The French reinsurance market in 2006

Press conference, Monte-Carlo - Sept 10, 2007

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Summary

- The French outwards reinsurance market in 2006 (page 3)
- The French inwards reinsurance market in 2006 (page 16)
- APREF summary (page 34)

The French outwards reinsurance market in 2006

Non-Life and Life overview

French insurers
Non Life cessions 2005

- **Data from ACAM (C1), all business**
- **Total written premiums**
- **Total cessions (including internal)**

millions €	French business	LPS	Acceptances	Branches		Total
				EU	Ex EU	
Total earned premiums	**49 030**	**270**	**6 771**	**2 325**	**267**	**58 663**
Premium ceded to reinsurers	**8 906**	**51**	**923**	**1 325**	**129**	**11 335**

French insurers
Non Life total cessions 2005

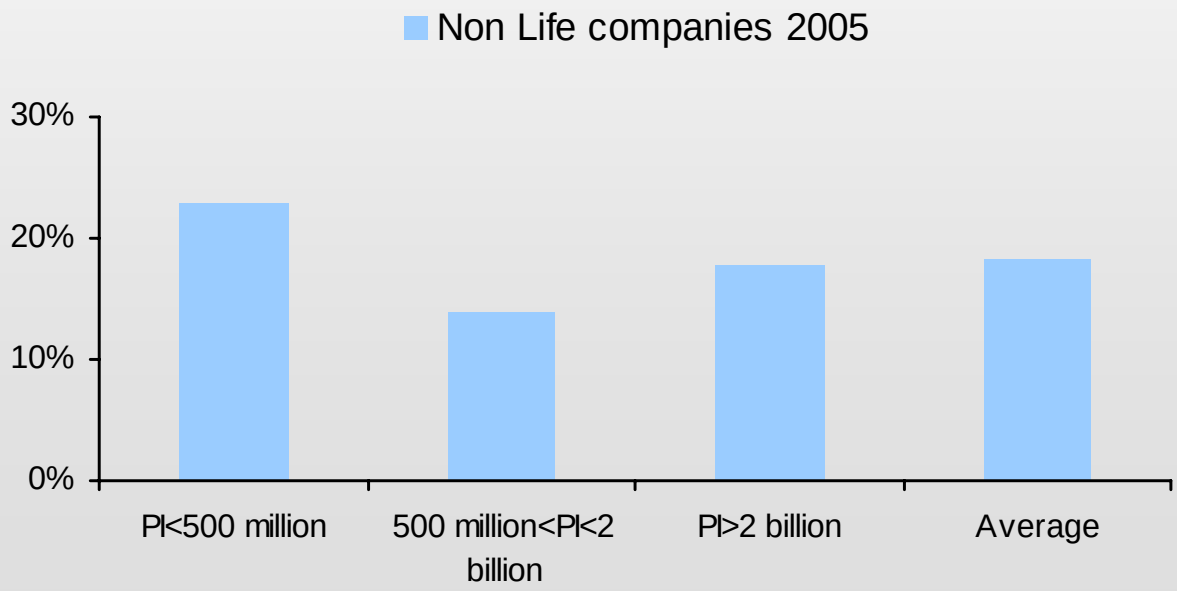
- **Data from ACAM (C3), all business written: 58 663 M€**
- **Cessions (rate 19.3%), all business: 11 335 M€**
  - **5 928 M€, external cession rate 10.1%**
  - **5 407 M€, internal cession rate 9.2%**

millions €	Total Non Life CESSIONS				
CESSIONS by insurers	French companies (incl. LPS & Acceptances)		Other companies (branches)		
	Internal	External	Internal	External	TOTAL
Earned premiums	4 325	5 556	1 082	372	11 335

French business cession Rate 2005 (incl. internal cessions)

Cession Rate	Non Life Companies 2005
PI< 500 Millions	23,0%
500 Millions< PI < 2 Milliards	13,9%
PI> 2 Milliards	17,8%
Average	18,2%

Excluding one company with a high cession rate



French business cession rate by line 2005 (incl. internal cessions)

Non-life classes	Written premiums	Ceded premiums	Written premiums	Ceded premiums	Cession rate
Fire	12 315	2 623	25%	29%	21,30%
Natural Catastrophes	1 244	722	3%	8%	58,04%
Motor	17 842	2 234	36%	25%	12,52%
Accident	8 316	1 194	17%	13%	14,36%
General Liability	2 781	767	6%	9%	27,58%
Miscellaneous	3 444	587	7%	7%	17,04%
Transport	1 104	421	2%	5%	38,13%
Construction	1 988	359	4%	4%	18,06%
Total	***49 034***	***8 907***	***100%***	***100%***	***18,16%***

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APREF acceptances (incl. CCR- state business) Non Life 2006

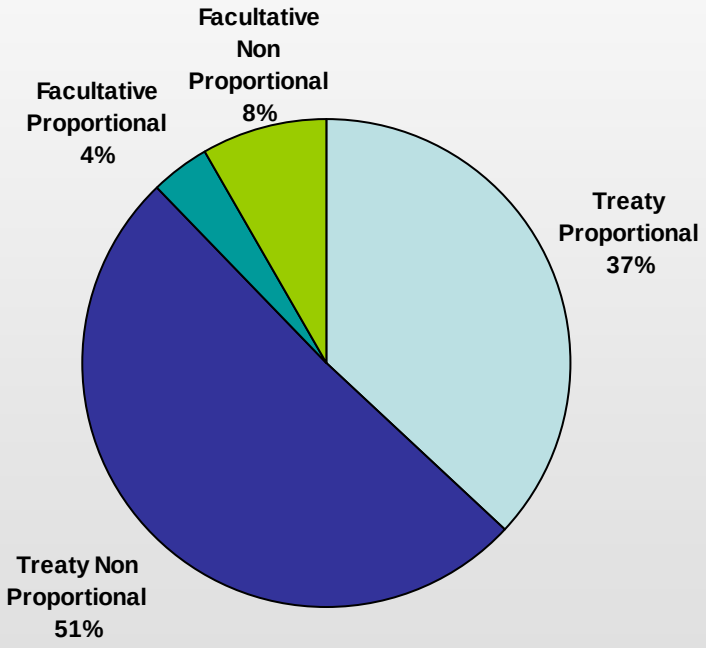
2006 gross written premiums in € x 1 000 000 including CCR State Guarantee										
APREF members data	Treaty				Facultative				Total	
	Proportional	%	Non-Proportional	%	Proportional	%	Non-Proportional	%		%
Non-life classes of business* **Reinsurance classes**										
Property Damage (not split)	43	1,2%	194	5,4%	25	0,7%	38	1,0%	300	8,3%
Fire	54	1,5%	182	5,0%	53	1,5%	39	1,1%	328	9,1%
Storm (including Nat Cat if combined)	20	0,6%	449	12,4%	-	-			469	13%
Hail-Crops	7	0,2%	7	0,2%	1		1		16	0,4%
Natural Catastrophes	620	17,1%	144	4,0%	-		-		764	21,1%
Terrorism	1		136	3,8%					137	3,8%
Sub-total Property Damage	745	***20,6%***	1 112	***30,7%***	79	***2,2%***	78	***2,2%***	2 015	***55,7%***
	-		-		-		-		-	
Motor (Damage & Liability)	91	***2,5%***	294	***8,1%***	-		1		386	***10,7%***
	-		-		-		-		-	
Accident (Individual & Groups)	11	***0,3%***	39	***1,1%***	2		12	***0,3%***	64	***1,8%***
	-		-		-		-		-	
Credit and Surety	199	***5,5%***	36	***1%***	1		1		237	***6,5%***
	-		-		-		-		-	
General Liability	52	***1,4%***	175	***4,8%***	17	***0,5%***	101	***2,8%***	345	***9,5%***
	-		-		-		-		-	
Miscellaneous (Legal insurance, Assistance, …)	8	0,2%	4	0,1%	-		1		13	0,4%
Miscellaneous (Specialty risks)	35	1,0%	12	0,3%	2		30	0,8%	79	2,2%
Sub-total Miscellaneous Risks	43	***1,2%***	16	***0,4%***	2	***0,1%***	31	***0,9%***	92	***2,5%***
	-		-		-		-		-	
Marine	46	1,3%	26	0,7%	1		16	0,4%	89	2,5%
Aviation	52	1,4%	17	0,5%	31	0,9%	35	1,0%	135	3,7%
Space	16	0,4%	27	0,7%	2		-		45	1,2%
Sub-total MAT	114	***3,1%***	70	***1,9%***	34	***0,9%***	51	***1,4%***	269	***7,4%***
	-		-		-		-		-	
Engineering (CAR, EAR…)	18	0,5%	8	0,2%	13	0,4%	12	0,3%	51	1,4%
Decennial Liability	61	1,7%	90	2,5%	-		11	0,3%	162	4,5%
Sub-total Technical Risks	79	***2,2%***	98	***2,7%***	13	***0,4%***	23	***0,6%***	213	***5,9%***
	-		-		-		-		-	
Sub totals	1 334	***36,9%***	1 840	***50,8%***	148	***4,1%***	298	***8,2%***	3 620	100%
TOTAL			3 174	**87,7%**			446	**12,3%**	3 620	**100%**
GRAND TOTAL							***3 620***		***3 620***	

APREF acceptances (excl. CCR)
Non Life 2006

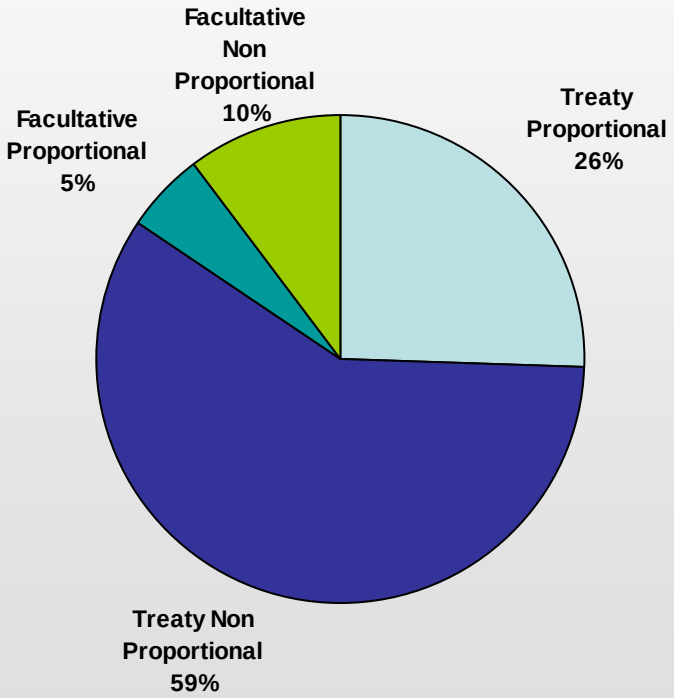
2006 gross written premiums in € x 1 000 000 excluding CCR State Guarantee										
APREF members data	Treaty				Facultative				Total	
	Proportional	%	Non-Proportional	%	Proportional	%	Non-Proportional	%		%
Non-life classes of business*										
Reinsurance classes										
Property Damage (not split)	43	1,5%	194	6,8%	25	0,9%	38	1,3%	300	10,5%
Fire	55	1,9%	182	6,4%	53	1,8%	39	1,4%	329	11,5%
Storm (including Nat Cat if combined)	20	0,7%	449	15,7%	-		-		469	16,4%
Hail-Crops	7	0,2%	7	0,2%	1		1		16	0,6%
Natural Catastrophes	19	0,7%	75	2,6%	-		-		94	3,3%
Terrorism	2	0,1%	82	2,9%	-		-		84	2,9%
Sub-total Property Damage*	146	***5,1%***	989	***34,5%***	79	***2,8%***	78	***2,7%***	1 292	***45,1%***
	-		-		-		-		-	
Motor (Damage & Liability)	91	***3,2%***	294	***10,3%***	-		1		386	***13,5%***
	-		-		-		-		-	
Accident (Individual & Groups)	11	***0,4%***	39	***1,4%***	2	***0,1%***	12	***0,4%***	64	***2,2%***
	-		-		-		-		-	
Credit and Surety	199	***6,9%***	36	***1,3%***	1		1		237	***8,3%***
	-		-		-		-		-	
General Liability	52	***1,8%***	175	***6,1%***	17	***0,6%***	101	***3,5%***	345	***12%***
	-		-		-		-		-	
Miscellaneous (Legal insurance, Assistance…)	8	0,3%	4	0,1%	-		1		13	0,5%
Miscellaneous (Specialty risks)	35	1,2%	12	0,4%	2	0,1%	29	1%	78	2,7%
Sub-total Miscellaneous Risks	43	***1,5%***	16	***0,6%***	2	***0,1%***	30	***1%***	91	***3,2%***
	-		-		-		-		-	
Marine	44	1,5%	25	0,9%	1		16	0,6%	86	3%
Aviation	51	1,8%	17	0,6%	31	1,1%	35	1,2%	134	4,7%
Space	16	0,6%	-		2	0,1%	-		18	0,6%
Sub-total MAT	111	***3,9%***	42	***1,5%***	34	***1,2%***	51	***1,8%***	238	***8,3%***
	-		-		-		-		-	
Engineering (CAR/EAR…)	18	0,6%	8	0,3%	13	0,5%	12	0,4%	51	1,8%
Decennial Liability	61	2,1%	90	3,1%	-		11	0,4%	162	5,7%
Sub-total Technical Risks	79	***2,8%***	98	***3,4%***	13	***0,5%***	23	***0,8%***	213	***7,4%***
	-		-		-		-		-	
Sub totals	732	***25,5%***	1 689	***59%***	148	***5,2%***	297	***10,3%***	2 866	100%
TOTAL			2 421	**84,5%**			445	**15,5%**	2 866	**100%**
GRAND TOTAL							***2 866***		***2 866***	

APREF Acceptances
Non Life 2006 by type

By type of Business incl. CCR state



By type of Business excl. CCR state



French insurers
Life cessions 2005

- **Data from ACAM (C1)**
- **Total written premiums**
- **Cessions (rate 7.7%):**
  - **2 145 M€, external cession rate 1.7%**
  - **8 069 M€, internal cession rate 6.0 %**

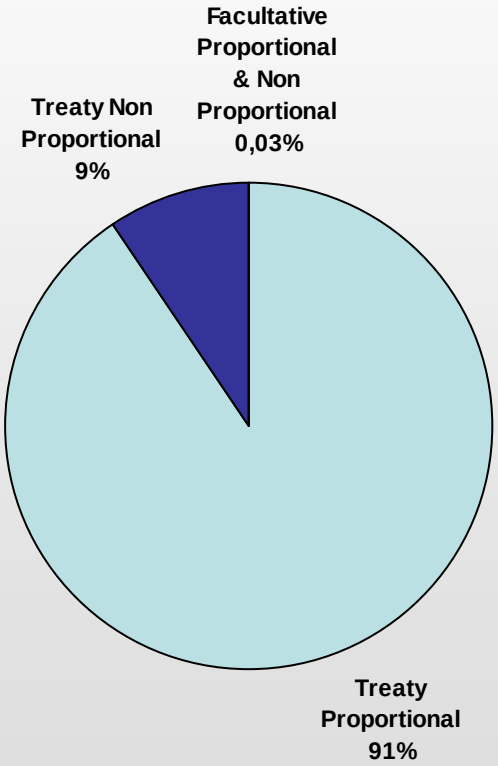
Life ceded premiums declared by French ceding companies				in €M	
Life	Written premium	Ceded premium	Cession rate	Internal cessions	External cessions
TOTAL	133 151	10 214	7,7%	8 069	2 145

APREF acceptances
Life 2006

2006 APREF LIFE ACCEPTANCES BY TYPE AND CLASS OF BUSINESS

2006 Gross written premium in €million	Treaty				Facultative			
APREF members data							**TOTAL**	
	Proportional		*Non-Proportional*		*PP & NP*			
Life reinsurance		%		%		%		%
Line of Business								
Life insurance (individual and collective)	388	***34,3%***	73	***6,4%***	0,1		461	***40,8%***
Life annuity, Longevity risk	1	***0,1%***	1	***0,1%***			1	***0,1%***
Disability (individual & collective)	185	16,4%	22	2%			208	*18,4%*
Long term care	164	14,5%					164	*14,5%*
Sub total LTC	349	***30,9%***	23	***2%***			372	***32,9%***
Health	200	***17,7%***	1	***0,1%***			201	***17,8%***
Others								
Unemployment, financial losses	57	5,1%					57	5,0%
Dread disease	4	0,3%					4	0,3%
Accident (Individual, collective & GAV)	26	2,3%	8	0,7%	0,2		34	3%
Sub total others	87	***7,7%***	8	***0,7%***	0,2		95	***8,4%***
Sub Total	1 025	**90,7%**	105	**9,3%**	0,3		1 130	**100%**
TOTAL			1 130		0,3		1 130	
GRAND TOTAL					***1 130***		***1 130***	**100%**

APREF Acceptances
Life 2006 by type of business



French reinsurance market in 2006
APREF estimates

- **APREF total figures:**
  - **Non Life: 3.62 billion euros (incl. CCR state business)**
    2.87 billion euros (excl. CCR state business)
  - **Life: 1.13 billion euros**
  - **Total: 4.75 billion euros**

- **APREF market shares (estimate, ex CCR state business)**

	Non Life	Life
External cessions	50%	53%
Professional reinsurers	85%	80%

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French reinsurance market in 2006
Market estimates

- **Outwards reinsurance to professional reinsurers**
  - Non Life: 3.38 billion euro, cession rate 6.9%
  - Life :1.4 billion euro, cession rate 1%
  - Total cessions (ex group reinsurance): 4.78 billion euro

- **Size of French market**
  - Around 4% of ww cessions (ex retrocessions)

- **Cessions ranking estimate by market**

Ranking	Non Life	Life
1	US	US
2	Germany	UK
3	UK	Canada
4	Japan	France
5	France	Germany

The French inwards reinsurance market in 2006

Overview of reinsurers established in France

Data

- Reinsurers with French legal base: consolidated accounts.
- Reinsurers with foreign legal base: local accounts.
- Axa Re, Paris Re et SCOR : **IFRS accounts for 2004, 2005 et 2006.**

French reinsurers 1990-2007
Evolution of shareholdings

- Most French insurers have exited reinsurance

Main Shareholder	Subsidiary	Mergers/Acquisitions/Transfers	Years
UAP	UAP Re	SCOR	1990
AGF	AGF Re	SAFR	1991
Victoire	Abeille Re	Axa Re	1996
GAN	CTR	Fairfax/ Odyssey Re	1997
AGF	SAFR	PartnerRe	1997
Groupama	Sorema	SCOR	2001
MMA	Le Mans Re	XLRe	2002
Axa	Axa Re	Paris Re	2006
MCR	*Portfolio Transfer*	Partner Re	2007

French reinsurers in 2006
Status, Shareholders, Premiums, Equity

	Status in France	Shareholders	Gross premiums (M EUR)	Shareholders equity (M EUR)
AXA RE	Limited company	Axa	1217	1.177
AZUR – AMF	Mutual	Azur – GMF	110	-
CCR	Limited company	State	1189	1.175
GEN Re	Branch	Berkshire Hathaway	-	-
MCR	Mutual	Monceau	231	245
MUNICH RE	Branch	Diversified	-	-
PARIS RE	Limited company	Diversified	566	1.664
PARTNERRE SA	Limited company	PartnerRe	624	522
PREVOYANCE RE	Limited company	Health Institutions	103	23
SCOR	Limited company	Diversified	2935	2.253
SWISS RE	Branch	Diversified	523	-
XL RE EUROPE	Limited company	XL Group	408	-

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French reinsurers in 2006/7
Ratings

	AM Best	*Fitch*	*Moody's*	*S& P*
AXA RE	**A-**			**AA**
AZUR – AMF				
CCR	**A+**			**AAA**
GEN Re	**A++**			**AAA**
MCR	**A-**			
MUNICH RE	**A**	**AA-**	**Aa3**	**AA-**
PARIS RE	**A-**			**A-**
PARTNERRE	**A+**		**Aa3**	**AA-**
PREVOYANCE RE				
SCOR	**A-**	**A-**	**A3**	**A-**
SWISS RE	**A+**		**Aa2**	**AA-**
XL RE EUROPE	**A+**			**A+**

French reinsurers in 2006
Gross written premiums (million €)

	2002	2003	2004	2005	2006
AXA Re *	3.484	1.903	1.054	1.464	1.217
AZUR AMF		109	96	98	110
CCR	1.016	1.162	1.308	1.298	1.189
CORIFRANCE (run-off)	30	30	32	-	-
GEN RE (France) **				n.a.	n.a.
MCR	206	229	233	231	231
MUNICH RE (France) **			351	n.a.	n.a.
PARIS Re					566
PARTNERRe	654	720	797	678	624
PREVOYANCE Re	62	80	96	104	103
SCOR *	5.016	3.691	2.561	2.407	2.935
SWISS RE (France)	371	444	548	492	523
XL Re Europe Ltd	406	355	314	396	408
TOTAL	11.245	8.723	7.034	7.619	7.906*** *

*base IFRS in 2004 - 2006 ** 2004 *** Ex Gen Re and Munich Re

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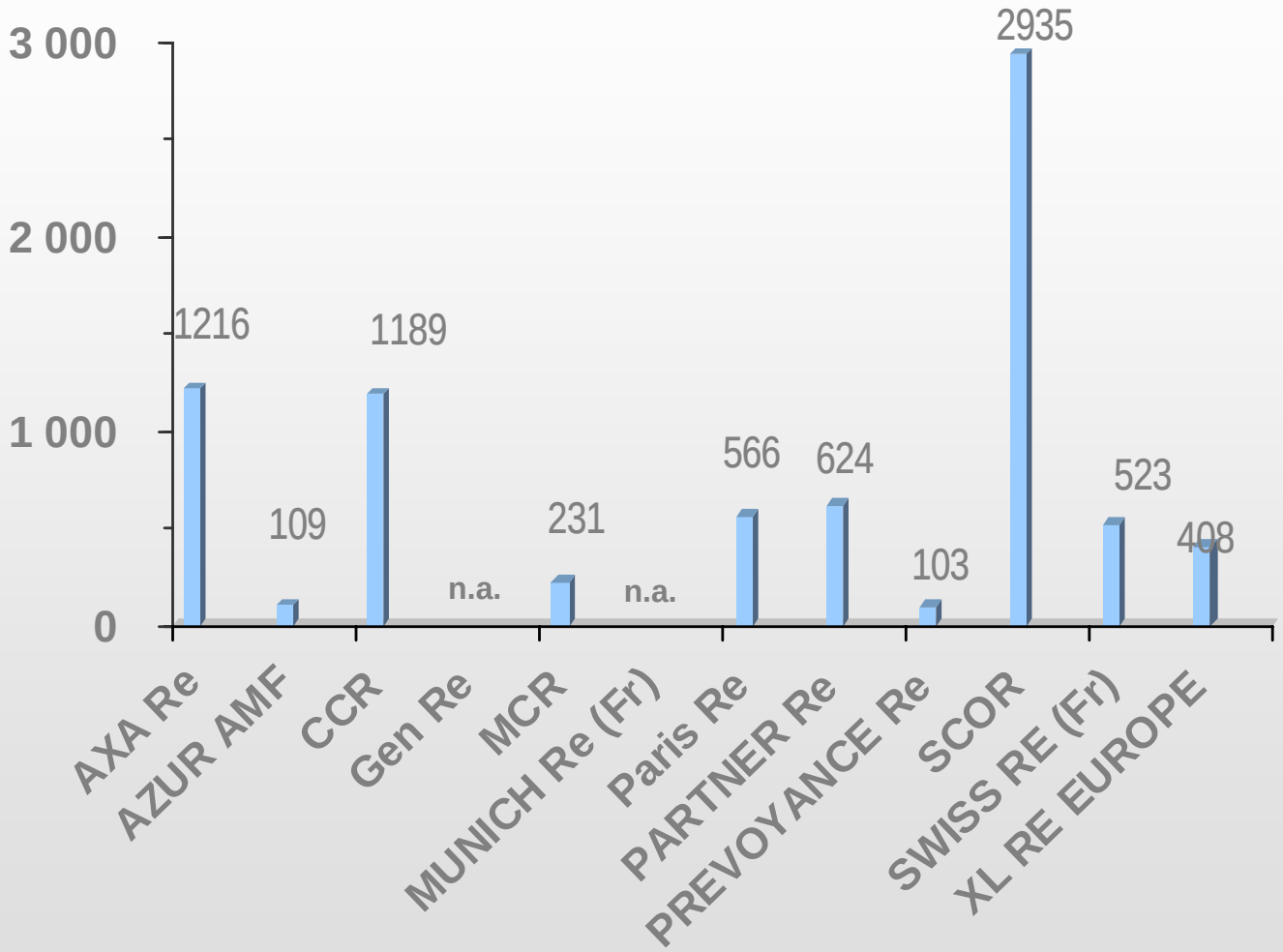
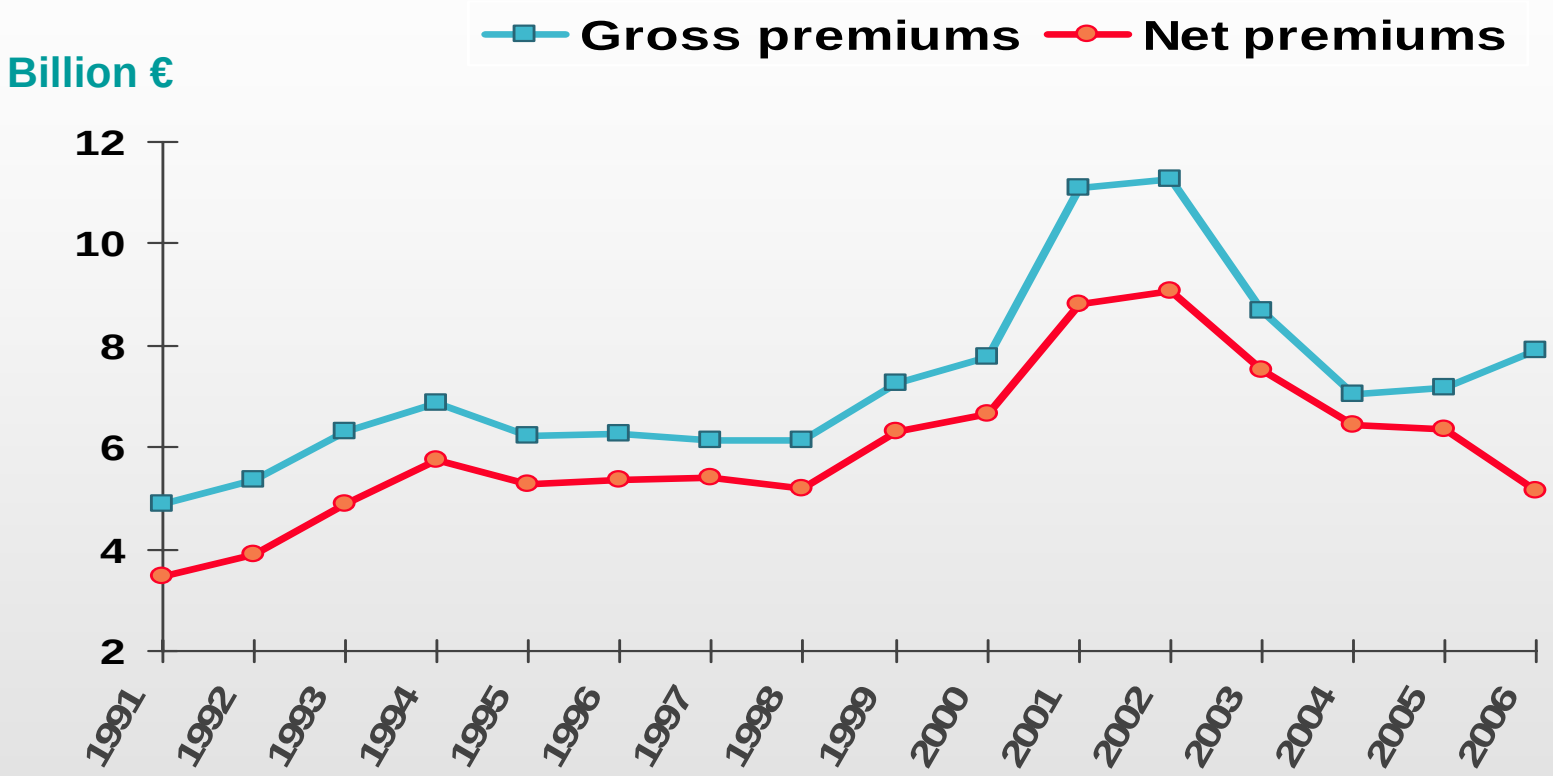
French reinsurers in 2006
Gross written premiums (million €)

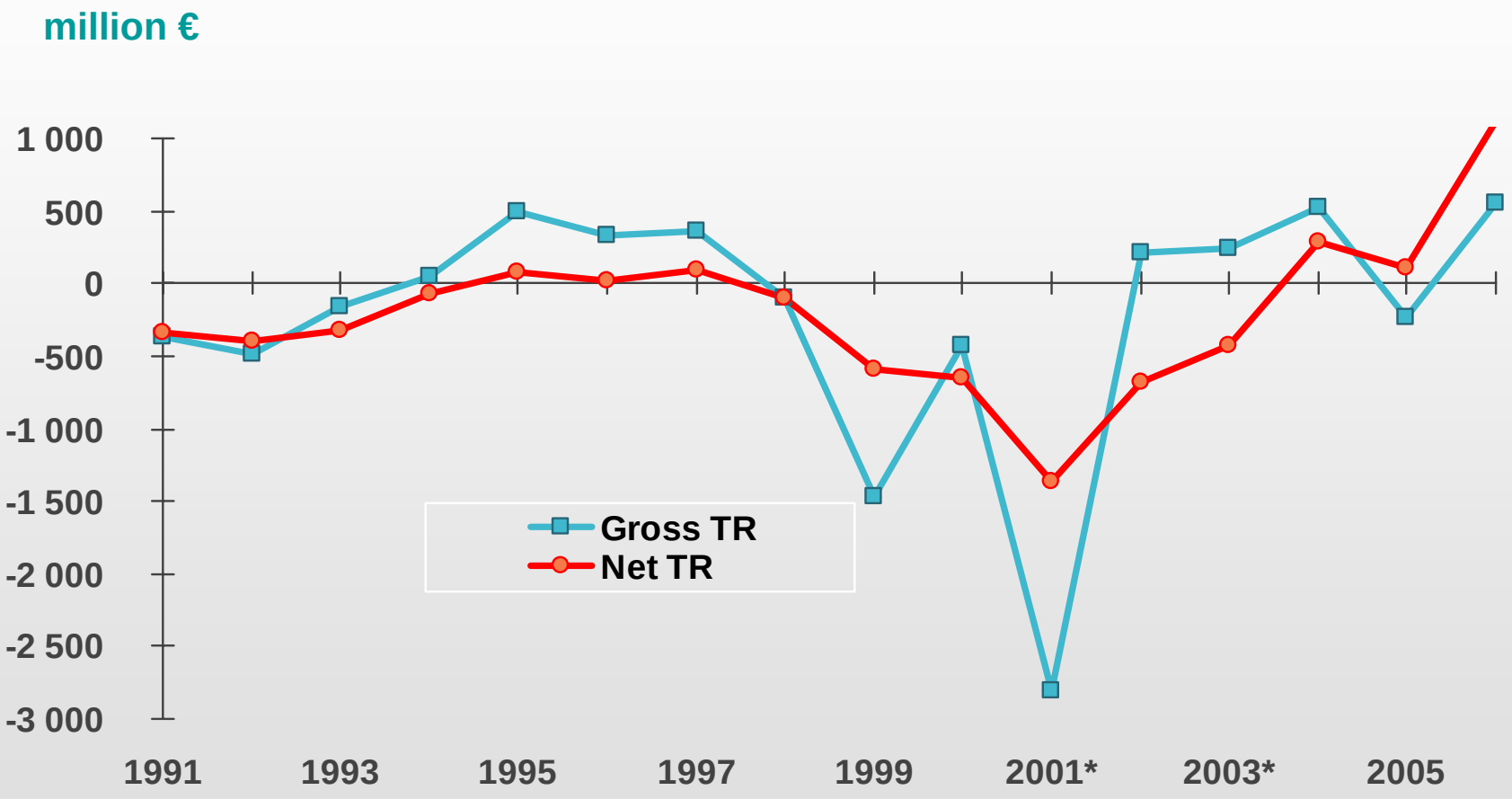


French reinsurers in 2006
Gross written premiums (billion €)



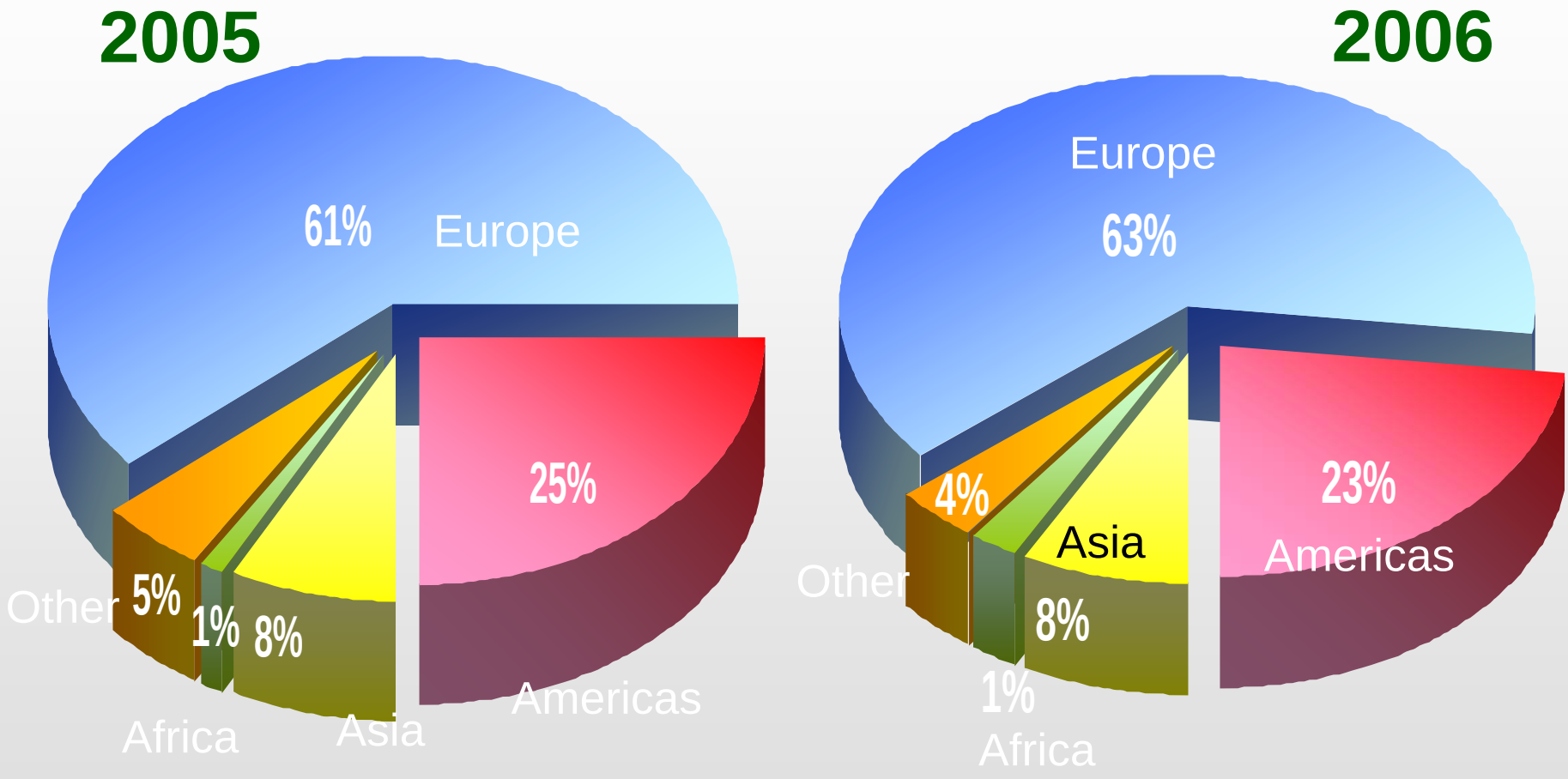
Ex Gen Re, Munich Re, SWISS RE – Ex XL Re for net premiums

French reinsurers in 2006
Evolution of technical results * 1991-2006



Ex GEN RE, MUNICH RE & SWISS RE

French reinsurers in 2006
Geographical spread



Ex SWISS RE, GEN RE, MUNICH RE

French reinsurers in 2006
Annual results 1996-2006

millions

	Net technical result	Overheads	Divers	Financial income	Net result after tax	%Net result /net premiums
1996	18	-334,0	-207,6	870,8	344,4	6,41%
1997	93,5	-383,6	-356,2	1 145,1	498,8	9,23%
1998	-106	-400,5	-171,6	1 140,1	431,8	8,34%
1999	-585	-448,3	-74,1	1 253,6	146,8	2,32%
2000*	-652,5	-490,4	-56,2	1 447,5	249,2	3,75%
2001*	-1 367,5	-492	255,3	1 025,8	-575,9	-6,56%
2002*	-682	-534.8	2,5	846,0	-368,6	-4,07%
2003*	-421.5	-499.6	-219,9	1 113.8	-27,2	-0,36%
2004*	280	-465,2	-157,5	717,0	374,5	6,34%
2005*	108,5	-448.5	-187,1	964,4	437,2	7,44%
2006*	548	-433,5	-131	1 026	1 010	19,60%

* Ex GEN RE, MUNICH RE & SWISS RE

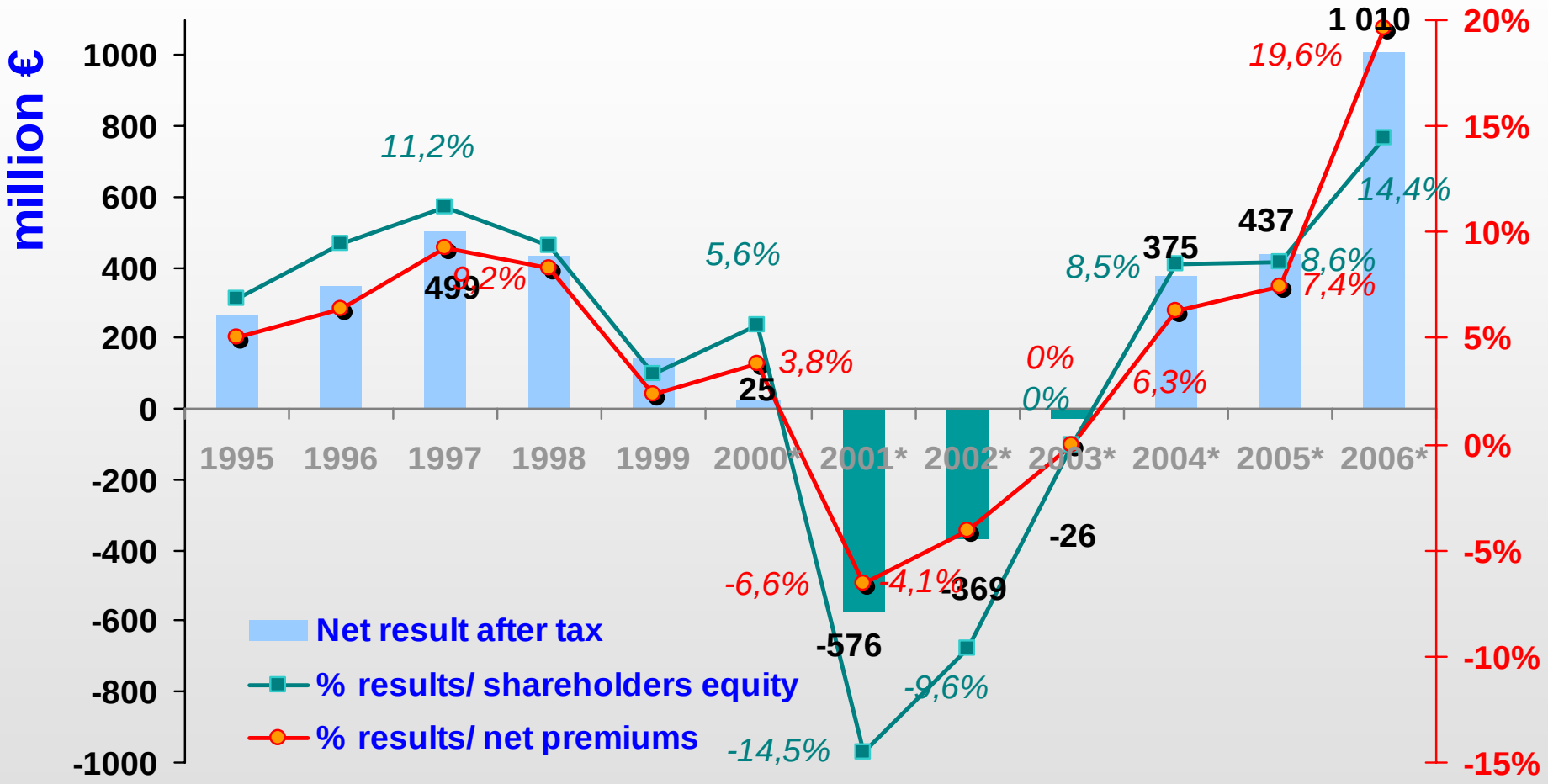
French reinsurers in 2006
Results and ROE 1996-2006

millions €

	Shareholders funds	Net result after tax	ROE
1996	3.595	344,4	9,5%
1997	4.302	498,8	11,2%
1998	4.296,5	431,8	9,4%
1999	4.390	146,8	3,3%
2000*	4.460,5	249,3	5,6%
2001*	3.985,5	-575,9	- 14,4%
2002*	3.836	-368,6	- 9,6%
2003*	4.201 (**)	-26.3	- 0,6%
2004*	4.386	374.5	8,5%
2005*	5.067,5	437,2	8,6%
2006*	7.007,2	1.009,8	14,4%

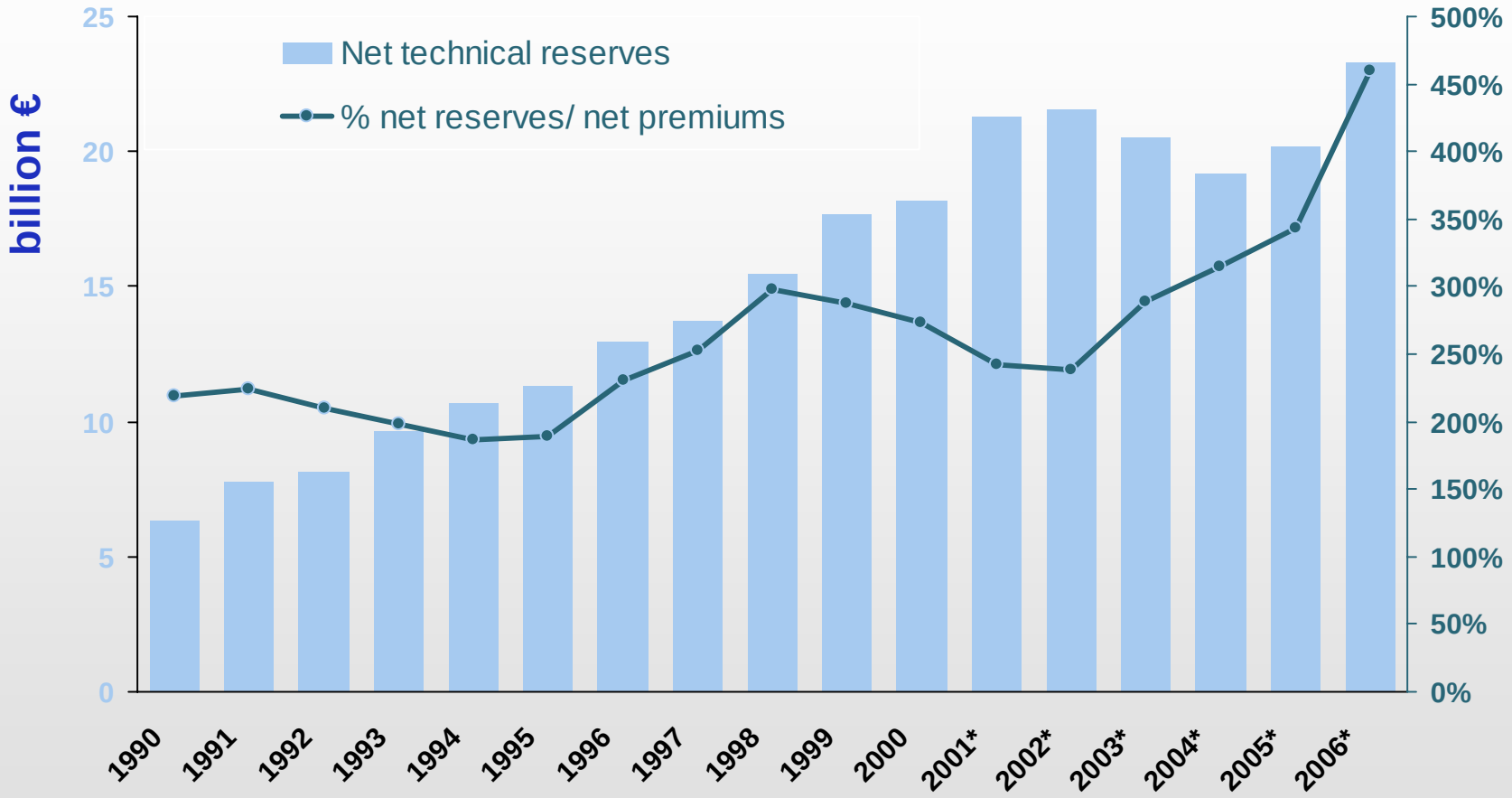
* Ex GEN RE , MUNICH RE , SWISS RE ,AMF
** As at 2004

French reinsurers in 2006
Results 1996-2006



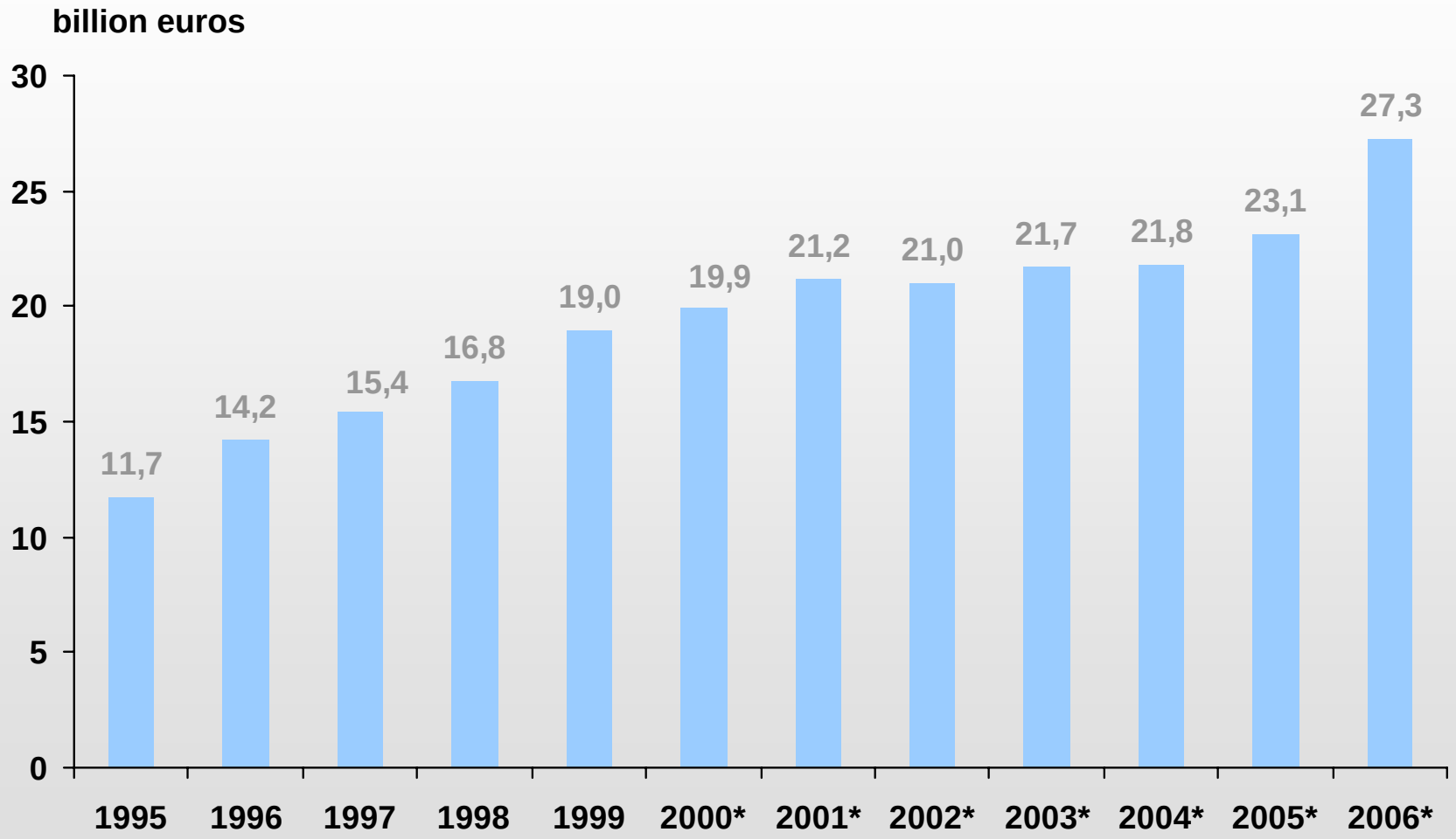
* Ex GEN RE, MUNICH RE & SWISS RE

French reinsurers in 2006
Technical reserves 1996-2006



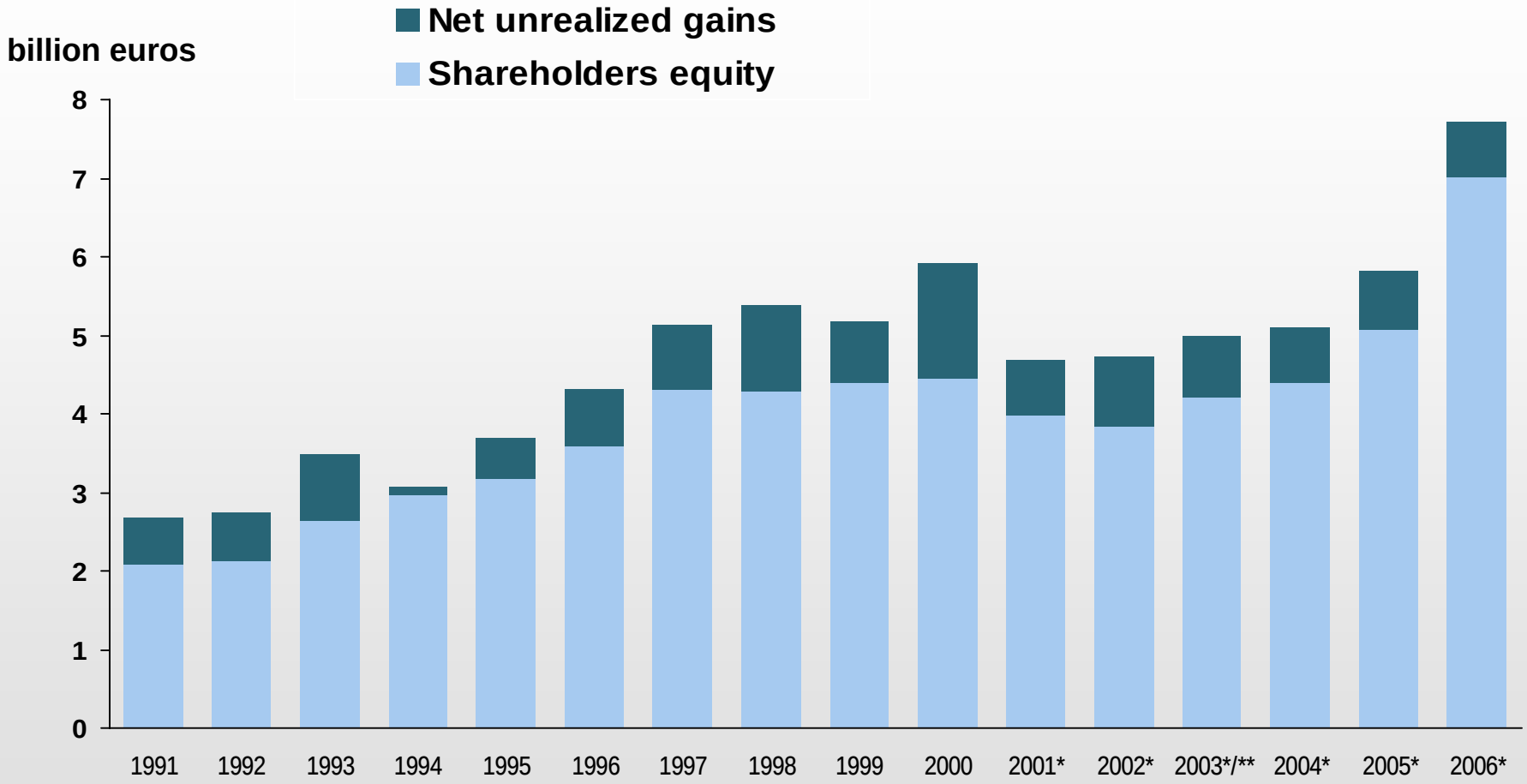
* Ex GEN RE, MUNICH RE & SWISS RE

French reinsurers in 2006
Invested assets 1995-2006



* Ex GEN RE, MUNICH RE & SWISS RE

French reinsurers in 2006
Solvency 1996-2006



* Ex GEN RE, MUNICH RE, SWISS RE
AMF & XL Re: 2006 only

French reinsurers in 2006/7
New dynamics

- **French reinsurers accounts in 2006:**
  - Increase of gross premiums at around 8.5 billion euros (+5%)
  - Record year in terms of profits (1 billion euros)
  - Strong improvement of ROE
  - Significant increase of equity, solvency and assets

- **A new dynamics:**
  - Development of premiums and foreign offices
  - A recovery market with good results and financial income giving more flexibility
  - Mergers and acquisitions:
    - SCOR: Revios (2006), Converium (2007)
    - PartnerRe : MCR (rights on foreign portfolio- 2007)
  - Markets: IPO of ParisRe and introduction on Paris stock exchange

French reinsurers in 2006
Comparison of market-places

Main ww market places* (2005) - billion US

- The first 7 markets represent around 80% of ww professional reinsurers
- France is around 4% of whole **- 5%** when including branches

Ranking	Markets	Equity	Net Premiums	Comb. Ratio %
1	US	60	36.5	128.3
2	Germany	52.6	34.6	108.7
3	Bermuda	31	16.2	137.6
4	Switzerland	13.8	15.6	113
5	UK	25.8	10.6	129.3
6	France	4.9	5.7	100.3
7	Ireland	3.1	3.6	104.7
	Total	191.2	122.8	120.1

**Professional reinsurers only / Equity retreated less float*
Source: S&P Global Reinsurance Highlights

apref

Fédération Française des Sociétés d'Assurances

APREF summary

Creation

- **APREF was created in June 2005 by merging three representative organisations of reinsurers in France:**
  - APREMAF (Association professionnelle des réassureurs du marché français),
  - ARF (Association des Réassureurs Français),
  - UREF (Union des Réassureurs Etrangers en France).

Objectives

- **APREF main objectives:**
  - Gather players of the French reinsurance market to analyse the legal, financial and technical changes concerning reinsurance,
  - Contribute alongside insureds, insurers and associations to discussions on reinsurance issues,
  - Work towards improving the knowledge on risks and modellling to develop major risks insurability,
  - Act to improve transparency, efficiency, security, competition and to develop the French reinsurance market (in & outwards),
  - Communicate on the reinsurance knowledge, risks and professionals of France,
  - Establish exchanges on common topics and best practices with other reinsurance markets or foreign associations.

Mission

- **APREF main tasks:**
  - Study any issue on the French market reinsurance business,
  - Be a discussion forum on activities and topics of the reinsurance market and debate with all the contributing players,
  - Ensure contacts and follow up with the authorities, the professional associations or any other organisation related to reinsurance issues,
  - Establish and maintain any useful relationship with similar foreign organisations and international contacts.

Structure

- **APREF is composed of different types of members:**
  - Reinsurers active in the Paris market place, whose specialists work in different committees, commissions and think-tanks,
  - Reinsurers operating from abroad, who are kept informed and can be involved in the activities,
  - Brokers, consultants and other firms associated, which will be consulted on reinsurance subjects .

- **APREF reinsurers form also two groups, which deal with their specific subjects:**
  - French Law based reinsurers: ARF Committee,
  - Foreign Law based reinsurers: UREF Committee.

Operation

- **APREF actions:**
  - Analyses the markets topics according to a theme distribution in committees, commissions and working groups,
  - Consults the associated members in meetings of exchanges between commissions and working groups,
  - Talks to the professional organisations and the authorities on current events concerning reinsurance,
  - Exchanges of view with foreign associations on subjects of common interests.

These activities are lead in compliance with the law on fair trading principles and regulations

Set up

- **APREF composition:**
  - Members:
    - **Present in all activities**
    - **35 (incl. the main reinsurers operating in the French market)**
  - Associated members:
    - **Consulted on the different reinsurance subjects,**
    - **Around 15 (brokers, consultants, run off operations…)**
  - Estimated market share: APREF accounts for around 85% of the premiums ceded by the French market (to professional reinsurers).

Members

ALLIANZ AG
AMF
ARCH RE
AXIS RE
BERKSHIRE HATHAWAY
CCR
CONVERIUM
EVEREST RE
HANNOVER RE
LIBERTY SYNDICATES
LLOYD'S
MAPFRE RE
MILLI RE
MUNICH RE
MUTRE SA
MCR
NEW RE
ODYSSEY RE
PARIS RE
PARTNERRE
PREVOYANCE RE
PXRE
QBE France
R+V VERSICHERUNG
SCOR GLOBAL LIFE
SCOR
SECURA
SI RE
SIRIUS
SWISS RE
SWISS RE FRANKONA RUCK
TOKIO MILLENIUM
TRANSAMERICA RE
TRANSATLANTIC RE
XL RE EUROPE

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Associated Members

ALD RE
ALEA EUROPE
AON RE
BENFIELD
CATALYST
CEFAREA
DES COURTIS
GLOBALE RÜCK
GUY CARPENTER
LA REASSURANCE INTERCONTINENTALE
MDB
NASCO KARAOGLAN FRANCE
RIVERSTONE
WILLIS GRAS SAVOYE RE

Organization

Executive Committee
Président: F. Vilnet, *PartnerRe*
Vice –Président: S. Ruoff, *Munich Re*
Committees Presidents and Treasurer: B. Lévy, *Transatlantic Re*

Secretary-general, *Scor*
J.M. Szmaragd
C. Vassal

Operational committees

UREF Committee
President: L. Pietropoli, *Odyssey Re*

ARF Committee
President:T. Masquelier, *CCR*

Technical committee

Financial and legal Committee

Administrative Committee

International Committee

2007 Action plan

- **Technical Committee**
  - **Life insurance**
    - AERAS Convention, Aggravated risks (France & Europe)
    - Catastrophe covers: Nuclear, Pandemic, Terrorism
  - **Casualty**
    - Evolution of Civil Code and action groups reform project
    - Follow up of the Medical Liability
    - Appraisal of the reference clauses
    - Catastrophe exposure (Nuclear, Pollution, Terrorism…)

2007 Action plan

- **Technical Committee**
  - **Motor**
    - Follow up of Severe Bodily Injury indemnification
    - Studies of annuities clauses
    - Solutions search for victims follow up
  - **Multi Peril Crop insurance**
    - Follow up of the cover and of the capacity in the market
  - **Natural catastrophes**
    - Follow up of the reform projects
  - **Terrorism**
    - Follow up of market trends and proposals

2007 Action plan

- **Legal and Finance Committee**
  - **Legal**
    - Reinsurance Directive: analysis of consequences in transposition
    - Legal: follow up of legal evolution and reforms
    - Competition: analysis of governance, statutes, works, clauses and communication
  - **Finance**
    - Solvency 2: position and follow up of directive project
    - Financial consequences of Reinsurance Directive
    - Follow up of IFRS, Securitisation, Finite…

2007 Action plan

- **International Committee**
  - Follow up of the CEA work on reinsurance
  - Specific needs of the reinsurers not based in Paris
  - Seek new members and associated ones
  - Organize contacts and exchanges with associations and foreign markets
  - Compare the Paris marketplace with other reinsurance marketplaces

2007 Action plan

- **Administrative Committee**

- Development of management and control procedures
- Development of APREF communication
  - Enrichment of the public bi-lingual website (1st semester)
  - Setting up of the private website (2nd semester)

Visit our website
www.apref.org