produce materially different results.

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Technical Reserves.

Our insurance provisions, or technical reserves, represent estimates of future payouts that we will make in respect of our Property-Casualty and Life reinsurance claims, including expenses relating to such claims. Such estimates are made on a case-by-case basis, based on the facts known to us at the time provisions are established, and are periodically adjusted to recognize the estimated ultimate cost of a claim. As a reinsurance company, our reserve estimates are largely based on information received from our ceding companies, which are in turn dependent on information received from their underlying insured, with the result that a significant amount of time can lapse between the assumption of risk on our part, and the ultimate payment of a claim on a covered loss event. In addition, we establish IBNR reserves in our Property-Casualty business to recognize the estimated cost of losses that have occurred but about which we do not yet have notice. The establishment of our technical reserves is an inherently uncertain process, involving assumptions as to factors such as court decisions, changes in laws, social, economic and demographic trends, inflation and other factors affecting claim costs. Reserves are calculated on the basis of their ultimate cost undiscounted, except for workmen s compensation which is discounted. In our Life reinsurance business, the technical reserves for life benefits that we establish are based on information received from our ceding companies, together with actuarial estimates concerning mortality and morbidity trends. We have assessed that, as far as the evaluation of our technical reserves was concerned, the World Trade Center tragedy was considered as one event only. See also Item 3.D. Key Information Risk Factors We may be subject to losses due to our exposure to risks related to terrorist acts. , Item 8 Financial Information Legal Proceedings and Note 1.14 to the consolidated financial statements.

Premiums.

Management must make judgments about the ultimate premiums written by the Group. Due to lags in the reporting of premium data by our ceding company clients, our reported premiums written are based on reports received from ceding companies, supplemented by our own estimates of premiums written for which ceding company reports have not been received. Property-Casualty and Life premiums recorded in the year correspond to the estimated premiums anticipated at the time of writing the contract. This is regularly reviewed in the course of the year to adjust for possible modifications in premiums paid under the contract. An unearned premium reserve is calculated, either on a time apportioned contract-by-contract basis, or using a statistical method when this yields as a result close to that obtained via the contract-by-contract method. See also Note 1.7 to the consolidated financial statements.

Amortization of Deferred Policy Acquisition Costs.

We amortize our deferred policy acquisition costs (DAC) for life business based on a percentage of our expected gross profits (EGPs) over the life of the policies. Our estimated EGPs are computed based on assumptions related to the underlying policies written, including the lives of the underlying policies, and, if applicable, growth rate of the assets supporting the liabilities. We amortize deferred policy acquisition costs by estimating the present value of the EGPs over the lives of the insurance policies and then calculate a percentage of the policy acquisition cost deferred as compared to the present value of the EGPs. That percentage is used to amortize the deferred policy acquisition cost such that the amount amortized over the life of the policies results in a constant percentage of amortization when related to the actual and future gross profits.

Because the EGPs are only estimates of the profits we expect to recognize from these policies, the EGPs are adjusted at each balance sheet date to take into consideration the actual gross profits to date and any changes in the remaining expected future gross profits. When EGPs are adjusted, we also adjust the amortization of the DAC amount, if applicable, either to maintain a constant amortization percentage over the entire life of the policies (FAS 97 products), or to take into account the absence of future profits (FAS 60). For 2003, we have not materially changed the weighted average expected life of the policies. The present value of the future profits acquired in the context of the purchase of SCOR Life Re US is determined in a similar manner. See Note 1.8 to the consolidated financial statements.

In our Property-Casualty business, deferred acquisition costs represent the portion of commissions pertaining to contracts in force at year-end over the period for which premiums are not yet earned, and are written down over the residual duration of the contracts in question.

Fair Values.

Fair value determinations for financial assets are based generally on listed market prices or broker or dealer price quotations. If prices are not readily determinable, fair value is based on either internal valuation models or management s estimate of amounts that could be realized under normal market conditions, assuming an orderly liquidation over a reasonable period of time. Certain financial instruments, including OTC derivative instruments, are valued using pricing models that consider, among other factors, contractual and market prices, correlations, time value, credit, yield curve volatility factors and/or prepayment rates of the underlying positions. The use of different pricing models and assumptions could produce materially different estimates of fair value.

Deferred Tax.

The deferred tax assets and liabilities on the consolidated balance sheets reflect timing differences between the carrying amount of assets and liabilities for financial reporting and income tax purposes. See Note 7 (Income Tax) to the consolidated financial statements for significant components of the Group s deferred tax assets and liabilities.

SFAS 109 requires the establishment of a valuation allowance for deferred income tax benefits if, based on the weight of available evidence, it is more likely than not that some portion or all of the deferred tax assets will not be realized. As of December 31, 2003, for the third year, the Group has shown high losses arising mainly from SCOR and SCOR US companies. Therefore, according to SFAS 109, this situation does not allow the Group to maintain the deferred tax benefits (mainly due to deficits carried forward) previously reflected in its balance sheet. Accordingly, on December 31, 2003, the Group had booked an additional impairment on SCOR and SCOR US deferred taxes of EUR 385 million, after an impairment of EUR 138 million in 2002.

Goodwill.

The excess of purchase price over the fair value of the net assets acquired of a company restated to fair value at the date of purchase, is recorded as goodwill. Under FASB 142 (Goodwill and other intangible assets), goodwill is not amortized but is subject to an assessment for impairment on an annual basis, or more frequently if circumstances indicate that a possible impairment has occurred. If the goodwill is higher than its fair value, an impairment is recorded in the statement of income. During 2002, Commercial Risk Partners goodwill, which is included in the Alternative Risk Transfer segment, was determined to be fully impaired.

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Item 6. Directors, Senior Management and Employees

A. DIRECTORS AND SENIOR MANAGEMENT

In accordance with French law governing a *société anonyme*, the principal responsibility of the board of directors is to determine the guiding principles of the company s business plan and strategy and to monitor their application. The Chairman and Chief Executive Officer has full executive authority to manage the affairs of the Company, subject to the prior authorization of the board of directors or of the Company s shareholders for certain decisions as required by law.

Board of Directors

Under French law, the board of directors prepares and presents the year-end accounts of the Company to the shareholders and convenes shareholders meetings. In addition, the board of directors reviews and monitors SCOR s economic, financial and technical strategies. French law provides that the board of directors be composed of no fewer than three and no more than eighteen members. The actual number of directors must be within such limits and may be provided for in the *statuts*, or articles of association, or determined by the shareholders at the annual general meeting of shareholders. The board of directors cannot increase the number of members of the board.

At December 31, 2002, the Company s Board of Directors consisted of fifteen members, including two employee directors. At its meeting on March 31, 2003, SCOR s board of directors decided to submit to the general shareholders meeting proposals regarding changes in the membership of the board, as recommended in January by Allan Chapin, a non-executive director. The Company s shareholders meeting held on May 15, 2003, approved the proposals and adopted resolutions reducing the Company s employee-elected directors from two to one, nominating two non-voting directors, and electing new directors. Under the Company s *statuts,* each director must own at least one share in the Company throughout his entire term of office. Under French law a director, other than an employee director, may be an individual or a corporation, but the Chairman must be an individual. Currently, each of the Company s directors is an individual. The employee director is currently elected for a three-year term by the Company s and its French subsidiaries employees and each voting director is elected for a six-year term. Directors may not hold office after the age of 72 under the Company s *statuts*. A director reaching the age of 72 while in office has to retire at the expiry of the term of office, as determined at the general meeting of shareholders. Non-employee directors are elected by the shareholders and serve until the expiration of their respective term, or until their resignation, death or removal, with or without cause, by the shareholders. Vacancies, which exist in the Board of Directors, may, under certain conditions, be filled by the Board of Directors, pending the next shareholders meeting.

Directors are required to comply with applicable law and SCOR s *statuts*. Under French law, directors are liable for violations of French legal or regulatory requirements applicable to *sociétés anonymes*, violation of the Company s *statuts* or mismanagement. Directors may be held liable for such actions both individually and jointly with the other directors.

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The following table sets forth the Directors of the Company, currently and as at December 31, 2003 (unless otherwise indicated) as appointed by the combined Shareholders meeting of May 15, 2003, their positions with SCOR and their principal business activities performed outside SCOR, the dates of their initial appointment as directors and the original expiration dates of their term in office.

Name	Age	Current position at SCOR and business activities outside SCOR	Initially appointed	Proposed term to expire
Denis Kessler(1)	51	Chairman and Chief Executive Officer; Director of BNP Paribas S.A. (France)	11/4/02	2007
Carlo Acutis(5)	64	Director; Vice-Chairman, La Vittoria Assicurazioni (Italy)	5/15/03	2009
Michèle Aronvald	44	Employee elected Director	8/30/01	2006
Jean Baligand(2)	54	Chairman of the board of Caisse Centrale des Assurances Mutuelles Agricoles (CCAMA) (France)	9/4/01	2009
Antonio Borges(3)(5)	54	Director; Vice-Chairman, Goldman Sachs International, Investment Banker Dean of INSEAD	5/15/03	2007
Allan Chapin, Esq. (2)(4)	62	Director; Partner, Compass Advisers LLP (New York, U.S.A.)	5/12/97	2005
Daniel Havis(5)	48	Director; Chairman and Chief Executive Officer, MATMUT (Mutuelle Assurance de Travailleurs Mutualistes) (France)	11/18/96	