rga

THIS IS RGA.

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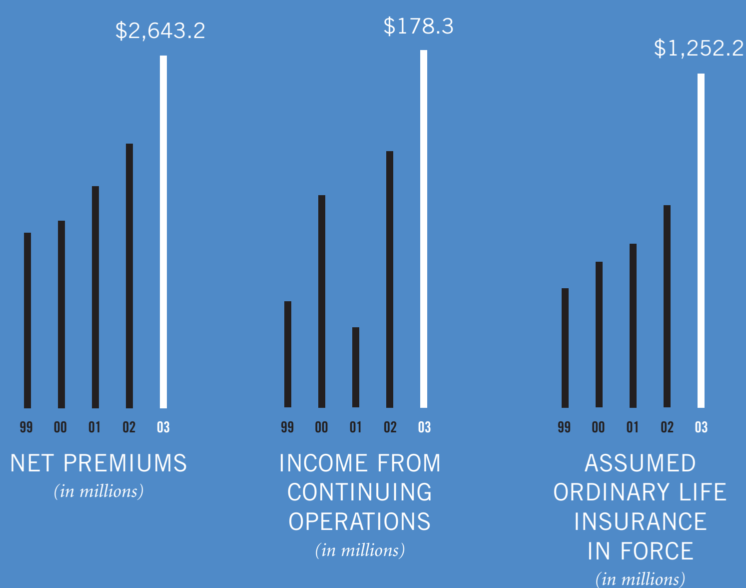


FINANCIAL HIGHLIGHTS

FOR THE YEARS ENDED DECEMBER 31,	2003	2002	2001	2000	1999
Net premiums *(in millions)*[1]	**$ 2,643.2**	1,980.7	1,661.8	1,404.1	1,315.6
Income from continuing operations	**$ 178.3**	128.5	39.9	105.8	53.0
Diluted earnings per share[1][2]	**$ 3.46**	2.59	0.80	2.12	1.15
Operating data *(in billions)*					
Assumed ordinary life insurance in force	**$ 1,252.2**	758.9	616.0	545.9	446.9
Assumed new business production	**$ 544.4**	230.0	171.1	161.1	164.9

[1] *Reflects results from continuing operations*
[2] *Per share information is adjusted for the three-for-two stock split paid on February 26, 1999*

A. Greig Woodring
President and Chief Executive Officer

TO SHAREHOLDERS

DESPITE A CHALLENGING ENVIRONMENT FOR THE INDUSTRY AT LARGE, 2003 WAS A STRONG YEAR FOR RGA. WE ONCE AGAIN DEMONSTRATED OUR RELIABILITY AND STABILITY, ACHIEVED SIGNIFICANT GROWTH, AND ADVANCED OUR BUSINESS ON SEVERAL FRONTS.

On top of solid performance by our existing businesses in 2003, RGA assumed the life reinsurance business of Allianz Life through a coinsurance transaction. This transaction consists of a relatively large, well-managed block of mortality risk business that significantly overlaps with RGA's existing client base—in other words, it tucks neatly into our existing large base and markedly expands it with similar business. Assuming a large in force block of business allows for more predictable pricing than writing a similar amount of organic new business.

Assuming the Allianz business required a significant amount of the capital we had set aside for growth at the time. When it became apparent that we would need to access the market, we opted to go as quickly as conditions allowed, successfully raising $427 million of equity in the fourth quarter. This capital should provide support for at least a couple of years of normalized growth (including Allianz). These two events—Allianz and the capital raise—stacked on top of an already strong performance made 2003 a memorable year for RGA.

RELIABILITY

IN THE LIFE REINSURANCE INDUSTRY, CONSOLIDATION, RATINGS DOWNGRADES AND RE-PRICING GRABBED MANY OF THE HEADLINES OVER THE PAST YEAR. THROUGH THIS CHAOTIC ENVIRONMENT, RGA HAS NEVERTHELESS MAINTAINED A STEADY COURSE.

In 2003 we steered through changes in pricing environment and interest rates, a fluctuating dollar, and changing capital and accounting regulations. For clients of a life reinsurer, whose promises are very long term, reliability and stability are especially valued commodities.

Our mature operations in the U.S. and Canada produced good results in 2003, consistent with expectations. Mortality, which drives our overall results, played out as planned. Both U.S. and Canadian operations have shown good pricing discipline through recent competitive years and are now experiencing generally more favorable market conditions as the environment changes. RGA delivers mortality covers and structures to direct insurers, which provide good value to the insurers as well as good returns to RGA. Our professionals in the U.S. and Canada have a long history of providing reliability to the market.

Our U.S. business recorded a net premium increase of 28 percent and a pre-tax income increase of 23 percent for the year, both aided by the Allianz transaction, while in Canada net premiums increased 18 percent. Pre-tax income posted a 54 percent increase over the prior year.

Facultative business has been a hallmark of RGA reliability throughout our history. The U.S. has always been our largest facultative market, but due to rapid growth in other markets now represents less than one half of our total applications. We have successfully built facultative businesses in our new geographic markets, even where little facultative activity predated our arrival. This past year marks the first time that our facultative activity in the rest of the world eclipsed that in the U.S.

Life reinsurance is a long-term business; the importance of delivering reliable value and making reliable estimates of current and future mortality is hard to overstate. RGA works hard to achieve these objectives and to gather the information critical to underpinning good decisions.

INCOME FROM CONTINUING OPERATIONS: $178,319,000

$12,113,374,000

TOTAL ASSETS

2003 NET PREMIUMS: $2,643,163,000

GROWTH

RGA'S GROWTH IN 2003 WAS EXCEPTIONAL IN SEVERAL WAYS. WE CONTINUED TO EXPAND OUR BASE ORGANICALLY AND STRENGTHEN OUR PRESENCE IN ALL OF OUR CORE MARKETS. FOR THE SECOND CONSECUTIVE YEAR OUR REVENUE GROWTH EXCEEDED 20 PERCENT, EVEN EXCLUDING THE ALLIANZ TRANSACTION. THAT TRANSACTION, ON TOP OF STRONG ORGANIC GROWTH, ADDED SIGNIFICANTLY TO RGA'S SIZE AND EARNINGS POWER.

Several opportunities remain available in the marketplace as we look forward, and while we may not expect to find one as ideal as Allianz, we remain on the lookout for opportunities. Integrating Allianz business involves moving data onto our systems; this is already under way. We don't expect to finalize this migration until the end of 2004, although much of it will take place in the first half of the year.

In addition to the business growth experienced during the year, we also grew the capitalization of the company considerably. This occurred through, among other things, the capital issuance in the fourth quarter and also through strong natural growth in retained earnings. GAAP equity during 2003 increased by $725 million.

The International Division, consisting of the Asia Pacific and Europe & South Africa operations, represents RGA's fastest growing area. RGA is still a relative newcomer in these markets. In the past 10 years, however, we have carved out strong positions—even leading positions—in several of our chosen markets. We have considerable room to grow in these markets given our still-low base of in force premiums. RGA has established the necessary infrastructure and support for international expansion and has begun to turn investments into solid returns.

Pre-tax profits for the International Division increased by a factor of four over the prior year. Some of this pickup resulted from favorable currency exchange comparisons, but real same-currency results have been ramping up dramatically as well. We expect the International Division to grow rapidly in the foreseeable future.

RGA's asset-intensive business continued its rapid growth track—not in the number of new contracts, but in terms of assets under management. Assets associated with this business climbed by 29 percent to $3.1 billion in 2003. While spreads were generally maintained on these portfolios, this business unit worked its way through a difficult credit cycle that affected the underlying portfolios during the year. We spent a considerable amount of effort adding to the infrastructure and management of this business in 2003, as we continue to build a solid contributor to RGA's bottom line that is not correlated with our large mortality business.

Growth has characterized RGA throughout its history. In our largest business—the U.S. mortality business—2003 was a strong new business year, even outside of the Allianz transaction. This reflects RGA's vital position in a still-growing industry.

REVENUE GROWTH DURING 2003: $792,370,000

NEW BUSINESS ASSUMED IN 2003:

$544,400,000,000

NEW BUSINESS ADDED: $287,200,000,000

AS A RESULT OF ALLIANZ COINSURANCE TRANSACTION

ADVANCEMENT

ALTHOUGH LIFE REINSURANCE HISTORICALLY HAS NEVER BEEN A TECHNOLOGY-DRIVEN BUSINESS, RGA NEVERTHELESS HAS CONTINUED TO ADEPTLY APPLY TECHNOLOGY IN SMALL BUT IMPORTANT WAYS.

RGA developed and promoted the Facultative Application Console℠ system to facilitate the electronic transmission of facultative cases from life insurers to reinsurers. This system has gained wide acceptance, and some direct insurers have reduced to near zero their marginal cost of sending a case facultatively for reinsurance.

RGA's ASAP™ system uses technology to automatically deliver single impairment offers on borderline risks. RGA has developed an increasing niche business using this tool. ASAP was installed with a few clients in 2003, and we expect to expand the program in the future.

Our software business, RGA Technology Partners, Inc.℠, had a solid year with growing revenues and an increasingly broad acceptance of AURA™, RGA's automated underwriting system. AURA has been installed in six countries and five languages in the last three years, with more implementations planned in 2004.

Meanwhile, RGA continues to build its own infrastructure to keep pace with the increasing demands of the business. Our next-generation administration system made its debut in South Africa at year-end, and over the next couple of years will be implemented in all of our markets.

RGA also continues to expand the value and variety of reinsurance it provides to clients. RGA Financial Markets leads the field in creating effective solutions for short-term capital needs. Our Distribution Solutions team works with distributors to help address their needs and concerns, and our traditional domestic and international mortality businesses continue to innovate and advance the spectrum of offerings from RGA.

In 2003 RGA became the first foreign-owned life reinsurer to obtain a branch license in Japan. Our efforts to pave this path reflect our belief in and commitment to the Japanese market, and our desire to build a fully staffed local support capability. In addition, we also incorporated an Irish-domiciled subsidiary in 2003, with our long-term plans calling for RGA International Re to receive a rating and become the main vehicle for our business outside North America.

Despite a sometimes-turbulent 2003 for the life reinsurance industry, RGA continued to demonstrate its reliability, achieve exceptional growth, and mark further advancements in the scope of our business. These elements underpinned our success in the past year and position us well as we move forward.

A. Greig Woodring
President and Chief Executive Officer

1

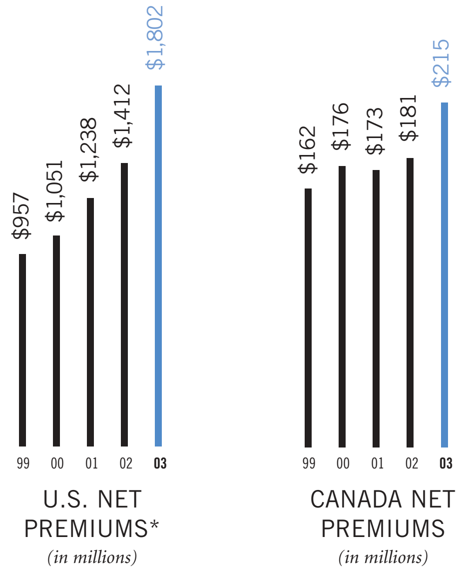
IN 2003 RGA BECAME THE FIRST FOREIGN-OWNED LIFE REINSURER GRANTED A LICENSE TO DO BUSINESS IN JAPAN.

FACULTATIVE APPLICATIONS PROCESSED WORLDWIDE IN 2003:

187,552

$1,947,723,000

STOCKHOLDERS' EQUITY



NORTH AMERICA

RGA PROVIDES CLIENTS WITH LIFE REINSURANCE, RISK MANAGEMENT, FACULTATIVE UNDERWRITING, PRODUCT DEVELOPMENT AND DISTRIBUTION, AND CAPITAL-MOTIVATED REINSURANCE SERVICES. RGA IS THE PREMIER FACULTATIVE REINSURER IN NORTH AMERICA AND HAS THE EXPERTISE AND CAPACITY TO HELP CLIENTS WORLDWIDE SOLVE PROBLEMS ASSOCIATED WITH IMPAIRED RISK AND LARGE CASES. THE COMPANY'S NORTH AMERICA OPERATIONS CONSIST OF OFFICES IN THE UNITED STATES, CANADA AND MEXICO, WHICH TOGETHER ACCOUNT FOR MORE THAN 75 PERCENT OF RGA'S NET PREMIUMS. NORTH AMERICA IS ALSO HOME TO RGA FINANCIAL MARKETS, RGA TECHNOLOGY PARTNERS, AND THE DISTRIBUTION SOLUTIONS AND E'REINSURANCE SOLUTIONS UNITS. RGA PROFESSIONALS IN NORTH AMERICA HAVE A LONG HISTORY OF PROVIDING RELIABILITY TO THE LIFE INSURANCE MARKET.

UNITED STATES

U.S. Traditional Mortality Reinsurance

Two thousand three was one of the largest new business production years on record for RGA's U.S. traditional mortality reinsurance operation, with approximately $136 billion in new business generated. Perhaps even more impressive is the fact that this milestone was met exclusive of business generated through RGA's assumption of the traditional life reinsurance business of Allianz Life Insurance Company of North America. That transaction, which RGA completed in December, added more than $275 billion of in force life reinsurance to RGA's book of business.

Mortality-risk reinsurance—removing some of the major risks associated with life insurance from the client company—is RGA's core business. A significant aspect of this business is facultative underwriting, the process of underwriting applications individually, and is one of the things RGA does best. In 2003 the U.S. Division successfully defended its position as the largest facultative life reinsurer in light of an influx of new automated underwriting programs aimed at mildly impaired insureds—RGA's most profitable facultative business.

U.S. net premiums include Latin American countries, which were reorganized into the North American division in 2003.

Approximately 60 percent of new business written in the U.S. is reinsured—a number that seems to have leveled off over the last few years. Fewer life reinsurers, a hardening pricing environment, and possible new and unique competitors to the playing field could put downward pressure on this significant cession rate. RGA will be rising to the challenge of profitable new business growth in 2004 and beyond.

Two thousand three brought significant changes to the U.S. reinsurance marketplace. Some of our competitors faced financial concerns, some were forced to take a more conservative stance toward pricing and others pared back their product offerings. The dynamics of these market changes provided RGA many opportunities to add new clients to its roster and to significantly expand its existing business relationships.

As RGA's competitors dealt with issues related to non-life business in 2003, RGA's sole focus on life reinsurance allowed it to remain solid, with strong ratings. Two thousand four will find the U.S. Division executing its core competencies. It will look for innovative ways to grow its facultative business, using technology to make application submission easy and cost-effective. The Division will also look for new opportunities and products to fuel growth, focus on deepening relationships in existing accounts, and look to initiate business with targeted new clients.

RGA Reinsurance Company Oficina de Representación

RGA Mexico proved itself a committed, experienced and expert player in the Mexican life insurance industry in 2003, in part by reinforcing its reputation for excellent time service. The office provided turnaround of 95 percent of individual facultative quotes within 24 hours and 94 percent of facultative group quotes within 48 hours. Despite operating in a country where life insurance remains underdeveloped, RGA Mexico significantly grew its 2003 revenue over 2002. In 2003, RGA took advantage of business opportunities created by the exit of some competitors while at the same time dealing with the capacity reduction of some large group life players, increased retention by others, and competition from new entrants. In 2004 RGA will continue to focus on individual life, opening more capacity for group life and bancassurance, and continuing to meet the capital-motivated reinsurance needs of its clients.

RGA Financial Markets

RGA Financial Markets provides capital support to life insurance companies through reinsurance. These transactions create risk-sharing partnerships that reduce the insurance companies' needs for both GAAP and statutory capital while potentially creating more efficient capital and financial structures.

Financial Markets operates in two segments: capital-motivated reinsurance, also known as financial reinsurance, and asset-intensive reinsurance. Capital-motivated reinsurance transactions are designed to help insurance companies find sources of capital to support growth and acquisitions or higher returns on investment. Asset-intensive reinsurance includes the reinsurance of annuities and corporate-owned life insurance. Financial Markets had a solid year in 2003. At the end of the year, it managed over $1 billion of statutory surplus provided through financial reinsurance. Invested assets related to asset-intensive reinsurance grew from $2.4 billion to $3.1 billion during 2003. Revenues for all business increased to $214 million from $144 million in 2002, while pre-tax income reached $38 million.

One of Financial Markets' key strengths is its ability to respond to client needs through sophisticated and detailed insurance risk analysis and modeling. This requires a strong understanding of the financial, regulatory and tax implications of its business, and is what makes RGA Financial Markets one of the largest capital-motivated reinsurance providers in the United States.

RGA Technology Partners, Inc.

RGA Technology Partners—RGA's business unit devoted to developing and implementing software solutions for the life insurance industry—incorporated in 2003, ahead of the originally envisioned schedule due to the company's rapid success and growth.

RGA Technology Partners met or exceeded all 2003 goals and objectives as the AURA (Automated Underwriting and Risk Analysis) system continued to be well received in the global life insurance marketplace. AURA is powered by a comprehensive set of rules that can underwrite virtually every type of life insurance product. It has been translated into five languages and is used in six countries, with two more implementations currently under way as RGA Technology Partners further expands its global reach. In 2003, the company made significant strides in product development by expanding the features of AURA and creating AURA Back Office, an underwriting case tracking and workflow system that interfaces with evidence providers.

What RGA Technology Partners does differently than other technology providers is to place equal importance on both pieces of the automated underwriting solution—technology and the

underwriting rules. Doing so allows RGA Technology Partners and RGA to focus on creating a solution that is innovative and puts the needs of the customer before all else.

In 2004, RGA Technology Partners plans to further develop its AURA Back Office solution, which will create an even more powerful rules engine that can analyze multiple underwriting risk factors, as well as to continue to research and develop new products that benefit the insurance industry and keep RGA at the forefront of insurance technology.

E'Reinsurance Solutions

In 2002, the U.S. Division launched E'Reinsurance Solutions to create technology solutions that leverage RGA's underwriting and mortality expertise, while reducing business expenses for both clients and RGA. One of the ways this has been accomplished is by the introduction of ASAP (Automated Selection and Assessment Program), a tool that allows clients to submit facultative cases to RGA with no paperwork. E'Reinsurance Solutions is also charged with keeping RGA on top of industry trends and activities by researching new products and concepts and identifying technology-related business opportunities.

Distribution Solutions

Launched in 2002, Distribution Solutions is focused on providing innovative products and services for distribution organizations and insurance companies in the U.S. life insurance market. During 2003, the business unit successfully designed a product development process through which RGA adds value by actively participating with clients in the development and resulting success of the business it helps generate. Distribution Solutions then applies that process in creating innovative products and services based on client needs. Market response to the approach has been very positive. In 2004 Distribution Solutions will help launch new products it developed, and initiate a continuous product innovation process with existing clients.

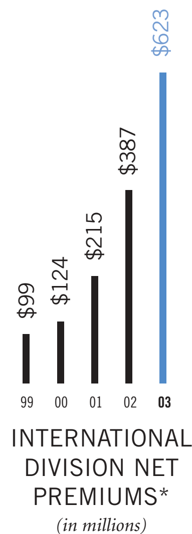
CANADA

RGA Life Reinsurance Company of Canada is the second-largest contributor to RGA's income, generating $59.6 million (21.9 percent) of pre-tax income and $11 billion of new business in 2003, bringing the total amount of life insurance in force in Canada to $84 billion. Standard and Poor's recognized this contribution in 2003 when the agency assigned RGA Canada a counterparty credit and financial strength rating of AA-, acknowledging RGA Canada's strong position in the Canadian life insurance marketplace, its stable and strong operating performance, its core position within the life reinsurance operations of its parent, and very strong liquidity. RGA Canada also has an A+ rating from A.M. Best Company.

Although RGA Canada remains committed to its focus on traditional life reinsurance, it leveraged other RGA initiatives in client-focused technology including AURA, RGA's automated underwriting software, further developing its application in Canada. In addition to two companies already using AURA, the software was implemented at one new client company in 2003, and is on the way towards installation at an additional client in 2004. In 2003 RGA Canada also made a concerted effort—through RGA-sponsored seminars, heavy professional involvement in the life insurance industry, implementation of a new sales structure and much individual customer attention—to expand its client base, adding several key clients, including the largest writer of individual business in Canada.

In 2003, Canada's principal insurance company regulator—together with the actuarial profession and the insurance industry—continued reviewing certain aspects of Canada's capital and reserving requirements, some of which have particular relevance for life reinsurers. Certain restrictions involving "negative reserves" were lightened in 2003 as a result. Continued consolidation of the life insurance industry in Canada was highlighted by the exit of one of the largest reinsurers. This has helped to bring about a more balanced ratio of direct writers to reinsurers.

In 2004, RGA Canada will continue its drive to be recognized as the leading life reinsurer in Canada by focusing on its strengths: facultative underwriting, mortality expertise, capital-motivated reinsurance and superior client service. RGA Canada is expanding services to include group life and long-term disability markets, and is making important staff additions to support this business. Most importantly, RGA Canada will maintain its current client base and add new business while building on its biggest strength—relationships and trust.



INTERNATIONAL

FROM ITS HEADQUARTERS IN TORONTO, CANADA, THE INTERNATIONAL DIVISION IS RESPONSIBLE FOR SERVICING CLIENTS OUTSIDE THE NORTH AMERICAS. THE DIVISION HAS OFFICES IN 10 COUNTRIES SERVING BOTH LOCAL AND REGIONAL CLIENTS, BRINGING AN ATTITUDE OF RESPONSIVENESS AND A SPIRIT OF PARTNERSHIP TO ALL ASPECTS OF RGA'S BUSINESS. THE DIVISION EXPERIENCED STRONG GROWTH IN 2003; PRE-TAX INCOME ROSE TO $39.5 MILLION FROM $9.7 MILLION IN 2002. WHILE EACH RGA OFFICE FACES UNIQUE CHALLENGES IN TERMS OF CLIENT NEEDS, MARKET INTRICACIES, LOCAL CULTURE, ECONOMIC CONDITIONS AND INSURANCE REGULATION, RGA'S FUNDAMENTAL COMMITMENT TO INDUSTRY-LEADING CUSTOMER SERVICE IS ONE CONSTANT UPON WHICH ALL RGA CLIENTS CAN RELY.

AUSTRALIA AND NEW ZEALAND

Consolidation activity and regulatory change in the Australian market continued to play out in 2003, evidenced by higher retention rates by direct insurers and less reliance on reinsurer capital. In Australia and New Zealand, individual insurance sales appear to have hit a plateau. In spite of this challenge, RGA thrived in 2003, exceeding revenue goals and processing more than 8,900 facultative applications. RGA consolidated its position in Australia and New Zealand, and is increasingly recognized as the local expert reinsurer. In 2004, RGA will focus on expanding its position in the growing Australian group coverage market and also monitoring potential regulatory developments in New Zealand, which may affect RGA's mode of operation in the future.

International Division net premiums do not include Latin American countries, which were reorganized into the North American division in 2003.

HONG KONG

The SARS virus brought the Hong Kong economy to a near standstill in early 2003 and directly affected RGA's business. However, SARS also served to increase public awareness of the importance of life insurance, which in turn has led to more business opportunities for RGA. Life reinsurer market share is shifting in Hong Kong as RGA continues to demonstrate superior reinsurance expertise and customer service. RGA signed several important treaties in 2003, and in 2004 looks forward to further growth as the company continues to strengthen its reputation by satisfying demand for high return, value-added products and services and innovative reinsurance solutions. In addition, RGA will continue to seek reinsurance opportunities in Greater China and other ASEAN markets.

INDIA

In late 2002 RGA received approval to open a liaison office in Mumbai, India. In 2003, RGA India focused on establishing itself as an important new reinsurer, achieving its primary 2003 business objectives by converting interest into opportunity and signing treaties with prominent Indian life insurers. In addition, RGA was highly visible as a sponsor and participant in key industry events. Dependence on life reinsurance is still moderate in India, but the market is rapidly growing. RGA is positioning itself as the reinsurer of choice and in 2004 will continue to focus on its key clients by providing value-added services, developing its product base and identifying further growth opportunities that will establish RGA's reputation as the life reinsurance expert in India.

JAPAN

Two thousand three was a milestone year in Japan as RGA, after eight years of serving Japanese clients, became the first foreign-owned life reinsurer granted a license to conduct business in this country. RGA proved itself worthy of the distinction by far exceeding revenue and income targets, and receiving nearly 16,000 facultative applications. A weak Japanese economy continued to hinder industry growth, and less than one percent of life insurance is currently reinsured in Japan. Competitors are steadily losing market share to RGA, and as a branch office RGA can now conduct marketing and underwriting activities locally, allowing it to provide even faster time service to clients, and to further demonstrate its commitment to the Japanese life insurance industry.

MALAYSIA

RGA's joint venture company, Malaysian Life Reinsurance Group Berhad (MLRe), turned in a solid performance by surpassing both premium and facultative case targets for the third consecutive year. As in many other countries in which RGA operates, the financial rating downgrade of some competitors and the exit of others led to increased opportunity for RGA and MLRe in 2003. MLRe sees a continued increase in demand for simple life products to support the emerging bancassurance model, and in 2004 will continue to provide expert reinsurance services to Malaysia while exploring and building upon business in the Philippines and Thailand.

SOUTH AFRICA

RGA's operations in Cape Town and Johannesburg saw continued growth in 2003, meeting most financial targets and showing a 40 percent growth in revenue. After just five years, RGA Life Reinsurance Company of South Africa Limited has emerged as a life reinsurance frontrunner, exerting mounting influence over market practice. The amount of reinsurance purchased continues to increase despite a slow growing South African insurance market and decreasing interest in insurance investment products. The market saw increased competition in 2003, and RGA strove to remain consistent with its superior service during this time. Opportunities arose for reinsurers to provide aggressive product development support for new rider benefits, and 2004 should see this continue. RGA will strive to produce superlative products and will continue to focus on facultative underwriting, individual life mortality and riders and group business.

SOUTH KOREA

At the end of its first full year of operation, RGA's Seoul Representative Office has earned a distinguished reputation as a leading life reinsurer with knowledge and expertise beyond that of its competitors. RGA exceeded revenue goals in 2003 thanks to significant growth in critical illness sales. Credit for RGA's success can be attributed to a staff of local industry experts combined with global expertise available to support this operation. RGA plans to submit a branch office application in 2004, approval of which will further solidify RGA's commitment to the South Korean reinsurance market. Reinsurance is still used sparingly in South Korea, and in 2004 RGA will work to remove barriers and actively share its knowledge and expertise on the advanced use of reinsurance and competitive facultative underwriting.

SPAIN

RGA Reinsurance Company Oficina de Representación spent most of 2003 focused on further building the RGA brand and servicing key clients. RGA met with great success in 2003, signing treaties with seven new companies and increasing participation in or signing new treaties with 10 existing clients. RGA now does business with 10 of the top 15 life insurance companies in Spain. RGA Spain has been monitoring market development in Portugal in recent years, and in 2003 signed its first treaties with two important companies in that country. In 2004 RGA will concentrate on servicing key clients and provide product development expertise in supporting bancassurance, which generates 75 percent of new life insurance sales in Spain.

TAIWAN

RGA's Taiwan office had a successful 2003, meeting profit and revenue targets and experiencing solid growth by securing new clients and strengthening its reputation as an expert and committed reinsurer. The Taiwan reinsurance market witnessed a great deal of regulatory activity in 2003, including the enactment of an Appointed Actuary system, and new Risk-Based Capital (RBC) regulations that require reinsurers to maintain minimum levels of capital. Two thousand three was also the first full year that ceding companies were not required to cede business to the government-owned reinsurer. This change resulted in a positive and rapid market shift in business. A low interest rate caused the Taiwan insurance market to focus on savings products in 2003. RGA sees this continuing in 2004, and will use its expertise to create products that meet this demand. In addition, RGA will continue to educate the industry on the benefits associated with reinsurance.

UNITED KINGDOM

In 2003, RGA established its credibility as a long-term player in the U.K. and expanded its client base significantly. Its client roster now includes the top four High Street banks and two of the leading supermarket chains. More importantly, RGA worked to ensure it had the infrastructure to deliver on its promises to clients and to serve client needs by strengthening its administration and analytical capabilities. In 2003 RGA moved away from the price-only competition of the independent agent market and in 2004 will see over half its new business derived from bancassurance distribution. RGA believes that a market shift away from guaranteed critical illness will open up new opportunities on which it can capitalize, including greater separation of loan and family protection markets, leading to more precise targeting and risk analysis. RGA will continue to focus efforts on adding more value to clients' business in 2004.

OTHER EUROPEAN OPERATIONS

In addition to serving clients in its five Europe & South Africa locations, RGA's International Division continued marketing and business development activities in continental Europe by adding new treaty clients in both Italy and the Netherlands. Italy is a high-savings country and the insurance market continues to grow and develop. Recent initiatives have laid a solid foundation for RGA to increase participation in life reinsurance business as it continues to unfold in these and other European markets. RGA plans to continue European business development in 2004, focusing on core strengths in product development, competitive pricing and underwriting expertise.

BOARD OF DIRECTORS

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Retired President of
Southwestern Bell Telephone

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Washington University
in St. Louis

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Retired President and
Chief Executive Officer,
RehabCare Group, Incorporated

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Executive Vice President and
Chief Investment Officer,
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Vice Chairman of the Board,
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and Dean of the School
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Center for Health Policy,
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and Chief Administrative Officer,
MetLife, Inc.

A. GREIG WOODRING
President, Chief Executive
Officer and Director,
Reinsurance Group of America,
Incorporated

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Executive Vice President

DAVID B. ATKINSON
Executive Vice President and
Chief Operating Officer

BRENDAN J. GALLIGAN
Senior Vice President

TODD C. LARSON
Senior Vice President,
Controller and Treasurer

JACK B. LAY
Executive Vice President and
Chief Financial Officer

ROBERT M. MUSEN
Executive Vice President

PAUL NITSOU
Executive Vice President

PAUL A. SCHUSTER
Executive Vice President

JAMES E. SHERMAN
Executive Vice President,
General Counsel and Secretary

GRAHAM S. WATSON
Executive Vice President and
Chief Marketing Officer

A. GREIG WOODRING
President and
Chief Executive Officer

MELVILLE J. YOUNG
Executive Vice President

EXECUTIVE COMMITTEE MEMBERS

Pictured left to right, previous page:

DAVID B. ATKINSON
Executive Vice President and
Chief Operating Officer

ROBERT M. MUSEN
Executive Vice President

PAUL A. SCHUSTER
Executive Vice President

JACK B. LAY
Executive Vice President and
Chief Financial Officer

BRENDAN J. GALLIGAN
Senior Vice President

GRAHAM S. WATSON
Executive Vice President and
Chief Marketing Officer

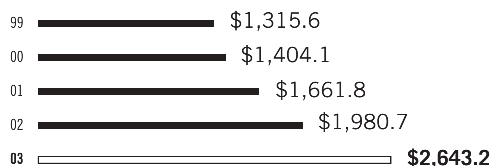
PAUL NITSOU
Executive Vice President

FRANK A. ALVAREZ
Executive Vice President

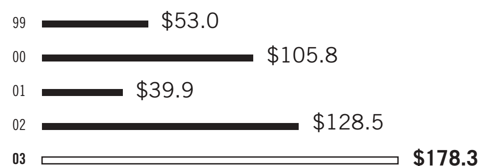
A. GREIG WOODRING
President and
Chief Executive Officer

(in millions, except per share and operating data)

YEARS ENDING DECEMBER 31,	2003	2002	2001	2000	1999
Income Statement Data					
Revenues:					
Net premiums	**$2,643.2**	$1,980.7	$1,661.8	$1,404.1	$1,315.6
Investment income, net of related expenses	**465.6**	374.5	340.6	326.5	340.3
Realized investment gains (losses), net	**5.3**	(14.6)	(68.4)	(28.7)	(75.3)
Change in value of embedded derivatives (net of amounts allocable to deferred acquisition costs of $30.7 in 2003)	**12.9**	–	–	–	–
Other revenues	**47.3**	41.4	34.3	23.8	26.5
Total revenues	**3,174.3**	2,382.0	1,968.3	1,725.7	1,607.1
Benefits and expenses:					
Claims and other policy benefits	**2,108.4**	1,539.5	1,376.8	1,103.6	1,067.1
Interest credited	**179.7**	126.7	111.7	104.8	153.1
Policy acquisition costs and other insurance expenses (excluding $30.7 allocated to embedded derivatives in 2003)	**458.2**	391.5	304.2	243.5	218.3
Other operating expenses	**119.6**	94.8	91.3	81.2	65.5
Interest expense	**36.8**	35.5	18.1	17.6	11.0
Total benefits and expenses	**2,902.7**	2,188.0	1,902.1	1,550.7	1,515.0
Income from continuing operations before income taxes	**271.6**	194.0	66.2	175.0	92.1
Provision for income taxes	**93.3**	65.5	26.3	69.2	39.1
Income from continuing operations	**178.3**	128.5	39.9	105.8	53.0
Discontinued operations:					
Loss from discontinued accident and health operations, net of income taxes	**(5.7)**	(5.7)	(6.9)	(28.1)	(12.1)
Cumulative effect of change in accounting principle, net of income taxes	**0.5**	–	–	–	–
Net income	**$ 173.1**	$ 122.8	$ 33.0	$ 77.7	$ 40.9



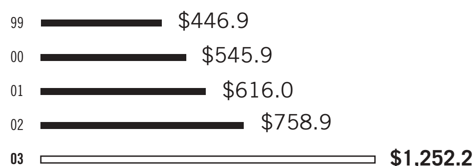
NET PREMIUMS
(in millions)



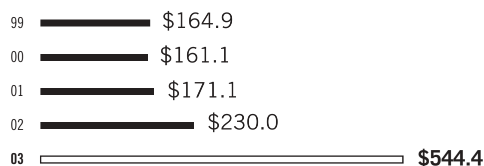
INCOME FROM CONTINUING OPERATIONS
(in millions)

(in millions, except per share and operating data)

YEARS ENDING DECEMBER 31,	2003	2002	2001	2000	1999
Basic Earnings Per Share					
Continuing operations	**$ 3.47**	$2.60	$0.81	$2.14	$1.16
Discontinued operations	**(0.11)**	(0.11)	(0.14)	(0.57)	(0.27)
Accounting change	**0.01**	–	–	–	–
Net income	**$ 3.37**	$2.49	$0.67	$1.57	$0.89
Diluted Earnings Per Share					
Continuing operations	**$ 3.46**	$2.59	$0.80	$2.12	$1.15
Discontinued operations	**(0.11)**	(0.12)	(0.14)	(0.56)	(0.27)
Accounting change	**0.01**	–	–	–	–
Net income	**$ 3.36**	$2.47	$0.66	$1.56	$0.88
Weighted average diluted shares, in thousands	**51,598**	49,648	49,905	49,920	46,246
Dividends per share on common stock	**$ 0.24**	$0.24	$0.24	$0.24	$0.22
Balance Sheet Data					
Total investments	**$ 8,883.4**	$6,650.2	$5,088.4	$4,560.2	$3,811.9
Total assets	**12,113.4**	8,892.6	7,016.1	6,090.0	5,077.6
Policy liabilities	**8,811.8**	6,603.7	5,077.1	4,617.7	3,998.1
Long-term debt	**398.1**	327.8	323.4	272.3	184.0
Company-obligated mandatorily redeemable preferred securities of subsidiary trust holding solely junior subordinated debentures of the Company	**158.3**	158.2	158.1	–	–
Total stockholders' equity	**1,947.7**	1,222.5	1,005.6	862.9	732.9
Total stockholders' equity per share	**$ 31.33**	$24.72	$20.30	$17.51	$14.68
Operating Data *(in billions)*					
Assumed ordinary life reinsurance in force	**$ 1,252.2**	$758.9	$616.0	$545.9	$446.9
Assumed new business production	**544.4**	230.0	171.1	161.1	164.9



ASSUMED ORDINARY LIFE REINSURANCE IN FORCE
(in billions)



ASSUMED NEW BUSINESS PRODUCTION
(in billions)

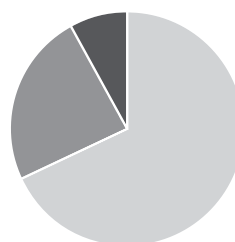
FORWARD-LOOKING AND CAUTIONARY STATEMENTS

This Annual Report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 including, among others, statements relating to projections of the earnings, revenues, income or loss, future financial performance, and growth potential of Reinsurance Group of America, Incorporated and its subsidiaries (referred to in the following paragraphs as "we," "us," or "our"). The words "intend," "expect," "project," "estimate," "predict," "anticipate," "should," "believe," and other similar expressions also are intended to identify forward-looking statements. Forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified. Future events and actual results, performance, and achievements could differ materially from those set forth in, contemplated by, or underlying the forward-looking statements.

Numerous important factors could cause actual results and events to differ materially from those expressed or implied by forward-looking statements including, without limitation, (1) adverse changes in mortality, morbidity or claims experience, (2) changes in our financial strength and credit ratings or those of MetLife, Inc. ("MetLife"), the beneficial owner of a majority of our common shares, or its subsidiaries, and the effect of such changes on our future results of operations and financial condition, (3) general economic conditions affecting the demand for insurance and reinsurance in our current and planned markets, (4) market or economic conditions that adversely affect our ability to make timely sales of investment securities, (5) changes in investment portfolio yields due to interest rate or credit quality changes, (6) fluctuations in U.S. or foreign currency exchange rates, interest rates, or securities and real estate markets, (7) adverse litigation or arbitration results, (8) the stability of governments and economies in the markets in which we operate, (9) competitive factors and competitors' responses to our initiatives, (10) the success of our clients, (11) successful execution of our entry into new markets, (12) successful development and introduction of new products, (13) our ability to successfully integrate and operate reinsurance business that we acquire, including without limitation, the traditional life reinsurance business of Allianz Life, (14) regulatory action that may be taken by state Departments of Insurance with respect to us, MetLife, or its subsidiaries, (15) changes in laws, regulations, and accounting standards applicable to us, our subsidiaries, or our business, and (16) other risks and uncertainties described in this document and in our other filings with the Securities and Exchange Commission ("SEC").

Forward-looking statements should be evaluated together with the many risks and uncertainties that affect our business, including those mentioned in this document and the cautionary statements described in the periodic reports we file with the SEC. You are cautioned not to place undue reliance on the forward-looking statements, which speak only as of the date on which they are made. We do not undertake any obligations to update these forward-looking statements, even though our situation may change in the future. We qualify all of our forward-looking statements by these cautionary statements. For a discussion of these risks and uncertainties that could cause actual results to differ materially from those contained in the forward-looking statements, you are advised to consult the sections named "Risk Factors" and "Cautionary Statement Regarding Forward-Looking Statements" contained in our Registration Statement on Form S-3, as amended, filed with the SEC on August 25, 2003.

2003 NET PREMIUMS BY BUSINESS UNIT



U.S. operations represent RGA's largest business segment, although more than 30% of premiums come from other operations.

- U.S. **68%**
- International **24%**
- Canada **8%**

OVERVIEW

Reinsurance Group of America, Incorporated ("RGA") is an insurance holding company that was formed on December 31, 1992. As of December 31, 2003, Equity Intermediary Company, a Missouri holding company, directly owned approximately 51.9% of the outstanding shares of common stock of RGA. Equity Intermediary Company is a wholly-owned subsidiary of MetLife, Inc., a New York-based insurance and financial services holding company.

The consolidated financial statements include the assets, liabilities, and results of operations of RGA, RGA Reinsurance Company ("RGA Reinsurance"), RGA Reinsurance Company (Barbados) Ltd. ("RGA Barbados"), RGA Life Reinsurance Company of Canada ("RGA Canada"), RGA Americas Reinsurance Company, Ltd. ("RGA Americas"), RGA Reinsurance Company of Australia, Limited ("RGA Australia") and RGA Reinsurance UK Limited ("RGA UK") as well as several other subsidiaries subject to an ownership position of greater than fifty percent (collectively, the "Company").

We are primarily engaged in traditional individual life, asset-intensive, and financial reinsurance. RGA and its predecessor, the Reinsurance Division of General American Life Insurance Company ("General American"), have been engaged in the business of life reinsurance since 1973. Approximately 76.3% of our 2003 net premiums were from our more established operations in North America, which include our U.S. and Canada segments.

We are considered one of the leading life reinsurers in the North American market based on premiums and in force business. We believe, based on an industry survey, that we have the second largest market share in North America as measured by insurance in force. Our approach to the North American market has been to:

- focus on large, high quality life insurers as clients;
- provide quality facultative underwriting and automatic reinsurance capacity; and
- deliver responsive and flexible service to our clients.

We conduct business with the majority of the largest U.S. and Canadian life insurance companies, with no single non-affiliated client representing more than 10% of 2003 consolidated gross premiums. We have also developed our capacity and expertise in the reinsurance of asset-intensive products (primarily annuities and corporate-owned life insurance) and financial reinsurance. In 2003, our North American operations earned $275.7 million of income from continuing operations before income taxes.

In 1994, we began using our North American underwriting expertise and industry knowledge to expand into international markets and now have subsidiaries, branches or offices in Australia, Barbados, Hong Kong, India, Ireland, Japan, Mexico, South Africa, South Korea, Spain, Taiwan and the United Kingdom. These operations are included in either our Asia Pacific segment or our Europe & South Africa segment. We generally start new operations from the ground up in these markets as opposed to acquiring existing operations, and we often enter these markets to support our North American clients as they expand internationally. In 2003, these operations earned $39.5 million of income from continuing operations before income taxes, or approximately 14.3% of the amount earned by our more established North American operations.

INDUSTRY TRENDS

We believe that the following trends in the life insurance industry will continue to create demand for life reinsurance.

Outsourcing of Mortality. Life reinsurance penetration of life insurance in force has been increasing over the last several years. Industry surveys and data suggest that approximately 28% of life insurance in force in the U.S. is currently reinsured compared with 20% in 1998. During that time, life reinsurance in force has grown from $2.6 trillion to $5.2 trillion. We believe this trend reflects increased utilization by life insurance companies of reinsurance to manage capital and mortality risk and to develop competitive products. Reinsurers are able to efficiently aggregate a significant volume of life insurance in force, creating economies of scale and greater diversification of risk. As a result of having larger amounts of data at their disposal compared to primary life insurance companies, reinsurers tend to have better insights into mortality trends, creating more efficient pricing for mortality risk.

Increased Capital Sensitivity. Regulatory environments, rating agencies and competitive business pressures are causing life insurers to reinsure as a means to:

- manage risk-based capital by shifting mortality and other risks to reinsurers, thereby reducing amounts of capital they need to maintain;
- release capital to pursue new business initiatives; and
- unlock the capital supporting, and value embedded in, non-core product lines.

Consolidation and Reorganization Within the Industry. The number of merger and acquisition transactions within the life insurance industry has increased in recent years. We believe that reorganizations and consolidations of life insurers will continue. As reinsurance products are increasingly used to facilitate these transactions and manage risk, we expect demand for our products to continue.

Changing Demographics of Insured Populations. The aging of the population in North America is increasing demand for financial products among "baby boomers" who are concerned about protecting their peak income stream and are considering retirement and estate planning. We believe that this trend is likely to result in continuing

demand for annuity products and life insurance policies, larger face amounts of life insurance policies and higher mortality risk taken by life insurers, all of which should fuel the need for insurers to seek reinsurance coverage.

We continue to follow a two-part business strategy to capitalize on industry trends.

Continue Growth of Core North American Business. Our strategy includes continuing to grow each of the following components of our North American operations:

- Facultative Reinsurance. We intend to maintain our status as a leader in facultative underwriting in North America by emphasizing our underwriting standards, prompt response on quotes, competitive pricing, capacity and flexibility in meeting customer needs.
- Automatic Reinsurance. We intend to expand our presence in the North American automatic reinsurance market by using our mortality expertise and breadth of products and services to gain additional market share.
- In Force Block Reinsurance. We anticipate additional opportunities to grow our business by reinsuring "in force block" insurance, as insurers and reinsurers seek to exit various non-core businesses and increase financial flexibility in order to, among other things, redeploy capital and pursue merger and acquisition activity. We took advantage of one such opportunity in 2003 when we assumed the traditional life reinsurance business of Allianz Life Insurance Company of North America ("Allianz Life").

Continue Expansion Into Selected Markets. Our strategy includes building upon the expertise and relationships developed in our core North American business platform to continue our expansion into selected products and markets, including:

- Asset-intensive and Financial Reinsurance. We intend to continue leveraging our existing client relationships and reinsurance expertise to create customized reinsurance products and solutions. Industry trends, particularly the increased pace of consolidation and reorganization among life insurance companies and changes in product distribution, are expected to enhance existing opportunities for asset-intensive and financial reinsurance.
- International Markets. Management believes that international markets offer opportunities for growth, and we intend to capitalize on these opportunities by establishing a presence in selected markets. We intend to use our reinsurance expertise, facultative underwriting abilities and market knowledge as we continue to enter mature and emerging insurance markets. Many of these markets are not utilizing reinsurance at the same levels as North America, and therefore, we believe significant opportunities exist to increase reinsurance penetration in these markets.

RESULTS OF OPERATIONS

We derive revenues primarily from renewal premiums from existing reinsurance treaties, new business premiums from existing or new reinsurance treaties, income earned on invested assets, and fees earned from financial reinsurance transactions.

Our primary business is life reinsurance, which involves reinsuring life insurance policies that are often in force for the remaining lifetime of the underlying individuals insured, with premiums earned typically over a period of 10 to 30 years. Each year, however, a portion of the business under existing treaties terminates due to, among other things, lapses or surrenders of underlying policies, deaths of policyholders, and the exercise of recapture options by ceding companies.

During December 2003, we completed a large coinsurance agreement with Allianz Life Insurance Company of North America ("Allianz Life"). Under this agreement, RGA Reinsurance assumed the traditional life reinsurance business of Allianz Life, including yearly renewable term reinsurance and coinsurance of term policies. The business assumed does not include any accident and health risk, annuities or related guaranteed minimum death benefits or guaranteed minimum income benefits. This transaction adds additional scale to our U.S. traditional business, but does not significantly add to our client base since most of the underlying ceding companies are already our clients. We have agreed to use commercially reasonable efforts to novate the underlying treaties from Allianz Life to RGA Reinsurance. Novation results in the underlying client companies reinsuring the business directly to RGA Reinsurance versus passing through Allianz Life. The profitability of the business is not dependent on novation.

The transaction was effective retroactive to July 1, 2003. Under the agreement, Allianz Life transferred to RGA Reinsurance $425.7 million in cash and statutory reserves. RGA Reinsurance paid Allianz Life a ceding commission of $310.0 million. As a result of this transaction, during the fourth quarter of 2003 our U.S. traditional sub-segment reflected $246.1 million in net premiums and approximately $6.8 million of net income, after tax. Additionally, as of December 31, 2003, we reflected $217.6 million in invested assets and cash, $264.0 million in deferred policy acquisition costs and $455.5 million in future policy benefits on our consolidated balance sheet.

Consolidated assumed insurance in force increased $493.3 billion to $1,252.2 billion for the year ended December 31, 2003. Assumed new business production for 2003 totaled $544.4 billion compared to $230.0 billion in 2002 and $171.1 billion in 2001. The transaction with Allianz Life contributed $287.2 billion of the current-year increase in new business production.

As is customary in the reinsurance business, life insurance clients continually update, refine, and revise reinsurance information provided to the Company. Such revised information is used by the Company in preparation of its financial statements and the financial effects resulting from the incorporation of revised data are reflected currently.

Our profitability primarily depends on the volume and amount of death claims incurred and our ability to adequately price the risks we assume. While death claims are reasonably predictable over a period of many years, claims become less predictable over shorter periods and are subject to significant fluctuation from quarter to quarter and year to year. Effective July 1, 2003, we increased the maximum amount of coverage that we retain per life from $4 million to $6 million. This increase does not affect business written prior to July 1, 2003. Claims in excess of this retention amount are retroceded to retrocessionaires; however, we remain fully liable to the ceding company, our customer, for the entire amount of risk we assume. The increase in our retention limit from $4 million to $6 million reduces the amount of premiums we pay to our retrocessionaires, but increases the maximum impact a single death claim can have on our results and therefore may result in additional volatility to our results.

We maintain catastrophe insurance under a program that renews on August 13th of each year. The current program, which began August 13, 2003 and expires August 12, 2004, provides up to $50 million of coverage per occurrence for events involving 40 or more deaths. Under this program, we retain the first $50 million in claims, the catastrophe program covers the next $50 million in claims, and we retain all claims in excess of $100 million. Acts of terrorism are covered except when arising from the use of nuclear, chemical, or biological weapons. The insurance is provided through seven insurance companies and seven Lloyds Syndicates with no single insurer providing more than $10 million of coverage.

We are exposed to foreign currency risk on business conducted in foreign currencies to the extent that the exchange rates of the foreign currencies are subject to adverse change over time. Additionally, we are exposed to the economic and political risk associated with our net investment in foreign locations. Our most significant foreign operations are in Canada. The business generated from the Asia Pacific region is primarily denominated in U.S. dollars, Australian dollars, and Japanese yen. Additionally, we reinsure business in other international currencies including the Great British pound and South African rand. We generally do not hedge our net investment or translation exposure since we view our operations as long-term investments and believe the costs of hedging would outweigh the benefits.

Since December 31, 1998, we have formally reported our accident and health division as a discontinued operation. The accident and health business was placed into run-off, and all treaties were terminated at the earliest possible date. Notice was given to all cedants and retrocessionaires that all treaties were being cancelled at the expiration of their terms. The nature of the underlying risks is such that the claims may take several years to reach the reinsurers involved. Thus, we expect to pay claims over a number of years as the level of business diminishes. We will report a loss to the extent claims and related expenses exceed established reserves. During 2003, the accident and health division reported a net loss of $5.7 million due to claim payments in excess of established reserves and legal fees. See Note 21 to the Consolidated Financial Statements.

Prior to January 1, 2003, the Company aggregated the results of its five main operational segments into three reportable segments: U.S., Canada and Other International. The Other International reportable segment formerly included operations in Latin America, Asia Pacific, and Europe & South Africa. Effective January 1, 2003, as a result of our declining presence in Argentina and changes in management responsibilities for part of the Latin America region, the Other International reportable segment no longer included Latin America operations. Latin America results relating to the Argentine privatized pension business as well as direct insurance operations in Argentina are now reported in the Corporate and Other segment. The results for all other Latin America business, primarily traditional reinsurance business in Mexico, are reported as part of U.S. operations in the Traditional sub-segment. Additionally, the remaining operations of the Other International reportable segment, Asia Pacific and Europe & South Africa, are now presented as separate reportable segments. Prior-period segment information has been reclassified to conform to this new presentation.

The U.S. operations provide traditional life, asset-intensive, and financial reinsurance primarily to domestic clients. The Canada operations provide insurers with reinsurance of traditional life products as well as reinsurance of critical illness products. Asia Pacific operations provide primarily traditional life reinsurance and, to a lesser extent, financial reinsurance. Europe & South Africa operations include traditional life reinsurance and critical illness business from Europe and South Africa, in addition to other markets we are developing. Our discontinued accident and health business is excluded from continuing operations. We measure segment performance based on profit or loss from operations before income taxes.

Consolidated income from continuing operations increased 38.8% in 2003 to $178.3 million and increased 222.1% in 2002 to $128.5 million. Diluted earnings per share from continuing operations were $3.46 for 2003 compared to $2.59 for 2002 and $0.80 for 2001. A majority of our earnings during these years were attributed primarily to traditional reinsurance results in the U.S. and Canada. Mortality experience during 2003 and 2002 was generally within our range of expectations. Additionally, 2003 net income for our U.S. Traditional operations benefited from the Allianz Life transaction by approximately $6.8 million. We expect that transaction to contribute $30 to $40 million to net income

in 2004. Earnings during 2001 were adversely affected by the terrorist attacks of September 11, 2001, investment losses on sales and impairments of investment securities, and the accrual of additional reserves to support our reinsurance of Argentine pension business.

Consolidated investment income increased 24.3% and 10.0% during 2003 and 2002, respectively. These increases related to a growing invested asset base due to positive cash flows from operations and deposits from several annuity reinsurance treaties, offset, in part, by declining invested asset yields primarily due to a decline in prevailing interest rates. The cost basis of invested assets increased by $2.1 billion, or 32.3%, in 2003 and increased $1.4 billion, or 27.5%, in 2002. In excess of $400 million of the increase in the cost basis of invested assets during 2003 was due to the Company's common equity offering in which 12,075,000 new shares were issued. The additional increase during 2003 is due to the factors previously discussed. The average yield earned on investments, excluding funds withheld, was 6.39% in 2003, compared with 6.51% in 2002, and 6.79% in 2001. The average yield will vary from year to year depending on a number of variables, including the prevailing interest rate environment and changes in the mix of our underlying investments. Funds withheld assets are associated with annuity contracts on which we earn a spread. Fluctuations in the yield on funds withheld assets are generally offset by a corresponding adjustment to the interest credited on the liabilities. Investment income is allocated to the operating segments based upon average assets and related capital levels deemed appropriate to support the segment business volumes.

The consolidated provision for income taxes for continuing operations represented approximately 34.3%, 33.8%, and 39.7% of pre-tax income for 2003, 2002, and 2001, respectively. Absent unusual items, we expect the consolidated effective tax rate to be between 34% and 35%. The effective tax rate for 2002 includes the effect of a $2.0 million reduction in tax liabilities resulting from a settlement of an Internal Revenue Service ("IRS") audit. The effective tax rate for 2001 was affected by realized capital losses domestically and operating losses from foreign subsidiaries for which deferred tax assets cannot be fully established. The Company calculated tax benefits related to its discontinued operations of $3.1 million for 2003 and 2002, and $3.7 million for 2001. The effective tax rate on the discontinued operations was approximately 35.0% for each of the three years.

CRITICAL ACCOUNTING POLICIES

The Company's accounting policies are described in Note 2 to the Consolidated Financial Statements. The Company believes its most critical accounting policies include the capitalization and amortization of deferred acquisition costs, the establishment of liabilities for future policy benefits, other policy claims and benefits, including incurred but not reported claims, the valuation of investment impairments, and the establishment of arbitration or litigation reserves. The balances of these accounts are significant to the Company's financial position and require extensive use of assumptions and estimates, particularly related to the future performance of the underlying business.

Additionally, for each of its reinsurance contracts, the Company must determine if the contract provides indemnification against loss or liability relating to insurance risk, in accordance with applicable accounting standards. The Company must review all contractual features, particularly those that may limit the amount of insurance risk to which the Company is subject or features that delay the timely reimbursement of claims. If the Company determines that the possibility of a significant loss from insurance risk will occur only under remote circumstances, it records the contract under a deposit method of accounting with the net amount payable/receivable reflected in other reinsurance assets or liabilities on the consolidated balance sheet. Fees earned on the contracts are reflected as other revenues, as opposed to premiums, on the consolidated statements of income.

Costs of acquiring new business, which vary with and are primarily related to the production of new business, have been deferred to the extent that such costs are deemed recoverable from future premiums or gross profits. Deferred policy acquisition costs ("DAC") reflect our expectations about the future experience of the business in force and include commissions and allowances as well as certain costs of policy issuance and underwriting. Some of the factors that can affect the carrying value of DAC include mortality assumptions, interest spreads and policy lapse rates. The Company performs periodic tests to determine that DAC remains recoverable, and the cumulative amortization is re-estimated and, if necessary, adjusted by a cumulative charge or credit to current operations. No adjustments were made during 2003, however, for the years ended December 31, 2002 and 2001, the Company reflected charges of $1.0 million and $3.1 million, respectively, for unrecoverable deferred policy acquisition costs. As of December 31, 2003, the Company estimates that approximately 51.9% of its DAC balance is collateralized by surrender fees due to the Company and the reduction of policy liabilities, in excess of termination values, upon surrender or lapse of a policy.

The Company periodically reviews actual and anticipated experience compared to the assumptions used to establish policy benefits. Further, it establishes premium deficiency reserves if actual and anticipated experience indicates that existing policy liabilities together with the present value of future gross premiums are not sufficient to cover the present value of future benefits, settlement and maintenance costs and to recover unamortized acquisition costs. The premium deficiency reserve is established by a charge to income, as well as a reduction in unamortized acquisition costs and, to the extent there are no unamortized acquisition costs, an increase in future policy benefits.

Claims payable for incurred but not reported losses are determined using case basis estimates and lag studies of past experience. These estimates are periodically reviewed and any adjustments to such estimates, if necessary, are reflected in current operations.

The Company primarily invests in fixed maturity securities. The Company monitors its fixed maturity securities to determine potential impairments in value. In conjunction with its external investment managers, the Company evaluates factors such as the financial condition of the issuer, payment performance, the extent to which the market value has been below amortized cost, compliance with covenants, general market and industry sector conditions, the intent and ability to hold securities, and various other subjective factors. Securities, based on management's judgments, with an other than temporary impairment in value are written down to management's estimate of fair value.

Differences in actual experience compared with the assumptions and estimates utilized in the justification of the recoverability of DAC, in establishing reserves for future policy benefits and claim liabilities, or in the determination of other than temporary impairments to investment securities can have a material impact on the Company's results of operations and financial condition.

The Company is currently a party to various litigation and arbitrations. While it is not feasible to predict or determine the ultimate outcome of the pending litigation or arbitrations or even provide reasonable ranges of potential losses, it is the opinion of management, after consultation with counsel, that the outcomes of such litigation and arbitrations, after consideration of the provisions made in the Company's consolidated financial statements, would not have a material adverse effect on its consolidated financial position. See Note 21 to the Consolidated Financial Statements.

Further discussion and analysis of the results for 2003 compared to 2002 and 2001 are presented by segment. Certain prior-year amounts have been reclassified to conform to the current-year presentation. References to income before income taxes exclude the effects of discontinued operations and the cumulative effect of changes in accounting principles.

U.S. OPERATIONS

U.S. operations consist of two major sub-segments: Traditional and Non-Traditional. The Traditional sub-segment primarily specializes in mortality-risk reinsurance. The Non-Traditional category consists of Asset-Intensive and Financial Reinsurance.

(in thousands)

		Non-Traditional		
FOR THE YEAR ENDED DECEMBER 31, 2003	Traditional	Asset-Intensive	Financial Reinsurance	Total U.S.
Revenues:				
Net premiums	$1,797,478	$ 4,315	$ –	$1,801,793
Investment income, net of related expenses	181,897	164,127	105	346,129
Realized investment losses, net	(5,715)	(1,674)	–	(7,389)
Change in value of embedded derivatives (net of amounts allocable to deferred acquisition costs of $30,665)	–	12,931	–	12,931
Other revenues	3,920	6,524	27,302	37,746
Total revenues	1,977,580	186,223	27,407	2,191,210
Benefits and expenses:				
Claims and other policy benefits	1,457,886	2,976	–	1,460,862
Interest credited	58,317	119,621	–	177,938
Policy acquisition costs and other insurance expenses (excluding $30,665 allocated to embedded derivatives)	241,877	34,422	9,900	286,199
Other operating expenses	41,186	3,809	5,128	50,123
Total benefits and expenses	1,799,266	160,828	15,028	1,975,122
Income before income taxes	$ 178,314	$ 25,395	$12,379	$ 216,088

U.S. OPERATIONS, *continued*

(in thousands)

FOR THE YEAR ENDED DECEMBER 31, 2002	Traditional	Non-Traditional Asset-Intensive	Non-Traditional Financial Reinsurance	Total U.S.
Revenues:				
Net premiums	$1,407,751	$ 3,786	$ –	$1,411,537
Investment income, net of related expenses	161,869	110,019	191	272,079
Realized investment losses, net	(6,194)	(4,135)	–	(10,329)
Other revenues	2,802	7,277	26,586	36,665
Total revenues	1,566,228	116,947	26,777	1,709,952
Benefits and expenses:				
Claims and other policy benefits	1,097,998	17,376	–	1,115,374
Interest credited	56,675	65,504	–	122,179
Policy acquisition costs and other insurance expenses	228,800	18,560	8,196	255,556
Other operating expenses	30,505	1,242	9,295	41,042
Total benefits and expenses	1,413,978	102,682	17,491	1,534,151
Income before income taxes	$ 152,250	$ 14,265	$ 9,286	$ 175,801

FOR THE YEAR ENDED DECEMBER 31, 2001	Traditional	Non-Traditional Asset-Intensive	Non-Traditional Financial Reinsurance	Total U.S.
Revenues:				
Net premiums	$1,234,817	$ 3,248	$ –	$1,238,065
Investment income, net of related expenses	152,068	93,252	474	245,794
Realized investment gains (losses), net	(30,764)	1,193	–	(29,571)
Other revenues	2,344	2,379	25,958	30,681
Total revenues	1,358,465	100,072	26,432	1,484,969
Benefits and expenses:				
Claims and other policy benefits	983,460	4,658	–	988,118
Interest credited	52,428	58,087	–	110,515
Policy acquisition costs and other insurance expenses	187,422	21,632	9,925	218,979
Other operating expenses	34,056	740	7,980	42,776
Total benefits and expenses	1,257,366	85,117	17,905	1,360,388
Income before income taxes	$ 101,099	$ 14,955	$ 8,527	$ 124,581

Income before taxes for the U.S. operations totaled $216.1 million for 2003 compared to $175.8 million in 2002 and $124.6 million in 2001. The Allianz Life transaction was a contributing factor to the earnings growth during 2003, as well as continued revenue growth and the change in fair value of embedded derivatives. Growth in revenue and favorable mortality experience in the traditional sub-segment contributed to the increase in income for 2002. Income was down in 2001 due primarily to higher realized net investment losses, and higher than expected claims, arising primarily from the terrorist attacks of September 11, 2001.

Traditional Reinsurance

The U.S. traditional sub-segment provides life reinsurance to domestic clients for a variety of life products through yearly renewable term agreements, coinsurance and modified coinsurance agreements. These reinsurance arrangements may be either facultative or automatic agreements. During 2003 production totaled $423.5 billion face amount of new business, compared to $150.3 billion in 2002 and $109.7 billion in 2001. Production for 2003 includes $287.2 billion related to the Allianz Life transaction. Management believes industry consolidation and the trend toward reinsuring mortality risks should continue to provide opportunities for growth, although transactions the size of Allianz Life may or may not occur.

Income before income taxes for U.S. traditional reinsurance increased 17.1% and 50.6% in 2003 and 2002, respectively. Contributing to the increase for 2003 is the Allianz Life business, which generated $10.5 million of pre-tax income coupled with the continued growth in our traditional business. The growth in 2002 can be attributed to premium growth and favorable claim experience. Income was down in 2001 due primarily to higher realized net investment losses, and higher than expected claims, arising primarily from the terrorist attacks of September 11, 2001.

Net premiums for U.S. traditional reinsurance increased 27.7% in 2003, 17.5% of which related to the $246.1 million in net premiums from the Allianz Life transaction. During 2002, net premiums increased 14.0%. New premiums from facultative and automatic treaties and renewal premiums on existing blocks of business all contributed to the growth. The increased premium is driven by the growth of total U.S. business in force, which increased to $896.8 billion in 2003, a 64.6% increase over the prior year. This amount includes $278.0 billion of in force from the Allianz Life transaction. Premium levels can be influenced by large transactions and reporting practices of ceding companies and therefore can fluctuate from period to period.

Net investment income increased 12.4% and 6.4% in 2003 and 2002, respectively. The increase in both years is due to growth in the invested asset base, primarily due to increased operating cash flows on traditional reinsurance, which was partially offset by lower yields, primarily as a result of a general decline in interest rates. The Allianz Life transaction accounted for 3.6% of the increase in 2003.

Claims and other policy benefits, as a percentage of net premiums, were 81.1%, 78.0%, and 79.6% in 2003, 2002, and 2001, respectively. The increase in 2003 compared to prior years is a result of slightly higher claims as well as the impact of the Allianz Life transaction. The lower ratio in 2002 is the result of generally favorable mortality experience. The 2001 loss ratio was affected by $16.1 million in claims related to the events of September 11, 2001. Subsequent to 2001, our net loss resulting from the terrorist attacks decreased to $11.2 million. This reduction ($3.0 million and $1.9 million in 2003 and 2002, respectively) is the result of reported claims from this event being lower than originally projected. The Company's catastrophe coverage program limited its net losses related to the terrorist attacks. Death claims are reasonably predictable over a period of many years, but are less predictable over shorter periods and are subject to significant fluctuation.

Interest credited relates to amounts credited on the Company's cash value products in this segment, which have a significant mortality component. This amount fluctuates with the changes in deposit levels, cash surrender values, and investment performance.

The amount of policy acquisition costs and other insurance expenses, as a percentage of net premiums, was 13.5%, 16.3%, and 15.2% in 2003, 2002, and 2001, respectively. The Allianz Life transaction contributed a 0.9% decrease in this ratio for 2003. These percentages will fluctuate due to varying allowance levels within coinsurance-type arrangements, the timing of amounts due to and from ceding companies, as well as the amortization pattern of previously capitalized amounts which are based on the form of the reinsurance agreement and the underlying insurance policies. Additionally, the mix of first year coinsurance versus yearly renewable term can cause the percentage to fluctuate from period to period.

Other operating expenses, as a percentage of net premiums, were 2.3%, 2.2%, and 2.8% in 2003, 2002, and 2001, respectively. The slight increase in 2003 can be attributed $9.0 million of expenses associated with the Allianz Life transaction, of which $6.3 million are non-recurring and were capitalized as a deferred acquisition cost. The decrease in operating expenses for 2002 is the result of lower overhead costs being allocated to this sub-segment as the international operations have grown. This percentage will fluctuate based on premium levels and the mix of fixed versus variable operating expenses.

Asset-Intensive Reinsurance

Asset-intensive reinsurance primarily concentrates on the investment risk within underlying annuities and corporate-owned life insurance policies. Most of these agreements are coinsurance, coinsurance funds withheld or modified coinsurance of non-mortality risks such that the Company recognizes profits or losses primarily from the spread between the investment earnings and the interest credited on the underlying deposit liabilities. Several of the coinsurance agreements are on a funds withheld basis.

During 2003, the Company adopted the provisions of Statement of Financial Accounting Standards ("SFAS") No. 133 Implementation Issue No. B36, "Embedded Derivatives: Modified Coinsurance Arrangements and Debt Instruments That Incorporate Credit Risk Exposures That Are Unrelated or Only Partially Related to the Creditworthiness of the Obligor under Those Instruments" ("Issue B36"), recording a change in value of embedded derivatives of $12.9 million within revenues, net of $30.7 million of related amortization of deferred acquisition costs (see Note 2—"New Accounting Pronouncements" in Notes to Consolidated Financial Statements for further discussion).

Income before income taxes increased in 2003 to $25.4 million compared to $14.3 million and $15.0 million in 2002 and 2001, respectively. The increase during 2003 was mainly due to a $12.9 million benefit related to the change in fair value of embedded derivatives. The fair value is expected to fluctuate significantly on a quarterly basis since it is primarily tied to movements in credit spreads. In addition, 2003 results were impacted by higher credit losses than expected within the funds withheld portfolios, somewhat offset by the continued growth in the asset base. These credit losses were reflected in investment income. Results during 2002 were favorably affected by the growth in the asset base compared to 2001, however, realized losses on investment securities increased $5.3 million during 2002, resulting in an overall decrease of $0.7 million in income before income taxes.

Total revenues, which are comprised primarily of investment income, increased 59.2% and 16.9% in 2003 and 2002, respectively. The increase in 2003 can be primarily attributed to continued growth in asset base for this segment. The average invested asset balance was $2.7 billion, $1.9 billion, and $1.3 billion for 2003, 2002 and 2001, respectively. Invested assets outstanding as of December 31, 2003, and 2002 were $3.1 billion and $2.4 billion, of which $2.0 billion and $1.4 billion were funds withheld at interest, respectively.

Total expenses, which is comprised primarily of interest credited, policy benefits and acquisition costs increased 56.6% and 20.6% in 2003 and 2002, respectively. The increase in 2003 can be attributed to the increase in policy acquisition costs and interest credited. The higher policy acquisition costs and growth in interest credited is the result of the significant growth in this segment. The higher expenses are offset by the increase in investment income, which is reflective of the higher asset base. The growth in other expenses in 2003 reflects the underlying growth and resource support for this sub-segment.

Financial Reinsurance

The U.S. financial reinsurance sub-segment includes results from RGA Financial Group, a wholly-owned subsidiary, and consists primarily of net fees earned on financial reinsurance transactions. The majority of the financial reinsurance transactions assumed by the Company are retroceded to other insurance companies. Financial reinsurance agreements represent low risk business that the Company assumes and subsequently retrocedes with a net fee earned on the transaction. The fees earned from the assumption of the financial reinsurance contracts are reflected in other revenues, and the fees paid to retrocessionaires are reflected in policy acquisition costs and other insurance expenses.

Income before income taxes increased 33.3% and 8.9% in 2003 and 2002, respectively. The increase for 2003 can be attributed to lower operating expenses allocated to this sub-segment in 2003 compared to 2002 and 2001. At December 31, 2003, 2002 and 2001, the amount of reinsurance assumed from client companies, as measured by pre-tax statutory surplus, was $811.3 million, $872.7 million and $547.8 million, respectively.

CANADA OPERATIONS

The Company conducts reinsurance business in Canada through RGA Life Reinsurance Company of Canada ("RGA Canada"), a wholly-owned company. RGA Canada is a leading life reinsurer in Canada, assisting clients with capital management activity and mortality risk management, and is primarily engaged in traditional individual life reinsurance, including preferred underwriting products, as well as non-guaranteed critical illness products.

(in thousands)

FOR THE YEAR ENDED DECEMBER 31,	2003	2002	2001
Revenues:			
Net premiums	**$214,738**	$181,224	$173,269
Investment income, net of related expenses	**87,212**	70,518	65,006
Realized investment gains (losses), net	**13,423**	(163)	9,148
Other revenues	**(212)**	136	201
Total revenues	**315,161**	251,715	247,624
Benefits and expenses:			
Claims and other policy benefits	**223,375**	186,398	172,799
Interest credited	**1,488**	1,070	299
Policy acquisition costs and other insurance expenses	**20,293**	16,136	14,101
Other operating expenses	**10,441**	9,480	8,909
Total benefits and expenses	**255,597**	213,084	196,108
Income before income taxes	**$ 59,564**	$ 38,631	$ 51,516

The Canadian operation is one of the leading life reinsurers in Canada. RGA Canada's reinsurance in force totaled approximately $84.0 billion and $64.5 billion at December 31, 2003 and 2002, respectively. At December 31, 2003, RGA Canada includes most of the life insurance companies in Canada as clients.

Income before income taxes increased 54.2% in 2003 and decreased 25.0% in 2002. The increase in 2003 was the result of an increase of $13.6 million or 35.2% in realized investment gains as well as more favorable mortality experience in the current year. Additionally, the Canadian dollar strengthened against the U.S. dollar during 2003 relative to 2002, and contributed $6.7 million, or 17.3%, to income before income taxes in 2003. In local currency, income before income taxes increased by 39.7%. The decrease in 2002 was the result of a $9.3 million decrease in realized investment gains and unfavorable mortality experience, primarily due to two treaties, and favorable mortality experience in 2001.

Net premiums increased by 18.5%, to $214.7 million in 2003, and increased by 4.6%, to $181.2 million in 2002. In original currency, net premiums increased by 5.2% in 2003 and 6.5% in 2002. A stronger Canadian dollar in 2003 contributed $24.1 million, or 13.3%, to net premiums reported in 2003. The decline in the strength of the Canadian dollar in 2002 had an adverse effect on the amount of net premiums reported of $2.1 million, or 1.2%, in 2002. Premium levels are significantly influenced by large transactions, mix of business, and reporting practices of ceding companies and therefore can fluctuate from period to period.

Net investment income increased by 23.7% and 8.5% during 2003 and 2002, respectively. Investment income is allocated to the segments based upon average assets and related capital levels deemed appropriate to support business volumes. The investment income allocation to the Canadian operations was $5.8 million and $5.2 million in 2003 and 2002, respectively. Investment performance varies with the composition of investments. In 2003, the increase in investment income was mainly the result of a stronger Canadian dollar during 2003 compared to 2002, an increase in the invested asset base due to operating cash flows on traditional reinsurance, and interest on an increasing amount of funds withheld at interest related to one treaty. In 2002, the invested asset base growth was due to operating cash flows on traditional reinsurance, proceeds from capital contributions, and interest on an increasing amount of funds withheld at interest related to one treaty.

Claims and other policy benefits, as a percentage of net premiums, were 104.0% of total 2003 net premiums compared to 102.9% in 2002 and 99.7% in 2001. The increased percentages are primarily the result of several large in force blocks assumed in 1998 and 1997. These blocks are mature blocks of level premium business

in which mortality as a percentage of premiums is expected to be higher than the historical ratios and increase over time. The nature of level premium policies requires that the Company invest the amounts received in excess of mortality costs to fund claims in the later years. Claims and other policy benefits, as a percentage of net premiums and investment income, were 74.0% during 2003 compared to 74.0% in 2002 and 72.5% in 2001. Death claims are reasonably predictable over a period of many years, but are less predictable over shorter periods and are subject to significant fluctuation.

Policy acquisition costs and other insurance expenses as a percentage of net premiums totaled 9.5% in 2003, 8.9% in 2002, and 8.1% in 2001. The increase in this ratio is primarily due to the changing mix of business. In 2003 and 2002, more business was derived from coinsurance agreements than yearly renewable term agreements than in the prior year. The coinsurance agreements tend to have higher commission costs compared to yearly renewable term agreements.

Other operating expenses increased $1.0 million in 2003 and $0.6 million in 2002 compared to their respective prior-year periods. The increase in 2003 is attributable to the strengthening of the Canadian dollar.

EUROPE & SOUTH AFRICA OPERATIONS

The segment provides life reinsurance for a variety of products through yearly renewable term and coinsurance agreements, and reinsurance of accelerated critical illness coverage (pays on the earlier of death or diagnosis of a pre-defined critical illness). Reinsurance agreements may be either facultative or automatic agreements covering primarily individual risks and in some markets, group risks.

(in thousands)

FOR THE YEAR ENDED DECEMBER 31,	2003	2002	2001
Revenues:			
Net premiums	**$364,203**	$226,846	$94,800
Investment income, net of related expenses	**3,869**	1,009	1,536
Realized investment gains (losses), net	**3,999**	894	(137)
Other revenues	**1,067**	2,064	256
Total revenues	**373,138**	230,813	96,455
Benefits and expenses:			
Claims and other policy benefits	**230,895**	130,975	59,429
Policy acquisition costs and other insurance expenses	**105,062**	82,700	26,753
Other operating expenses	**15,866**	13,049	10,555
Interest expense	**1,043**	680	681
Total benefits and expenses	**352,866**	227,404	97,418
Income (loss) before income taxes	**$ 20,272**	$ 3,409	$ (963)

Europe & South Africa net premiums grew 60.6% during 2003 and 139.3% in 2002. The growth was primarily the result of new business from existing treaties and from new treaties, combined with favorable currency exchange rates. Several foreign currencies, particularly the British pound, the euro, and the South African rand strengthened against the U.S. dollar in 2003. The effect of the strengthening of the local currencies was an increase in 2003 premiums of $41.7 million over 2002. Also, a significant portion of the growth of premiums was due to reinsurance of accelerated critical illness. This coverage provides a benefit in the event of a death from or the diagnosis of a defined critical illness. Premiums earned from this coverage totaled $145.7 million, $103.5 million and $29.6 million in 2003, 2002 and 2001, respectively. Premium levels are significantly influenced by large transactions and reporting practices of ceding companies and therefore can fluctuate from period to period.

Net investment income increased $2.9 million in 2003, and decreased $0.5 million in 2002. The increase in 2003 was primarily due to growth in the investment assets in the U.K. and South Africa, growth in the allocated invested asset base and favorable exchange rates. Investment performance varies with the

composition of investments and the relative allocation of capital to the operating segments.

Claims and other policy benefits as a percentage of net premiums totaled 63.4%, 57.7% and 62.7% for 2003, 2002 and 2001, respectively. Death claims are reasonably predictable over a period of many years, but are less predictable over shorter periods and are subject to significant fluctuation. Policy acquisition costs and other insurance expenses as a percentage of net premiums represented 28.8%, 36.5% and 28.2% for 2003, 2002, and 2001, respectively. These percentages fluctuate due to timing of client company reporting, variations in the mixture of business being reinsured and the relative maturity of the business. In addition, as the segment grows, renewal premiums which have lower allowances than first year premiums, represent a greater percentage of the total premiums. Accordingly, the ratio of allowances to premiums declines.

Policy acquisition costs are capitalized and charged to expense in proportion to premium revenue recognized. Acquisition costs, as a percentage of premiums, associated with some treaties in the United Kingdom are typically higher than those experienced in the Company's other segments. Future recoverability of the capitalized policy acquisition costs on this business is primarily sensitive to mortality and morbidity experience. If actual experience suggests higher mortality and morbidity rates going forward than currently contemplated in management's estimates, the Company may record a charge to income, due to a reduction in the DAC asset and, to the extent there are no unamortized acquisition costs, an increase in future policy benefits. The Company estimates that a 10% increase in anticipated mortality and morbidity experience would have no impact while a 12% or 15% increase would result in pre-tax income statement charges of approximately $21.4 million and $69.4 million, respectively.

Other operating expenses increased 21.6% during 2003 and 23.6% for 2002. The increase in other operating expenses in 2003 and 2002 is due to an increase in costs associated with maintaining and supporting the significant increase in business over the past two years. As a percentage of premiums, other operating expenses fell to 4.4% in 2003 from 5.8% in 2002 and 11.1% in 2001, respectively. The Company believes that sustained growth in premiums should lessen the burden of start-up expenses and expansion costs over time.

ASIA PACIFIC OPERATIONS

The Asia Pacific segment has operations in Australia, Hong Kong, Japan, Malaysia, New Zealand, South Korea and Taiwan. The principal types of reinsurance for this segment include life, critical care and illness, disability income, superannuation, and financial reinsurance. Superannuation is the Australian government mandated compulsory retirement savings program. Superannuation funds accumulate retirement funds for employees, and in addition, offer life and disability insurance coverage. Reinsurance agreements may be either facultative or automatic agreements covering primarily individual risks and in some markets, group risks. The Company operates multiple offices throughout each region to best meet the needs of the local client companies.

(in thousands)

FOR THE YEAR ENDED DECEMBER 31,	**2003**	2002	2001
Revenues:			
Net premiums	**$259,010**	$160,197	$119,702
Investment income, net of related expenses	**10,692**	7,059	3,935
Realized investment gains (losses), net	**(761)**	(268)	113
Other revenues	**1,191**	2,363	2,903
Total revenues	**270,132**	169,351	126,653
Benefits and expenses:			
Claims and other policy benefits	**185,358**	110,806	75,595
Policy acquisition costs and other insurance expenses	**47,513**	36,660	36,103
Other operating expenses	**16,903**	14,727	11,081
Interest expense	**1,096**	842	867
Total benefits and expenses	**250,870**	163,035	123,646
Income before income taxes	**$ 19,262**	$ 6,316	$ 3,007

Asia Pacific income before income taxes grew 205.0% during 2003 and 110.0% in 2002. The growth was primarily the result of the combination of additional premium volume, lower acquisition costs relative to net premiums, and economies of scale. As the

segment grows, although the other operating expenses increase, the substantial growth in premium volume covers these costs, creating favorable economies of scale.

Asia Pacific net premiums grew 61.7% during 2003 and 33.8% in 2002. The growth was primarily the result of new business from existing treaties and from new treaties, combined with favorable exchange rates. Several foreign currencies, particularly the Australian dollar, the New Zealand dollar and the Japanese yen strengthened against the U.S. dollar in 2003. The effect of the strengthening of the local currencies was an increase in 2003 premiums by $27.3 million over 2002, and $8.6 million for 2002 over 2001, caused mostly by the Australian/New Zealand operations.

The premium growth in 2003 was primarily in the Australia/New Zealand, Japan, and South Korea regions. The growth in Australia/New Zealand was split evenly between premiums with new clients, additional premium from existing clients, and the effect of exchange rates. In local currency, the Australia/New Zealand business increased by approximately 55.9%, while in U.S. dollars the premiums grew approximately 84.6%. Given the more mature nature of the Australian and New Zealand insurance markets, it is unlikely that future growth rates will continue at these rates, although additional growth is anticipated. The growth in the Japanese market was attributable to having a full year of a large treaty, versus a partial year in 2002, and additional business with most existing clients. The creation of the Japanese branch in December 2003 helps strengthen the Company's presence in the Japanese market and is expected to lead to future growth. The growth in South Korean premiums in 2003 was attributable to new business from an existing treaty and from a new large critical illness treaty. Substantial growth in this region is anticipated going forward, although this growth is off a small base of business. Premiums from the Hong Kong and Taiwan regions were essentially flat for the year, with growth from new treaties offset by the run-off of a large closed block. A portion of the growth of premiums for the segment is due to reinsurance of accelerated critical illness. This coverage provides a benefit in the event of a death from or the diagnosis of a defined critical illness. Premiums earned from this coverage totaled $31.2 million, $15.0 million and $13.7 million in 2003, 2002 and 2001, respectively. Premium levels are significantly influenced by large transactions and reporting practices of ceding companies and therefore can fluctuate from period to period.

Net investment income increased $3.6 million or 51.5% in 2003, and increased $3.1 million or 79.4% in 2002. The increase in 2003 was primarily due to growth in the investment assets in Australia and a favorable exchange rate, along with an increase in allocated investment income. Investment income and realized investment gains and losses are allocated to the various operating segments based on average assets and related capital levels deemed appropriate to support the segment business volumes. Investment performance varies with the composition of investments and the relative allocation of capital to the operating segments.

Other revenue during 2003 and 2002 primarily represented profit and fees associated with financial reinsurance in Taiwan and South Korea. These financial reinsurance treaties are in run-off and no new treaties were added in 2003, causing the decline in other revenue. Fees paid to retrocessionaires that were included in policy acquisition costs and other insurance expenses partially offset the fees earned for these years.

Claims and other policy benefits as a percentage of net premiums increased in 2003 and totaled 71.6%, 69.2% and 63.2% for 2003, 2002 and 2001, respectively. This percentage will fluctuate due to timing of client company reporting, variations in the mixture of business being reinsured and the relative maturity of the business. In addition to the change in mix of business, a portion of the increase in this percentage for 2003 over 2002 was attributable to the unfavorable performance of one treaty. Death claims are reasonably predictable over a period of many years, but are less predictable over shorter periods and are subject to significant fluctuation.

Policy acquisition costs and other insurance expenses as a percentage of net premiums represented 18.3%, 22.9% and 30.2% for 2003, 2002, and 2001, respectively. As the segment grows, renewal premiums, which generally have lower acquisition costs than first year premiums, account for a greater percentage of the total premiums. Accordingly, the ratio of acquisition costs to premiums should decline over time. The percentages also fluctuate due to timing of client company reporting and variations in the mixture of business being reinsured. Policy acquisition costs are capitalized and charged to expense in proportion to premium revenue recognized.

Other operating expenses increased 14.8% during 2003 and 32.9% for 2002. The increase in expenses is attributable to exchange rates, additional expenses in the Sydney regional office to support the business in the regions, expansion of the Japanese office to meet the requirements of branch status, and a full year of the South Korean office as opposed to a start-up operation in 2002. As a percentage of premiums, other operating expenses fell to 6.5% in 2003 from 9.2% in 2002 and 9.3% in 2001, respectively. The Company believes that sustained growth in premiums should lessen the burden of start-up expenses and expansion costs over time.

CORPORATE AND OTHER

Corporate and Other revenues include investment income from invested assets not allocated to support segment operations and undeployed proceeds from the Company's capital raising efforts, in addition to unallocated realized capital gains or losses. General corporate expenses consist of unallocated overhead and executive costs and interest expense related to debt and the $225.0 million of 5.75% mandatorily redeemable trust preferred securities. Additionally, the Corporate and Other operations segment includes results from RGA Technology Partners ("RTP"), a wholly-owned subsidiary that develops and markets technology solutions for the insurance industry, the Company's Argentine privatized pension business, which is currently in run-off (see discussion of status below), and an insignificant amount of direct insurance operations in Argentina.

(in thousands)

FOR THE YEAR ENDED DECEMBER 31,	2003	2002	2001
Revenues:			
Net premiums	**$ 3,419**	$ 862	$ 35,926
Investment income, net of related expenses	**17,677**	23,847	24,288
Realized investment losses, net	**(3,912)**	(4,785)	(47,984)
Other revenues	**7,508**	208	353
Total revenues	**24,692**	20,132	12,583
Benefits and expenses:			
Claims and other policy benefits	**7,941**	(4,089)	80,861
Interest credited	**276**	3,466	898
Policy acquisition costs and other insurance expenses	**(902)**	452	8,281
Other operating expenses	**26,303**	16,488	17,985
Interest expense	**34,650**	33,994	16,549
Total benefits and expenses	**68,268**	50,311	124,574
Loss before income taxes	**$(43,576)**	$(30,179)	$(111,991)

Loss before income taxes grew approximately 44.4% during 2003 compared to 2002, primarily due to a $6.4 million decrease in unallocated investment income, a $5.5 million increase in unallocated general corporate expenses, and a $2.9 million increase in unallocated realized investment losses. The Argentine operations slightly offset these corporate results providing income before income taxes of approximately $0.9 million. RTP operations, which have no comparative prior-year results, broke even and added $4.8 million in other revenues and other expenses in 2003 due to the growth in licensing, installation and modification services associated with the Company's electronic underwriting product.

Loss before income taxes decreased 73.1% during 2002 compared to 2001. Results for 2002 and 2001 are difficult to compare due to the Company's decision to exit the privatized pension business in Argentina during 2001. The privatized pension business provided income from continuing operations of $4.7 million in 2002, compared to a loss from continuing operations of approximately $71.3 million during 2001. The 2001 loss primarily related to realized investment losses on Argentine securities supporting the business and an increase to reserves. Unallocated corporate revenues, consisting of unallocated investment income and realized investment losses, increased $24.7 million. This increase in corporate revenues was offset, in part, by an $18.6 million increase in expenses, primarily interest expense. The substantial increase in interest expense during 2002 was primarily a result of the addition of the Preferred Securities (See Note 16, "Issuance of Trust PIERS Units" of the Notes to Consolidated Financial Statements) and the 2001 Senior Notes, both of which were issued near the end of 2001. The Company views its long-term debt at its current level as an integral and ongoing part of its capital structure.

Status of Argentine Privatized Pension Business

Administradoras de Fondos de Jubilaciones y Pensiones ("AFJPs") are privately owned pension fund managers that were formed as

a result of reform and privatization of Argentina's social security system. Privatized pension reinsurance covers the life insurance as well as the total and permanent disability components of the pension program. The claims under that program are initially established as units of the underlying pension fund ("AFJP fund units") at the time they are filed. Because AFJP claims payments are linked to the AFJP fund units, the ultimate amounts of claims paid by the reinsurer under the program should vary with the underlying performance of the related pension fund over the period in which the claims were adjudicated. In addition, the reinsurer is subject to the mortality and morbidity risks associated with the underlying plan participants. The Company ceased renewal of reinsurance treaties associated with privatized pension contracts in Argentina during 2001 because of adverse experience on this business, as several aspects of the pension fund claims flow did not develop as was contemplated when the reinsurance programs were initially priced.

Because AFJP claims payments are linked to the AFJP fund units and the AFJP funds are heavily invested in Argentine government securities, the economic crisis in Argentina should have significantly reduced the AFJP fund unit values, and hence the claims payable. However, the opposite effect has occurred because of regulatory intervention of the Argentine government in the AFJP system, including the pesofication of the Argentine economy as it relates to AFJPs. Specifically, AFJP fund unit values are still artificially high, inflating AFJP yields. There have also been delays in the payment of permanent disability claims. The artificially high AFJP fund unit values adversely affect reinsurers like RGA Reinsurance by inflating the value of claims payments on quota share reinsurance contracts, prematurely triggering attachment points on stop loss reinsurance contracts, and prematurely triggering excess of retention reinsurance contracts. Additionally, the delay in paying disability claims, coupled with the artificially high AFJP fund unit values, has the effect of inflating the disability claims payments that will ultimately have to be made by reinsurers. Recent draft regulations issued by the Argentine government would require payment of these deferred disability claims at the inflated AFJP fund unit values. The Company cannot predict if or when these draft regulations may become effective.

It is the Company's position that these actions of the Argentine government constitute violations of the Treaty on Encouragement and Reciprocal Protection of Investments, between the Argentine Republic and the United States of America, dated November 14, 1991 (the "Treaty"). RGA Reinsurance has put the Argentine Republic on notice of the Company's intent to file a request for arbitration of its dispute relating to these violations pursuant to the Washington Convention of 1965 on the Settlement of Investment Disputes under the auspices of the International Centre for Settlement of Investment Disputes of the World Bank (the "ICSID Arbitration"), if an amicable settlement can not be reached. The Company is also exploring other possible remedies under U.S. and Argentine law. While it is not feasible to predict or determine the ultimate outcome of the contemplated ICSID Arbitration or other remedies that the Company may pursue, or provide reasonable ranges of potential losses if the Argentine government continues with its present course of action, it is the opinion of management, after consultation with counsel, that their outcomes, after consideration of the provisions made in the Company's consolidated financial statements, would not have a material adverse effect on its consolidated financial position.

DISCONTINUED OPERATIONS

Since December 31, 1998, the Company has formally reported its accident and health division as a discontinued operation. The accident and health business was placed into run-off, and all treaties were terminated at the earliest possible date. Notice was given to all cedants and retrocessionaires that all treaties were being cancelled at the expiration of their terms. The nature of the underlying risks is such that the claims may take several years to reach the reinsurers involved. Thus, the Company expects to pay claims over a number of years as the level of business diminishes. The Company will report a loss to the extent claims exceed established reserves.

At the time it was accepting accident and health risks, the Company directly underwrote certain business provided by brokers using its own staff of underwriters. Additionally, it participated in pools of risks underwritten by outside managing general underwriters, and offered high level common account and catastrophic protection coverages to other reinsurers and retrocessionaires. Types of risks covered included a variety of medical, disability, workers compensation carve-out, personal accident, and similar coverages.

The reinsurance markets for several accident and health risks, most notably involving workers' compensation carve-out and personal accident business, have been quite volatile over the past several years. Certain programs are alleged to have been inappropriately underwritten by third party managers, and some of the reinsurers and retrocessionaires involved have alleged material misrepresentation and non-disclosures by the underwriting managers. In particular, over the past several years a number of disputes have arisen in the accident and health reinsurance markets with respect to London market personal accident excess of loss ("LMX") reinsurance programs that involved alleged "manufactured" claims spirals designed to transfer claims losses to higher-level reinsurance layers. The Company is currently a party to arbitrations that involve some of these LMX reinsurance programs. Additionally, while RGA did not underwrite workers' compensation carve-out business directly, it did offer certain indirect high-level common account coverages to other reinsurers and retrocessionaires, which could result in exposure to workers' compensation carve-out risks. The Company and other reinsurers and retrocessionaires involved have raised substantial

defenses upon which to contest claims arising from these coverages, including defenses based upon the failure of the ceding company to disclose the existence of manufactured claims spirals, inappropriate or unauthorized underwriting procedures, etc. As a result, there have been a significant number of claims for rescission, arbitration, and litigation among a number of the parties involved in these various coverages. This has had the effect of significantly slowing the reporting of claims between parties, as the various outcomes of a series of arbitrations and similar actions affect the extent to which higher level reinsurers and retrocessionaires may ultimately have exposure to claims.

While RGA did not underwrite workers' compensation carve-out business directly, it did offer certain indirect high-level common account coverages to other reinsurers and retrocessionaires. To date, no such direct material exposures have been identified. If any direct material exposure is identified at some point in the future, based upon the experience of others involved in these markets, any exposures will potentially be subject to claims for rescission, arbitration, or litigation. Thus, resolution of any disputes will likely take several years.

While it is not feasible to predict the ultimate outcome of pending arbitrations and litigation involving LMX reinsurance programs, any indirect workers' compensation carve-out exposure, other accident and health risks, or provide reasonable ranges of potential losses, it is the opinion of management, after consultation with counsel, that their outcomes, after consideration of the provisions made in the Company's consolidated financial statements, would not have a material adverse effect on its consolidated financial position.

The Company is currently a party to various litigation and arbitrations that involve medical reinsurance arrangements, personal accident business, and aviation bodily injury carve-out business. As of January 31, 2004, the ceding companies involved in these disputes have raised claims, or established reserves that may result in claims, that are $62.6 million in excess of the amounts held in reserve by the Company. The Company generally has little information regarding any reserves established by the ceding companies, and it is possible that any such reserves could be increased in the future. The Company believes it has substantial defenses upon which to contest these claims, including but not limited to misrepresentation and breach of contract by direct and indirect ceding companies. In addition, the Company is in the process of auditing ceding companies which have indicated that they anticipate asserting claims in the future against the Company that are $12.5 million in excess of the amounts held in reserve by the Company. Depending upon the audit findings in these cases, they could result in litigation or arbitrations in the future. While it is not feasible to predict or determine the ultimate outcome of the pending litigation or arbitrations or provide reasonable ranges of potential losses, it is the opinion of management, after consultation with counsel, that their outcomes, after consideration of the provisions made in the Company's consolidated financial statements, would not have a material adverse effect on its consolidated financial position.

The calculation of the claim reserve liability for the entire portfolio of accident and health business requires management to make estimates and assumptions that affect the reported claim reserve levels. The reserve balance as of December 31, 2003 and 2002 was $54.5 million and $50.9 million, respectively. Management must make estimates and assumptions based on historical loss experience, changes in the nature of the business, anticipated outcomes of claim disputes and claims for rescission, anticipated outcomes of arbitrations, and projected future premium run-off, all of which may affect the level of the claim reserve liability. Due to the significant uncertainty associated with the run-off of this business, net income in future periods could be affected positively or negatively. The consolidated statements of income for all periods presented reflect this line of business as a discontinued operation. Revenues associated with discontinued operations, which are not reported on a gross basis in the Company's consolidated statements of income, totaled $4.8 million, $3.3 million, and $3.0 million for 2003, 2002, and 2001, respectively.

DEFERRED ACQUISITION COSTS

Deferred acquisition costs related to interest-sensitive life and investment-type contracts are amortized over the lives of the contracts, in relation to the present value of estimated gross profits (EGP) from mortality, investment income, and expense margins. The EGP for asset-intensive products include the following components: (1) estimates of fees charged to policyholders to cover mortality, surrenders and maintenance costs; (2) expected interest rate spreads between income earned and amounts credited to policyholder accounts; and (3) estimated costs of administration. EGP is also reduced by our estimate of future losses due to defaults in fixed maturity securities. Deferred policy acquisition costs ("DAC") are sensitive to changes in assumptions regarding these EGP components, and any change in such an assumption could have an impact on our profitability.

The Company continuously reviews the EGP valuation model and assumptions so that the assumptions reflect a reasonable view of the future. Two assumptions are considered to be most significant: (1) estimated interest spread, and (2) estimated future policy lapses. The following table reflects the possible change that would occur in a given year, if assumptions are changed as illustrated, as a percentage of current deferred policy acquisition costs related to asset-intensive products ($236.5 million as of December 31, 2003):

	One-Time Increase in DAC	One-Time Decrease in DAC
Quantitative Change in Significant Assumptions:		
Estimated interest spread increasing (decreasing) 25 basis points from the current spread	1.0%	(1.2)%
Estimated policy lapse rates decreasing (increasing) 20% on a permanent basis (including surrender charges)	0.2%	(0.1)%

In general, a change in assumption that improves our expectations regarding EGP is going to have the impact of deferring the amortization of DAC into the future, thus increasing earnings and the current DAC balance. Conversely, a change in assumption that decreases EGP will have the effect of speeding up the amortization of DAC, thus reducing earnings and lowering the DAC balance. We also adjust DAC to reflect changes in the unrealized gains and losses on available for sale fixed maturity securities since this impacts EGP. This adjustment to DAC is reflected in accumulated other comprehensive income.

The DAC associated with the Company's non asset-intensive business is less sensitive to changes in estimates for investment yields, mortality and lapses. In accordance with Statement of Financial Accounting Standards No. 60, "Accounting and Reporting by Insurance Enterprises", the estimates include provisions for the risk of adverse deviation and are not adjusted unless experience significantly deteriorates to the point where a premium deficiency exists.

The following table displays DAC balances for asset-intensive business and non-asset-intensive business by segment as of December 31, 2003:

(in thousands)

Asset-Intensive	Non-Asset-Intensive DAC	Total DAC	DAC
U.S.	$236,509	$ 769,875	$1,006,384
Canada	–	153,140	153,140
Asia Pacific	–	179,737	179,737
Europe & South Africa	–	412,703	412,703
Corporate and Other	–	5,132	5,132
Total	$236,509	$1,520,587	$1,757,096

As of December 31, 2003, the Company estimates that approximately 51.9% of its DAC balance is collateralized by surrender fees due to the Company and the reduction of policy liabilities, in excess of termination values, upon surrender or lapse of a policy.

LIQUIDITY AND CAPITAL RESOURCES

The Holding Company

RGA is a holding company whose primary uses of liquidity include, but are not limited to, the immediate capital needs of its operating companies associated with the Company's primary businesses, dividends paid to its shareholders, interest payments on its indebtedness (See Notes 15, "Long-Term Debt," and 16, "Issuance of Trust PIERS Units," of the Notes to Consolidated Financial Statements), and repurchases of RGA common stock under a board of director approved plan. The primary sources of RGA's liquidity include proceeds from its capital raising efforts, interest income on undeployed corporate investments, interest income received on surplus notes with RGA Reinsurance and RCM, and dividends from operating subsidiaries. As the Company continues its expansion efforts, RGA will continue to be dependent on these sources of liquidity.

During the fourth quarter of 2003, the Company issued 12,075,000 shares of its common stock at $36.65 per share, raising proceeds of approximately $426.7 million, net of expenses. The Company expects to use the proceeds for general corporate purposes, including funding its reinsurance operations. Pending such use, RGA expects to invest the net proceeds in interest-bearing, investment-grade securities, short-term investments, or similar assets. MetLife, Inc. and its affiliates purchased 3,000,000 shares of common stock in the offering with a total purchase price of approximately $110.0 million.

RGA has repurchased shares in the open market in the past primarily to satisfy obligations under its stock option program. In 2001, the Board of Directors approved a repurchase program authorizing RGA to purchase up to $50 million of its shares of stock, as conditions warrant. During 2002, RGA purchased approximately 0.2 million shares of treasury stock under the program at an aggregate cost of $6.6 million. The Company did not purchase any treasury stock during 2003.

Statutory Dividend Limitations

RCM and RGA Reinsurance are subject to statutory provisions that restrict the payment of dividends. They may not pay dividends in any 12-month period in excess of the greater of the prior year's statutory operating income or 10% of capital and surplus at the preceding year-end, without regulatory approval. The applicable statutory provisions only permit an insurer to pay a shareholder dividend from unassigned surplus. Any dividends paid by RGA Reinsurance would be paid to RCM, its parent company, which in turn has restrictions related to its ability to pay dividends to RGA. The assets of RCM consist primarily of its investment in RGA Reinsurance. As of January 1, 2004, RCM and RGA Reinsurance could pay maximum dividends, without prior approval, equal to their unassigned surplus, approximately $12.8 million and $56.1 million, respectively. The maximum amount available for dividends by RGA Canada to RGA under the Canadian Minimum Continuing Capital and Surplus Requirements ("MCCSR") is $58.9 million. RGA Americas and RGA Barbados do not have material restrictions on their ability to pay dividends out of retained earnings. Dividend payments from other subsidiaries are subject to regulations in the country of domicile.

The dividend limitation is based on statutory financial results. Statutory accounting practices differ in certain respects from accounting principles used in financial statements prepared in conformity with Generally Accepted Accounting Principles ("GAAP"). The significant differences relate to deferred acquisition costs, deferred income taxes, required investment reserves, reserve calculation assumptions, and surplus notes.

Shareholder Dividends

Historically, RGA has paid quarterly dividends ranging from $0.027 per share in 1993 to $0.06 per share in 2003. All future payments of dividends are at the discretion of the Company's Board of Directors and will depend on the Company's earnings, capital requirements, insurance regulatory conditions, operating conditions, and such other factors as the Board of Directors may deem relevant. The amount of dividends that the Company can pay will depend in part on the operations of its reinsurance subsidiaries.

Debt and Preferred Securities

Certain of the Company's debt agreements contain financial covenant restrictions related to, among others, liens, the issuance and disposition of stock of restricted subsidiaries, minimum requirements of net worth ranging from $600.0 million to $700.0 million, and minimum rating requirements. A material ongoing covenant default could require immediate payment of the amount due, including principal, under the various agreements. Additionally, the Company's debt agreements contain cross-default covenants, which would make outstanding borrowings immediately payable in the event of a material covenant default under any of the agreements which remains uncured, including, but not limited to, non-payment of indebtedness when due for amounts greater than $10.0 million or $25.0 million depending on the agreement, bankruptcy proceedings, and any event which results in the acceleration of the maturity of indebtedness. The facility fee and interest rate for the Company's credit facilities is based on its senior long-term debt ratings. A decrease in those ratings could result in an increase in costs for the credit facilities. As of December 31, 2003, the Company had $398.1 million in outstanding borrowings under

its debt agreements and was in compliance with all covenants under those agreements. Of that amount, approximately $48.6 million is subject to immediate payment upon a downgrade of the Company's senior long-term debt rating, unless a waiver is obtained from the lenders. The ability of the Company to make debt principal and interest payments depends primarily on the earnings and surplus of subsidiaries, investment earnings on undeployed capital proceeds, and the Company's ability to raise additional funds.

In December 2001, RGA, through its wholly-owned subsidiary trust, issued $225.0 million in Preferred Income Redeemable Securities ("PIERS") Units. See Note 2, "Summary of Significant Accounting Policies," and 16, "Issuance of Trust PIERS Units," of the Notes to Consolidated Financial Statements for additional information on the terms of the PIERS units. Each PIERS unit consists of a preferred security with a face value of $50 and a stated maturity of March 18, 2051 and a warrant to purchase 1.2508 shares of RGA stock at an exercise price of $50. The warrant expires on December 15, 2050. The holders of the PIERS units have the ability to exercise their warrant for stock at any time and require RGA to payoff the preferred security. Because the exercise price of the warrant to be received from the holder is equal to the amount to be paid for the preferred security, there is no net cash required on RGA's part. If on any date after December 18, 2004, the closing price of RGA common stock exceeds and has exceeded a price per share equal to $47.97 for at least 20 trading days within the immediately preceding 30 consecutive trading days, RGA may redeem the warrants in whole for cash, RGA common stock, or a combination of cash and RGA common stock.

Although consolidated long-term debt increased approximately 21.5% during 2003, interest expense related to long-term debt increased just 3.6%, primarily due to the timing of additional borrowings and favorable interest rates on the Company's U.S. revolving credit facility. The Company borrowed $50.0 million against this facility during 2003. Consolidated interest expense during 2002 increased significantly compared to 2001 due to the addition, in December 2001, of the $225.0 million face amount, 5.75% trust preferred securities issued by RGA Capital Trust I and the interest expense associated with its $200.0 million 6.75% Senior Notes due 2011. As of December 31, 2003, the average interest rate on long-term debt outstanding, excluding the PIERS, was 6.02% compared to 6.74% at the end of 2002.

Based on the historic cash flows and the current financial results of the Company, subject to any dividend limitations which may be imposed by various insurance regulations, management believes RGA's cash flows from operating activities, together with undeployed proceeds from its capital raising efforts, including interest and investment income on those proceeds, interest income received on surplus notes with RGA Reinsurance and RCM, and its ability to raise funds in the capital markets, will be sufficient to enable RGA to make dividend payments to its shareholders, make interest payments on its senior indebtedness and junior subordinated notes, repurchase RGA common stock under the board of director approved plan, and meet its other obligations.

A general economic downturn or a downturn in the equity and other capital markets could adversely affect the market for many annuity and life insurance products and RGA's ability to raise new capital. Because the Company obtains substantially all of its revenues through reinsurance arrangements that cover a portfolio of life insurance products, as well as annuities, its business would be harmed if the market for annuities or life insurance were adversely affected.

Reinsurance Operations

Reinsurance agreements, whether facultative or automatic, may provide for recapture rights on the part of the ceding company. Recapture rights permit the ceding company to reassume all or a portion of the risk formerly ceded to the reinsurer after an agreed-upon period of time (generally 10 years) or in some cases due to changes in the financial condition or ratings of the reinsurer. Recapture of business previously ceded does not affect premiums ceded prior to the recapture of such business, but would reduce premiums in subsequent periods.

Assets in Trust

Some treaties give ceding companies the right to request that the Company place assets in trust for their benefit to support their reserve credits in the event of a downgrade of the Company's ratings to specified levels. As of December 31, 2003, these treaties had approximately $308.4 million in reserves. Assets placed in trust continue to be owned by the Company, but their use is restricted based on the terms of the trust agreement. Securities with an amortized cost of $605.8 million were held in trust for the benefit of certain subsidiaries of the Company to satisfy collateral requirements for reinsurance business at December 31, 2003. Additionally, securities with an amortized cost of $1,453.8 million, as of December 31, 2003, were held in trust to satisfy collateral requirements under certain third-party reinsurance treaties. Under certain conditions, RGA may be obligated to move reinsurance from

one RGA subsidiary company to another RGA subsidiary or make payments under the treaty. These conditions generally include unusual or remote circumstances, such as change in control, insolvency, nonperformance under a treaty, or loss of reinsurance license of such subsidiary. If RGA was ever required to perform under these obligations, the risk to the consolidated company under the reinsurance treaties does not change; however, additional capital may be required due to the change in jurisdiction of the subsidiary reinsuring the business and may create a strain on liquidity.

Guarantees

RGA has issued guarantees to third parties on behalf of its subsidiaries' performance for the payment of amounts due under certain credit facilities, reinsurance treaties and an office lease obligation, whereby if a subsidiary fails to meet an obligation, RGA or one of its other subsidiaries will make a payment to fulfill the obligation. In limited circumstances, treaty guarantees are granted to ceding companies in order to provide them additional security, particularly in cases where RGA's subsidiary is relatively new, unrated, or not of a significant size, relative to the ceding company. Liabilities supported by the treaty guarantees, before consideration for any legally offsetting amounts due from the guaranteed party, totaled $188.3 million as of December 31, 2003 and are reflected on the Company's consolidated balance sheet in future policy benefits. Potential guaranteed amounts of future payments will vary depending on production levels and underwriting results. Guarantees related to credit facilities provide additional security to third party banks should a subsidiary fail to make principal and/or interest payments when due. As of December 31, 2003, RGA's exposure related to credit facility guarantees was $48.6 million and is reflected on the consolidated balance sheet in long-term debt. RGA's maximum potential guarantee under the credit facilities is $53.1 million. RGA has issued a guarantee on behalf of a subsidiary in the event the subsidiary fails to make payment under its office lease obligation. As of December 31, 2003, the maximum potential exposure was approximately $3.0 million.

In addition, the Company indemnifies its directors and officers as provided in its charters and by-laws. Since this indemnity generally is not subject to limitation with respect to duration or amount, the Company does not believe that it is possible to determine the maximum potential amount due under this indemnity in the future.

Off Balance Sheet Arrangements

The Company has no obligations, assets or liabilities other than those reflected in the financial statements. Further, the Company has not engaged in trading activities involving non-exchange traded contracts reported at fair value, nor has it engaged in relationships or transactions with persons or entities that derive benefits from their non-independent relationship with RGA.

Cash Flows

The Company's principal cash inflows from its reinsurance operations are premiums and deposit funds received from ceding companies. The primary liquidity concern with respect to these cash flows is early recapture of the reinsurance contract by the ceding company. The Company's principal cash inflows from its investing activities result from investment income, maturity and sales of invested assets, and repayments of principal. The primary liquidity concern with respect to these cash inflows relates to the risk of default by debtors and interest rate volatility. The Company manages these risks very closely. See—Investments and—Interest Rate Risk below.

Additional sources of liquidity to meet unexpected cash outflows in excess of operating cash inflows include selling short-term investments or fixed maturity securities and drawing additional funds under existing credit facilities, under which the Company had availability of $129.5 million as of December 31, 2003. In May 2003, the Company successfully renewed its U.S. credit facility which now expires in May 2006 and has a capacity of $175.0 million, up from $140.0 million. As of December 31, 2003, the Company's outstanding balance was $50 million under this facility.

The Company's principal cash outflows primarily relate to the payment of claims liabilities, interest credited, operating expenses, income taxes, and principal and interest under debt obligations. The Company seeks to limit its exposure to loss on any single insured and to recover a portion of benefits paid by ceding reinsurance to other insurance enterprises or reinsurers under excess coverage and coinsurance contracts (See Note 2, "Summary of Significant Accounting Policies" of the Notes to Consolidated Financial Statements). The Company also retrocedes most of its financial reinsurance business to other insurance companies to alleviate regulatory capital requirements created by this business. The Company performs annual financial reviews of its retrocessionaires to evaluate financial stability and performance. The Company has never experienced a material default in connection with retrocession arrangements, nor has it experienced any difficulty in collecting claims recoverable from retrocessionaires; however, no assurance can be given as to the future performance of such retrocessionaires or as to the recoverability of any such claims. The Company's management believes its current sources of liquidity are adequate to meet its current cash requirements.

The Company's net cash flows provided by operating activities for the years ended December 31, 2003, 2002, and 2001, were $572.3 million, $161.9 million, and $243.9 million, respectively. Cash flows from operating activities are affected by the timing of premiums received, claims paid, and working capital changes. The Company believes the short-term cash requirements of its business operations will be sufficiently met by the positive cash flows generated. Additionally, the Company maintains a high-quality fixed maturity portfolio with positive liquidity characteristics. These securities are available for sale and can be sold to meet the Company's obligations, if necessary.

Net cash used in investing activities was $1,285.2 million, $582.5 million, and $576.4 million in 2003, 2002, and 2001, respectively. Changes in cash used in investing activities primarily relate to the management of the Company's investment portfolios and the investment of excess capital generated by operating and financing activities. Net cash used in investing activities in 2003 includes the investment of approximately $426.7 million related to the Company's stock offering.

Net cash provided by financing activities was $703.3 million in 2003, including cash raised from the Company's stock offering. Net cash provided by financing activities was $285.5 million and $487.9 million in 2002 and 2001, respectively. Changes in cash provided by financing activities primarily relate to the issuance of equity or debt securities, borrowings or payments under the Company's existing credit agreements, treasury stock activity, and excess deposits under investment type contracts.

Contractual Obligations

The following table displays the Company's contractual obligations, other than those arising from its reinsurance business (in millions):

	Payment Due by Period				
	Total	Less Than 1 Year	1 - 3 Years	4 - 5 Years	After 5 Years
Contractual Obligations:					
Long-term debt	$398.1	$ –	$198.2	$ –	$199.9
Operating leases	29.4	5.4	9.4	8.7	5.9
Trust preferred securities of subsidiary	225.0	–	–	–	225.0
Limited partnerships	15.3	–	11.4	–	3.9
Structured investment contracts	34.4	9.4	18.7	6.3	–
Mortgage purchase commitments	27.0	27.0	–	–	–
Total	$729.2	$41.8	$237.7	$15.0	$434.7

See Note 9—"Income Tax," Note 10—"Employee Benefits" and Note 15—"Long-Term Debt" in Notes to Consolidated Financial Statements for information related to the Company's obligations for taxes, funding requirements for retirement and other post-employment benefits, and interest on long-term debt.

Letters of Credit

The Company has obtained letters of credit, issued by banks, in favor of various affiliated and unaffiliated insurance companies from which the Company assumes business. These letters of credit represent guarantees of performance under the reinsurance agreements and allow ceding companies to take statutory reserve credits. At December 31, 2003, there were approximately $38.7 million of outstanding bank letters of credit in favor of third parties. Additionally, the Company utilizes letters of credit to secure reserve credits when it retrocedes business to its offshore subsidiaries, including RGA Americas and RGA Barbados. The Company cedes business to its offshore affiliates to help reduce the amount of regulatory capital required in certain jurisdictions such as the U.S. and the United Kingdom. The capital required to support the business in the offshore affiliates reflects more realistic expectations than the original jurisdiction of the business, where capital requirements are often considered to be quite conservative. As of December 31, 2003, $396.3 million in letters of credit from various banks were outstanding between the various subsidiaries of RGA. Based on the growth of the Company's business and the pattern of reserve levels associated with term life business, the amount of ceded reserve credits is expected to grow. This growth will require the Company to obtain additional letters of credit, put additional assets in trust, or utilize other mechanisms to support the reserve credits. If the Company is unable to support the reserve credits, the regulatory capital levels of several of its subsidiaries may be significantly reduced. The reduction in regulatory capital would not impact the Company's consolidated shareholders' equity under Generally Accepted Accounting Principles. Fees associated with letters of credit are not fixed and are based on

the Company's ratings and the general availability of these instruments in the marketplace.

Investments

The Company had total cash and invested assets of $9.0 billion and $6.7 billion at December 31, 2003 and 2002, respectively. All investments made by RGA and its subsidiaries conform to the qualitative and quantitative limits prescribed by the applicable jurisdiction's insurance laws and regulations. In addition, the operating companies' Boards of Directors periodically review their respective investment portfolios. The Company's investment strategy is to maintain a predominantly investment-grade, fixed maturity portfolio, to provide adequate liquidity for expected reinsurance obligations, and to maximize total return through prudent asset management. The Company's asset/liability duration matching differs between the U.S. and Canada operating segments. The target duration for U.S. portfolios, which are segmented along product lines, range between four and seven years. Based on Canadian reserve requirements, a portion of the Canadian liabilities is strictly matched with long-duration Canadian assets, with the remaining assets invested to maximize the total rate of return, given the characteristics of the corresponding liabilities and Company liquidity needs. The Company's earned yield on invested assets was 6.39% in 2003, compared with 6.51% in 2002, and 6.79% in 2001. See Note 5—"Investments" in the Notes to Consolidated Financial Statements for additional information regarding the Company's investments.

Fixed maturity securities available for sale

The Company's fixed maturity securities are invested primarily in commercial and industrial bonds, public utilities, Canadian government securities, and mortgage and asset-backed securities. As of December 31, 2003, approximately 98% of the Company's consolidated investment portfolio of fixed maturity securities was investment-grade. Important factors in the selection of investments include diversification, quality, yield, total rate of return potential, and call protection. The relative importance of these factors is determined by market conditions and the underlying product or portfolio characteristics. Cash equivalents are invested in high-grade money market instruments. The largest asset class in which fixed maturities were invested was in commercial and industrial bonds, which represented approximately 26.4% of fixed maturity securities as of December 31, 2003, a decrease from 32.3% as of December 31, 2002. A majority of these securities were classified as corporate securities, with an average Standard and Poor's ("S&P") rating of A- at December 31, 2003. The Company owns floating rate securities that represent approximately 1.6% of fixed maturity securities at December 31, 2003, compared to 2.8% at December 31, 2002. These investments may have a higher degree of income variability than the other fixed income holdings in the portfolio due to the floating rate nature of the interest payments.

Within the fixed maturity security portfolio, the Company holds approximately $77.9 million in asset-backed securities at December 31, 2003, which include credit card and automobile receivables, home equity loans and collateralized bond obligations. The Company's asset-backed securities are diversified by issuer and contain both floating and fixed rate securities. Less than 1.0%, or $0.1 million are collateralized bond obligations. In addition to the risks associated with floating rate securities, principal risks in holding asset-backed securities are structural, credit and capital market risks. Structural risks include the securities priority in the issuer's capital structure, the adequacy of and ability to realize proceeds from collateral, and the potential for prepayments. Credit risks include consumer or corporate credits such as credit card holders, equipment lessees, and corporate obligors. Capital market risks include general level of interest rates and the liquidity for these securities in the marketplace.

The Company monitors its fixed maturity securities to determine impairments in value. In conjunction with its external investment managers, the Company evaluates factors such as financial condition of the issuer, payment performance, the length of time and the extent to which the market value has been below amortized cost, compliance with covenants, general market conditions and industry sector, intent and ability to hold securities, and various other subjective factors. As of December 31, 2003, the Company held fixed maturities with a cost basis of $0.1 million and a market value of $0.1 million, or less than 0.1% of fixed maturities, that were non-income producing. Based on management's judgment, securities with an other than temporary impairment in value are written down to management's estimate of fair value. The Company recorded other than temporary write-downs of fixed maturities totaling $20.1 million, $33.9 million, and $43.4 million in 2003, 2002, and 2001, respectively. The circumstances that gave rise to these impairments were bankruptcy proceedings and deterioration in collateral value supporting certain asset-backed securities. During 2003 and 2002, the Company sold fixed maturity securities with fair values of $460.3 million and $466.1 million at losses of $25.2 million and $44.4 million, respectively.

The following table presents the total gross unrealized losses for 425 fixed maturity securities where the estimated fair value had declined and remained below amortized cost by the indicated amount (in thousands):

	At December 31, 2003	
	Gross Unrealized Losses	% of Total
Less than 20%	**$20,343**	**100%**
20% or more for less than six months	–	**0%**
20% or more for six months or greater	–	**0%**
Total	**$20,343**	**100%**

While all of these securities are monitored for potential impairment, the Company's experience indicates that the first two categories do not present as great a risk of impairment, and often, fair values recover over time. These securities have generally been adversely affected by overall economic conditions.

All gross unrealized losses have been outstanding less than 12 months. The following table presents the fair value and total gross unrealized losses for 425 fixed maturity securities as of December 31, 2003, by class of security, and broken out between investment and non-investment grade securities (in thousands):

	Fair Value	Unrealized Losses
Investment grade securities:		
Commercial and industrial	$ 381,730	$ 7,553
Public utilities	126,550	2,517
Asset-backed securities	6,835	295
Canadian and Canadian provincial governments	32,734	1,276
Foreign governments	38,158	1,303
Mortgage-backed securities	144,263	511
Finance	295,764	2,733
U.S. government and agencies	79,549	4,059
Investment grade securities	1,105,583	20,247
Non-investment grade securities:		
Commercial and industrial	654	46
Public utilities	2,945	50
Non-investment grade securities	3,599	96
Total	$1,109,182	$20,343

Approximately $2.5 million of the total unrealized losses were related to securities issued by the airline, automotive, telecommunication, and utility sectors. These securities have generally been adversely affected by overall economic conditions. The Company believes that the analysis of each such security whose price has been below market indicates that the financial strength, liquidity, leverage, future outlook and/or recent management actions support the view that the security was not other-than-temporarily impaired as of December 31, 2003.

Mortgage loans on real estate

Mortgage loans represented approximately 5.4% and 3.4% of the Company's investments as of December 31, 2003 and 2002, respectively. As of December 31, 2003, all mortgages are U.S.-based. The Company invests primarily in mortgages on commercial offices and retail locations. The Company's mortgage loans generally range in size from $0.3 million to $11.4 million, with the average mortgage loan investment as of December 31, 2003 totaling approximately $4.5 million. The mortgage loan portfolio was diversified by geographic region and property type as discussed further in Note 5 of the Notes to Consolidated Financial Statements. Substantially all mortgage loans are performing and no valuation allowance has been established as of December 31, 2003 or 2002.

Policy loans

Policy loans comprised approximately 10.2% and 12.6% of the Company's investments as of December 31, 2003 and 2002, respectively. These policy loans present no credit risk because the amount of the loan cannot exceed the obligation due the ceding company upon the death of the insured or surrender of the underlying policy. The provisions of the treaties in force and the underlying policies determine the policy loan interest rates. Because policy loans represent premature distributions of policy liabilities, they have the effect of reducing future disintermediation risk. In addition, the Company earns a spread between the interest rate earned on policy loans and the interest rate credited to corresponding liabilities.

Funds withheld at interest

Under Issue B36, the Company's funds withheld receivable under certain reinsurance arrangements incorporate credit risk exposures that are unrelated or only partially related to the creditworthiness of the obligor include an embedded derivative feature that is not clearly and closely related to the host contract. Therefore, the

embedded derivative feature must be measured at fair value on the balance sheet and changes in fair value reported in income.

Substantially all of the Company's funds withheld receivable balance is associated with its reinsurance of annuity contracts. The funds withheld receivable balance totaled $2.7 billion at December 31, 2003, of which $2.0 billion are subject to the provisions of Issue B36 (see Note 2—"New Accounting Pronouncements" in Notes to Consolidated Financial Statements for further discussion).

The Company's asset-intensive products are primarily supported by investments in fixed maturity securities. Investment guidelines are established to structure the investment portfolio based upon the type, duration and behavior of products in the liability portfolio so as to achieve targeted levels of profitability. The Company manages the asset-intensive business to provide a targeted spread between the interest rate earned on investments and the interest rate credited to the underlying interest-sensitive contract liabilities. The Company periodically reviews models projecting different interest rate scenarios and their impact on profitability. Certain of these asset-intensive agreements, primarily in the U.S. operating segment, are generally funded by fixed maturity securities that are withheld by the ceding company.

Funds withheld at interest comprised approximately 30.6% and 29.7% of the Company's investments as of December 31, 2003 and 2002, respectively. For agreements written on a modified coinsurance basis and certain agreements written on a coinsurance basis, assets equal to the net statutory reserves are withheld and legally owned and managed by the ceding company, and are reflected as funds withheld at interest on the Company's balance sheet. In the event of a ceding company's insolvency, the Company would need to assert a claim on the assets supporting its reserve liabilities. However, the risk of loss to the Company is mitigated by its ability to offset amounts it owes the ceding company for claims or allowances with amounts owed to the Company from the ceding company. Interest accrues to these assets at rates defined by the treaty terms. The Company is subject to the investment performance on the withheld assets, although it does not directly control them. These assets are primarily fixed maturity investment securities and pose risks similar to the fixed maturity securities the Company owns. To mitigate this risk, the Company helps set the investment guidelines followed by the ceding company and monitors compliance. Ceding companies with funds withheld at interest had an average A.M. Best rating of "A+". Certain ceding companies maintain segregated portfolios for the benefit of the Company. Based on data provided by ceding companies as of December 31, 2003, funds withheld at interest were approximately (in thousands):

	At December 31, 2003		
	Book Value	Market Value	% of Total
Underlying Security Type:			
Investment grade U.S. corporate securities	$1,854,933	$1,934,579	90.8%
Below investment grade U.S. corporate securities	87,190	85,262	4.0%
Unrated securities	16,903	16,890	0.8%
Other	90,764	94,843	4.4%
Total segregated portfolios	2,049,790	2,131,574	100.0%
Funds withheld at interest associated with non-segregated portfolios	667,488	667,488	
Total funds withheld at interest	$2,717,278	$2,799,062	

Based on data provided by the ceding companies as of December 31, 2003, the maturity distribution of the segregated portfolio portion of funds withheld at interest was approximately (in thousands):

	At December 31, 2003		
	Book Value	Market Value	% of Total
Maturity:			
Within one year	$ 35,763	$ 40,361	1.9%
More than one, less than five years	473,441	495,177	23.2%
More than five, less than ten years	1,249,003	1,297,882	60.9%
Ten years or more	291,583	298,154	14.0%
Total all years	$2,049,790	$2,131,574	100.0%

Other Invested Assets

Other invested assets represented approximately 2.0% and 1.5% of the Company's investments as of December 31, 2003 and 2002, respectively. Other invested assets include derivative contracts, common stocks and preferred stocks and limited partnership interests.

The Company has utilized derivative financial instruments on a very limited basis, primarily to improve the management of the investment-related risks associated with the reinsurance of equity-indexed annuities. The Company invests primarily in exchange-traded and customized Standard and Poor's equity index options. The Company has established minimum credit quality standards for counterparties and seeks to obtain collateral or other credit supports. The Company limits its total financial exposure to counterparties. The Company's use of derivative financial instruments historically has not been significant to its financial position. Derivative investments totaled $6.7 million as of December 31, 2003 and consisted of S&P 500 options.

As of December 31, 2003, the majority of the Company's invested assets were managed by third-party companies, however, the Company's chief investment officer has the primary responsibility for the day-to-day oversight of all the Company's investments.

Market Risk

Market risk is the risk of loss that may occur when fluctuation in interest and currency exchange rates and equity and commodity prices change the value of a financial instrument. Both derivative and nonderivative financial instruments have market risk so the Company's risk management extends beyond derivatives to encompass all financial instruments held that are sensitive to market risk. RGA is primarily exposed to interest rate risk and foreign currency risk.

Interest Rate Risk

This risk arises from many of the Company's primary activities, as the Company invests substantial funds in interest-sensitive assets and also has certain interest-sensitive contract liabilities. The Company manages interest rate risk and credit risk to maximize the return on the Company's capital effectively and to preserve the value created by its business operations. As such, certain management monitoring processes are designed to minimize the impact of sudden and sustained changes in interest rates on fair value, cash flows, and net interest income. The Company manages its exposure to interest rates principally by matching floating rate liabilities with corresponding floating rate assets and by matching fixed rate liabilities with corresponding fixed rate assets. On a limited basis, the Company uses equity options to minimize its exposure to movements in equity markets that have a direct correlation with certain of its reinsurance products.

The Company's exposure to interest rate price risk and interest rate cash flow risk is reviewed on a quarterly basis. Interest rate price risk exposure is measured using interest rate sensitivity analysis to determine the change in fair value of the Company's financial instruments in the event of a hypothetical change in interest rates. Interest rate cash flow risk exposure is measured using interest rate sensitivity analysis to determine the Company's variability in cash flows in the event of a hypothetical change in interest rates. If estimated changes in fair value, net interest income, and cash flows are not within the limits established, management may adjust its asset and liability mix to bring interest rate risk within board-approved limits.

In order to reduce the exposure of changes in fair values from interest rate fluctuations, RGA has developed strategies to manage its liquidity, and increase the interest rate sensitivity of its asset base. From time to time, RGA has utilized the swap market to manage the volatility of cash flows to interest rate fluctuations.

Interest rate sensitivity analysis is used to measure the Company's interest rate price risk by computing estimated changes in fair value of fixed rate assets and liabilities in the event of a hypothetical 10% change in market interest rates. The Company does not have fixed-rate instruments classified as trading securities. The Company's projected loss in fair value of financial instruments in the event of a 10% unfavorable change in market interest rates at its fiscal years ended December 31, 2003 and 2002 was $159.1 million and $78.4 million, respectively.

The calculation of fair value is based on the net present value of estimated discounted cash flows expected over the life of the market risk sensitive instruments, using market prepayment assumptions and market rates of interest provided by independent broker quotations and other public sources, with adjustments made to reflect the shift in the treasury yield curve as appropriate.

At December 31, 2003, the Company's estimated changes in fair value were within the targets outlined in the Company's investment policy.

Interest rate sensitivity analysis is also used to measure the Company's interest rate cash flow risk by computing estimated changes in the cash flows expected in the near term attributable to floating rate assets and liabilities in the event of a range of assumed changes in market interest rates. This analysis assesses the risk of loss in cash flows in the near term in market risk sensitive floating rate instruments in the event of a hypothetical 10% change (increase or decrease) in market interest rates. The Company does not have variable-rate instruments classified as trading securities. The Company's projected decrease in cash flows in the near term

associated with floating-rate instruments in the event of a 10% unfavorable change in market interest rates at its fiscal years ended December 31, 2003 and 2002 was $0.1 million and $0.3 million, respectively.

The cash flows from coupon payments move in the same direction as interest rates for the Company's floating rate instruments. The volatility in mortgage prepayments partially offsets the cash flows from interest. At December 31, 2003, the Company's estimated changes in cash flows were within the targets outlined in the Company's investment policy.

Computations of prospective effects of hypothetical interest rate changes are based on numerous assumptions, including relative levels of market interest rates, and mortgage prepayments, and should not be relied on as indicative of future results. Further, the computations do not contemplate any actions management could undertake in response to changes in interest rates.

Certain shortcomings are inherent in the method of analysis presented in the computation of the estimated fair value of fixed rate instruments and the estimated cash flows of floating rate instruments, which estimates constitute forward-looking statements. Actual values may differ materially from those projections presented due to a number of factors, including, without limitation, market conditions varying from assumptions used in the calculation of the fair value. In the event of a change in interest rates, prepayments could deviate significantly from those assumed in the calculation of fair value. Finally, the desire of many borrowers to repay their fixed-rate mortgage loans may decrease in the event of interest rate increases.

Foreign Currency Risk

The Company is subject to foreign currency translation, transaction, and net income exposure. The Company manages its exposure to currency principally by matching invested assets with the underlying reinsurance liabilities to the extent possible, but generally does not hedge the foreign currency translation or net investment exposure related to its investment in foreign subsidiaries as it views these investments to be long-term. Translation differences resulting from translating foreign subsidiary balances to U.S. dollars are reflected in equity. The Company generally does not hedge the foreign currency exposure of its subsidiaries transacting business in currencies other than their functional currency (transaction exposure). The majority of the Company's foreign currency transactions are denominated in Australian dollars, Argentine pesos, Canadian dollars, and Great British pounds.

Currently, the Company believes its foreign currency transaction exposure, with the possible exception of its Argentine peso exposure, to be immaterial to the consolidated results of operations. In an effort to reduce its exposure to the Argentine peso, the Company liquidated substantially all its Argentine-based investment securities and reinvested the proceeds into investment securities denominated in U.S. dollars during 2001. The Company's obligations under its insurance and reinsurance contracts continue to be denominated in Argentine pesos, which is the functional currency for this segment. Those net contract liabilities totaled approximately 21.4 million Argentine pesos as of December 31, 2003. A net unrealized foreign currency gain of $14.2 million is reflected in accumulated other comprehensive income on the consolidated balance sheet as of December 31, 2003. Because the Company cannot reasonably predict the timing of its claim settlements and what the exchange rate will be at settlement, reported results may be volatile in the future. Net income exposure that may result from the strengthening of the U.S. dollar to foreign currencies will adversely affect results of operations since the income earned in the foreign currencies is worth less in U.S. dollars. When evaluating investments in foreign countries, the Company considers the stability of the political and currency environment. Devaluation of the currency after an investment decision has been made will affect the value of the investment when translated to U.S. dollars for financial reporting purposes.

Inflation

The primary, direct effect on the Company of inflation is the increase in operating expenses. A large portion of the Company's operating expenses consists of salaries, which are subject to wage increases at least partly affected by the rate of inflation. The rate of inflation also has an indirect effect on the Company. To the extent that a government's policies to control the level of inflation result in changes in interest rates, the Company's investment income is affected.

New Accounting Standards

Effective December 31, 2003, the Company adopted Emerging Issues Task Force ("EITF") Issue No. 03-1, *The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments*, ("EITF 03-01"). EITF 03-1 provides guidance on the disclosure requirements for other-than-temporary impairments of debt and marketable equity investments that are accounted for under Statement of Financial Accounting Standards ("SFAS") No. 115, *Accounting for Certain Investments in Debt and Equity Securities*. The adoption of EITF 03-1 requires the Company to include certain quantitative and qualitative disclosures for debt

and marketable equity securities classified as available-for-sale or held-to-maturity under SFAS 115 that are impaired at the balance sheet date but for which an other-than-temporary impairment has not been recognized. The initial adoption of EITF 03-1 did not have a material impact on the Company's consolidated financial statements.

In December, 2003, the Financial Accounting Standards Board ("FASB") revised SFAS No. 132, *Employers' Disclosures about Pensions and Other Post Retirement Benefits—an Amendment of FASB Statements No. 87, 88 and 106* ("SFAS 132(r)"). SFAS 132(r) retains most of the disclosure requirements of SFAS 132 and requires additional disclosure about assets, obligations, cash flows and net periodic cost of defined benefit pension plans and other defined post retirement plans. SFAS 132(r) is primarily effective for fiscal years ending after December 15, 2003; however, certain disclosures about foreign plans and estimated future benefit payments are effective for fiscal years ending after June 15, 2004. The Company's adoption of SFAS 132(r) on December 31, 2003 did not have a significant impact on its consolidated financial statements since it only revises disclosure requirements.

In July 2003, the Accounting Standards Executive Committee issued Statement of Position ("SOP") 03-1, "Accounting and Reporting by Insurance Enterprises for Certain Nontraditional Long-Duration Contracts and for Separate Accounts." SOP 03-1 provides guidance on separate account presentation and valuation, the accounting for sales inducements and the classification and valuation of long-duration contract liabilities. SOP 03-1 is effective for fiscal years beginning after December 15, 2003. The Company estimates the impact of SOP 03-1 will be less than a $1.0 million increase to future policy benefits.

In May 2003, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 150 "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity". SFAS No. 150 establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify a financial instrument that is within its scope as a liability (or an asset in some circumstances). Many of those instruments were previously classified as equity. Effective July 1, 2003, the Company adopted the provisions of SFAS No. 150, which did not materially affect the Company's financial position or results of operations.

In April 2003, the FASB issued SFAS No. 149 "Amendment of Statement 133 on Derivative Instruments and Hedging Activities". SFAS No. 149 requires that contracts with comparable characteristics be accounted for similarly. In particular, SFAS No. 149 clarifies under what circumstances a contract with an initial net investment meets the characteristic of a derivative and when a derivative contains a financing component, amends the definition of an underlying to conform it to language used in FASB Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others", and amends certain other existing pronouncements. SFAS No. 149 is effective for contracts entered into or modified after June 30, 2003, and for hedging relationships designated after June 30, 2003. In addition, provisions of SFAS No. 149 should be applied prospectively. Effective July 1, 2003, the Company adopted the provisions of SFAS No. 149 with no impact to the consolidated financial statements.

In April 2003, the FASB cleared SFAS No. 133 Implementation Issue No. B36, "Embedded Derivatives: Modified Coinsurance Arrangements and Debt Instruments That Incorporate Credit Risk Exposures That Are Unrelated or Only Partially Related to the Creditworthiness of the Obligor under Those Instruments" ("Issue B36"). Issue B36 concluded that (i) a company's funds withheld payable and/or receivable under certain reinsurance arrangements and (ii) a debt instrument that incorporates credit risk exposures that are unrelated or only partially related to the creditworthiness of the obligor include an embedded derivative feature that is not clearly and closely related to the host contract. Therefore, the embedded derivative feature must be measured at fair value on the balance sheet and changes in fair value reported in income.

Substantially all of the Company's funds withheld receivable balance is associated with its reinsurance of annuity contracts. The funds withheld receivable balance totaled $2.7 billion at December 31, 2003, of which $2.0 billion are subject to the provisions of Issue B36. Management believes the embedded derivative feature in each of these reinsurance treaties is similar to a total return swap on the assets held by the ceding companies. The Company has developed cash flow models as the basis for estimating the value of the total return swap. The cash flow models are based on the Company's expectations of the future cash flows under the reinsurance treaties that in turn are driven by the underlying annuity contracts. The fair value of the total return swap is affected by changes, both actual and expected, in the cash flows of the underlying annuity contracts, changes in credit risk associated with the assets held by the ceding company and changes in interest rates. The change in fair value, which is a non-cash item, also affects the amortization of deferred acquisition costs since the Company is required to include it in its expectation of gross profits. The adoption of Issue B36 resulted in a net gain, after tax and after related amortization of deferred acquisition costs, of approximately $9.0 million, of which approximately $0.5 million was recorded as a cumulative effect of change in accounting principle. At December 31, 2003,

the fair value of the embedded derivatives totaled $42.7 million and was included in the funds withheld at interest line item on the consolidated balance sheet. Subsequent to adoption, the change in the market value of the underlying is recorded in the consolidated statement of income as change in value of embedded derivatives, net of related amortization of deferred acquisition costs. Industry standards and practices continue to evolve related to valuing these types of embedded derivative features.

In addition to its annuity contracts, the Company has entered into various financial reinsurance treaties on a funds withheld and modified coinsurance basis. These treaties do not transfer significant insurance risk and are recorded on a deposit method of accounting with the Company earning a net fee. As a result of the experience refund and loss carry forward provisions contained in these treaties, the value of the embedded derivatives in these contracts is currently considered immaterial. The Company monitors the performance of these treaties on a quarterly basis. Significant adverse performance or losses on these treaties may result in a loss associated with the embedded derivative.

In January 2003, the Financial Accounting Standards Board ("FASB") issued Interpretation No. 46, "Consolidation of Variable Interest Entities" ("FIN 46"), an interpretation of Accounting Research Bulletin No. 51, "Consolidated Financial Statements," which requires the consolidation by a business enterprise of variable interest entities if the business enterprise is the primary beneficiary. FIN 46 was effective January 31, 2003, for the Company with respect to interests in variable interest entities obtained after that date. With respect to interests in variable interest entities existing prior to February 1, 2003, the FASB issued FASB Interpretation No. 46 (revised December 2003), which extends the effective date of FIN 46 to the period ending May 31, 2004. The Company currently does not believe it will be required to consolidate any material interests in variable interest entities.

Effective January 1, 2003, the Company adopted the provisions of SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities," FASB Interpretation No. 46, "Consolidation of Variable Interest Entities," and FASB Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others." The adoption of these provisions did not materially affect the Company's financial position or results of operations.

In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation—Transition and Disclosure, an amendment of FASB Statement No. 123." Effective January 1, 2003, the Company prospectively adopted the fair value-based employee stock-based compensation expense recognition provisions of SFAS No. 123, as amended by SFAS No. 148. The Company formerly applied the intrinsic value-based expense provisions set forth in APB Opinion No. 25, Accounting for Stock Issued to Employees, ("APB 25"). For the year ended December 31, 2003, the Company recorded pre-tax compensation expense of approximately $1.6 million associated with stock option grants issued during January 2003.

(Dollars in thousands)

AT DECEMBER 31,	2003	2002
Assets:		
Fixed maturity securities available for sale, at fair value	**$ 4,575,735**	$3,502,703
Mortgage loans on real estate	**479,312**	227,492
Policy loans	**902,857**	841,120
Funds withheld at interest	**2,717,278**	1,975,071
Short-term investments	**28,917**	4,269
Other invested assets	**179,320**	99,540
Total investments	**8,883,419**	6,650,195
Cash and cash equivalents	**84,586**	88,101
Accrued investment income	**47,961**	35,514
Premiums receivable	**412,413**	253,892
Reinsurance ceded receivables	**463,557**	425,387
Deferred policy acquisition costs	**1,757,096**	1,084,936
Other reinsurance balances	**387,108**	288,833
Other assets	**77,234**	65,739
Total assets	**$12,113,374**	$8,892,597
Liabilities and Stockholders' Equity:		
Future policy benefits	**$ 3,550,156**	$2,430,042
Interest sensitive contract liabilities	**4,170,591**	3,413,462
Other policy claims and benefits	**1,091,038**	760,166
Other reinsurance balances	**267,706**	233,286
Deferred income taxes	**438,973**	291,980
Other liabilities	**90,749**	55,235
Long-term debt	**398,146**	327,787
Company-obligated mandatorily redeemable preferred securities of subsidiary trust holding solely junior subordinated debentures of the Company	**158,292**	158,176
Total liabilities	**10,165,651**	7,670,134
Commitments and contingent liabilities	**–**	–
Stockholders' Equity:		
Preferred stock (par value $.01 per share; 10,000,000 shares authorized; no shares issued or outstanding)	**–**	–
Common stock (par value $.01 per share; 75,000,000 shares authorized, 63,128,273 and 51,053,273 shares issued at December 31, 2003 and 2002, respectively)	**631**	511
Warrants	**66,915**	66,915
Additional paid-in-capital	**1,042,444**	613,042
Retained earnings	**641,502**	480,301
Accumulated other comprehensive income:		
Accumulated currency translation adjustment, net of income taxes	**53,601**	715
Unrealized appreciation of securities, net of income taxes	**170,658**	102,768
Total stockholders' equity before treasury stock	**1,975,751**	1,264,252
Less treasury shares held of 967,927 and 1,596,629 at cost at December 31, 2003 and December 31, 2002, respectively	**(28,028)**	(41,789)
Total stockholders' equity	**1,947,723**	1,222,463
Total liabilities and stockholders' equity	**$12,113,374**	$8,892,597

See accompanying "Notes to Consolidated Financial Statements."

(Dollars in thousands, except per share data)

TWELVE MONTHS ENDED DECEMBER 31,	2003	2002	2001
Revenues:			
Net premiums	**$2,643,163**	$1,980,666	$1,661,762
Investment income, net of related expenses	**465,579**	374,512	340,559
Realized investment gains (losses), net	**5,360**	(14,651)	(68,431)
Change in value of embedded derivatives (net of amounts allocable to deferred acquisition costs of $30,665 in 2003)	**12,931**	–	–
Other revenues	**47,300**	41,436	34,394
Total revenues	**3,174,333**	2,381,963	1,968,284
Benefits and Expenses:			
Claims and other policy benefits	**2,108,431**	1,539,464	1,376,802
Interest credited	**179,702**	126,715	111,712
Policy acquisition costs and other insurance expenses (excluding $30,665 allocated to embedded derivatives in 2003)	**458,165**	391,504	304,217
Other operating expenses	**119,636**	94,786	91,306
Interest expense	**36,789**	35,516	18,097
Total benefits and expenses	**2,902,723**	2,187,985	1,902,134
Income from continuing operations before income taxes	**271,610**	193,978	66,150
Provision for income taxes	**93,291**	65,515	26,249
Income from continuing operations	**178,319**	128,463	39,901
Discontinued operations:			
Loss from discontinued accident and health operations, net of income taxes	**(5,723)**	(5,657)	(6,855)
Income before cumulative effect of change in accounting principle	**172,596**	122,806	33,046
Cumulative effect of change in accounting principle, net of income taxes	**545**	–	–
Net income	**$ 173,141**	$ 122,806	$ 33,046
Basic Earnings Per Share:			
Income from continuing operations	**$ 3.47**	$ 2.60	$ 0.81
Discontinued operations	**(0.11)**	(0.11)	(0.14)
Cumulative effect of change in accounting principal	**0.01**	–	–
Net income	**$ 3.37**	$ 2.49	$ 0.67
Diluted Earnings Per Share:			
Income from continuing operations	**$ 3.46**	$ 2.59	$ 0.80
Discontinued operations	**(0.11)**	(0.12)	(0.14)
Cumulative effect of change in accounting principal	**0.01**	$ –	–
Net income	**$ 3.36**	$ 2.47	$ 0.66
Dividends Declared Per Share	**$ 0.24**	$ 0.24	$ 0.24

See accompanying notes to consolidated financial statements.

(Dollars in thousands)

TWELVE MONTHS ENDED DECEMBER 31,	2003	2002	2001
Cash Flows from Operating Activities:			
Net income	**$ 173,141**	$ 122,806	$ 33,046
Adjustments to reconcile net income to net cash provided by operating activities:			
Change in:			
Accrued investment income	**(11,480)**	(4,958)	7,101
Premiums receivable	**(166,868)**	(95,989)	64,929
Deferred policy acquisition costs	**(596,482)**	(274,033)	(180,110)
Reinsurance ceded balances	**(38,170)**	(41,273)	(114,579)
Future policy benefits, other policy claims and benefits, and other reinsurance balances	**1,164,871**	460,601	357,840
Deferred income taxes	**63,895**	73,793	(32,901)
Other assets and other liabilities, net	**23,469**	(74,576)	70,139
Amortization of net investment discounts and other	**(40,227)**	(35,902)	(38,985)
Realized investment (gains) losses, net	**(5,360)**	14,651	68,431
Other, net	**5,485**	16,731	9,020
Net cash provided by operating activities	**572,274**	161,851	243,931
Cash Flows from Investing Activities:			
Sales of fixed maturity securities – available for sale	**1,768,107**	2,204,813	1,129,263
Maturities of fixed maturity securities – available for sale	**27,623**	22,863	12,410
Purchases of fixed maturity securities – available for sale	**(2,536,847)**	(2,749,069)	(1,211,104)
Cash invested in mortgage loans of real estate	**(264,205)**	(78,605)	(51,050)
Cash invested in policy loans	**(67,727)**	(70,240)	(67,784)
Cash invested in funds withheld at interest	**(137,125)**	(41,828)	(257,101)
Principal payments on mortgage loans on real estate	**12,812**	15,069	15,376
Principal payments on policy loans	**5,991**	3,780	1
Change in short-term investments and other invested assets	**(93,857)**	110,717	(146,388)
Net cash used in investing activities	**(1,285,228)**	(582,500)	(576,377)
Cash Flows from Financing Activities:			
Dividends to stockholders	**(11,940)**	(11,854)	(11,855)
Proceeds from PIERS units offering, net	**–**	–	217,340
Borrowings under credit agreements	**64,662**	1,610	49,029
Proceeds from offering of common stock, net	**426,701**	–	–
Purchase of treasury stock	**–**	(6,594)	–
Exercise of stock options	**13,761**	1,623	4,684
Excess deposits on universal life and other investment type policies and contracts	**210,160**	300,761	228,667
Net cash provided by financing activities	**703,344**	285,546	487,865
Effect of exchange rate changes	**6,095**	(3,466)	454
Change in cash and cash equivalents	**(3,515)**	(138,569)	155,873
Cash and cash equivalents, beginning of period	**88,101**	226,670	70,797
Cash and cash equivalents, end of period	**$ 84,586**	$ 88,101	$ 226,670
Supplementary Disclosure of Cash Flow Information:			
Amount of interest paid	**$ 35,873**	$ 34,687	$ 18,483
Amount of income taxes paid	**$ 8,043**	$ 17,403	$ 26,418

See accompanying notes to consolidated financial statements.

(in thousands)

	Preferred Stock	Common Stock	Warrants
Balance, January 1, 2001	$ –	$511	$ –
Comprehensive Income:			
Net income			
Other comprehensive income, net of income tax			
Currency translation adjustments			
Unrealized investment gains, net of related offsets and reclassification adjustment			
Other comprehensive income			
Comprehensive income			
Dividends to stockholders			
Issuance of warrants			66,915
Reissuance of treasury stock			
Balance, December 31, 2001	–	511	66,915
Comprehensive Income:			
Net income			
Other comprehensive income, net of income tax			
Currency translation adjustments			
Unrealized investment gains, net of related offsets and reclassification adjustment			
Other comprehensive income			
Comprehensive income			
Dividends to stockholders			
Purchase of treasury stock			
Reissuance of treasury stock			
Balance, December 31, 2002	–	511	66,915
Comprehensive Income:			
Net income			
Other comprehensive income, net of income tax			
Currency translation adjustments			
Unrealized investment gains, net of related offsets and reclassification adjustment			
Other comprehensive income			
Comprehensive income			
Dividends to stockholders			
Issuance of common stock, net of expenses		120	
Reissuance of treasury stock			
Balance, December 31, 2003	$ –	$631	$ 66,915

See accompanying notes to consolidated financial statements.

Additional Paid In Capital	Retained Earnings	Comprehensive Income	Accumulated Other Comprehensive Income	Treasury Stock	Total
$ 611,349	$348,158		$ (57,871)	$(39,224)	$ 862,923
	33,046	$ 33,046			33,046
		9,779			9,779
		41,917			41,917
		51,696	51,696		
		$ 84,742			
	(11,855)				(11,855)
					66,915
457				2,406	2,863
611,806	369,349		(6,175)	(36,818)	1,005,588
	122,806	$122,806			122,806
		6,803			6,803
		102,855			102,855
		109,658	109,658		
		$232,464			
	(11,854)				(11,854)
				(6,594)	(6,594)
1,236				1,623	2,859
613,042	480,301		103,483	(41,789)	1,222,463
	173,141	$173,141			173,141
		52,886			52,886
		67,890			67,890
		120,776	120,776		
		$293,917			
	(11,940)				(11,940)
426,581					426,701
2,821				13,761	16,582
$1,042,444	$641,502		$224,259	$(28,028)	$1,947,723

NOTE 1 ORGANIZATION

Reinsurance Group of America, Incorporated ("RGA") is an insurance holding company that was formed on December 31, 1992. As of December 31, 2003, Equity Intermediary Company, a Missouri holding company, directly owned approximately 51.9% of the outstanding shares of common stock of RGA. Equity Intermediary Company is a wholly-owned subsidiary of MetLife, Inc., a New York-based insurance and financial services holding company.

The consolidated financial statements include the assets, liabilities, and results of operations of RGA, RGA Reinsurance Company ("RGA Reinsurance"), RGA Reinsurance Company (Barbados) Ltd. ("RGA Barbados"), RGA Life Reinsurance Company of Canada ("RGA Canada"), RGA Americas Reinsurance Company, Ltd. ("RGA Americas"), RGA Reinsurance Company of Australia, Limited ("RGA Australia") and RGA Reinsurance UK Limited ("RGA UK") as well as several other subsidiaries, subject to an ownership position of greater than fifty percent (collectively, the "Company").

The Company is primarily engaged in life reinsurance. Reinsurance is an arrangement under which an insurance company, the reinsurer, agrees to indemnify another insurance company, the ceding company, for all or a portion of the insurance risks underwritten by the ceding company. Reinsurance is designed to (i) reduce the net liability on individual risks, thereby enabling the ceding company to increase the volume of business it can underwrite, as well as increase the maximum risk it can underwrite on a single life or risk; (ii) stabilize operating results by leveling fluctuations in the ceding company's loss experience; (iii) assist the ceding company to meet applicable regulatory requirements; and (iv) enhance the ceding company's financial strength and surplus position.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation and Basis of Presentation. The consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the reporting period. The most significant estimates include those used in determining deferred policy acquisition costs, premiums receivable, future policy benefits, other policy claims and benefits, including incurred but not reported claims, provision for adverse litigation, and valuation of investment impairments. In all instances, actual results could differ materially from the estimates and assumptions used by management.

For each of its reinsurance contracts, the Company must determine if the contract provides indemnification against loss or liability relating to insurance risk, in accordance with applicable accounting standards. The Company must review all contractual features, particularly those that may limit the amount of insurance risk to which the Company is subject to or features that delay the timely reimbursement of claims. If the Company determines that a contract does not expose it to a reasonable possibility of a significant loss from insurance risk, the Company records the contract on a deposit method of accounting with the net amount payable/receivable reflected in other reinsurance assets or liabilities on the consolidated balance sheet. Fees earned on the contracts are reflected as other revenues, as opposed to premiums, on the consolidated statements of income.

The accompanying financial statements consolidate the accounts of RGA and its subsidiaries, both direct and indirect, subject to an ownership position greater than fifty percent. Entities in which the Company has an ownership position greater than twenty percent, but less than or equal to fifty percent are reported under the equity method of accounting. All significant intercompany balances and transactions have been eliminated.

Investments. Fixed maturity securities available for sale are reported at fair value and are so classified based upon the possibility that such securities could be sold prior to maturity if that action enables the Company to execute its investment philosophy and appropriately match investment results to operating and liquidity needs.

Impairments in the value of securities held by the Company, considered to be other than temporary, are recorded as a reduction of the book value of the security, and a corresponding realized investment loss is recognized in the consolidated statements of income. The Company's policy is to recognize such impairment when the projected cash flows of these securities have been reduced on an other than temporary basis so that the fair value is reduced to an amount less than the book value. In conjunction with its external investment managers, the Company evaluates factors such as financial condition of the issuer, payment performance, the length of time and the extent to which the market value has been below amortized cost, compliance with covenants, general market conditions and industry sector, intent and ability to hold securities, and various other subjective factors. The actual value at which such financial instruments could actually be sold or settled with a willing buyer may differ from such estimated fair values.

Mortgage loans on real estate are carried at unpaid principal balances, net of any unamortized premium or discount and valuation allowances. Valuation allowances on mortgage loans are established based upon losses expected by management to be realized in connection with future dispositions or settlement of mortgage loans, including foreclosures. The valuation allowances are established after management considers, among other things, the value of

underlying collateral and payment capabilities of debtors.

Short-term investments represent investments with original maturities of greater than three months but less than twelve months and are stated at amortized cost, which approximates fair value.

Policy loans are reported at the unpaid principal balance.

Funds withheld at interest represent amounts contractually withheld by ceding companies in accordance with reinsurance agreements. For agreements written on a modified coinsurance basis and agreements written on a coinsurance funds withheld basis, assets equal to the net statutory reserves are withheld and legally owned by the ceding company. Interest accrues to these assets at rates defined by the treaty terms.

For reinsurance transactions executed through December 31, 1994, assets and liabilities related to treaties written on a modified coinsurance basis with funds withheld are reported on a gross basis. For modified coinsurance reinsurance transactions with funds withheld executed on or after December 31, 1994, assets and liabilities are reported on a net or gross basis, depending on the specific details within each treaty. Reinsurance agreements reported on a net basis are generally included in other reinsurance balances on the consolidated balance sheet because a legal right of offset exists.

Change in value of embedded derivatives reflects the change in the market value of specific financial instruments as required by Issue B36, net of related amortization of deferred acquisition costs.

Other invested assets include derivative contracts, common stocks and preferred stocks, carried at fair value, and limited partnership interests, carried at cost. Changes in fair value are recorded through accumulated other comprehensive income. Other invested assets are periodically reviewed for impairment.

The Company has a variety of reasons to use derivative instruments, such as to attempt to protect the Company against possible changes in the market value of its investment portfolio as a result of interest rate changes and to manage the portfolio's effective yield, maturity, and duration. The Company does not invest in derivatives for speculative purposes. The Company uses both exchange-traded and customized over-the-counter derivative financial instruments. The Company's use of derivatives historically has not been significant to its financial position. Income or expense on derivative financial instruments used to manage interest-rate exposure is recorded on an accrual basis as an adjustment to the yield of the related interest-earning assets or interest-bearing liabilities for the periods covered by the contracts. Gains or losses from early terminations of derivative contracts are deferred and amortized as an adjustment to the yield of the designated assets or liabilities over the remaining period originally contemplated by the derivative financial instrument. The Company is currently holding exchange-traded derivatives with a notional amount of $21.8 million, which are carried at fair value of $6.7 million. Changes in the fair value of these derivatives are recorded as investment income on the consolidated statements of income. It is the Company's policy to enter into derivative contracts primarily with highly rated companies.

Investment income is recognized as it accrues or is legally due. Realized gains and losses on sales of investments are included in net income, as are write-downs of investments where declines in value are deemed to be other than temporary in nature. The cost of investments sold is determined based upon the specific identification method. Unrealized gains and losses on marketable equity securities and fixed maturity securities classified as available for sale, less applicable deferred income taxes as well as related adjustments to deferred acquisition costs, if applicable, are reflected as a direct charge or credit to accumulated other comprehensive income in stockholders' equity on the consolidated balance sheet.

Additional Information Regarding Statements of Cash Flows. Cash and cash equivalents include cash on deposit and highly liquid debt instruments purchased with an original maturity of three months or less. The consolidated statements of cash flows includes the results of discontinued operations in net cash from operations for all years presented, as the impact of the discontinued operations on cash flows is not considered material.

Premiums Receivable. Premiums are accrued when due from the ceding company, as adjusted for management estimates for lapsed premiums given historical experience, financial health of specific ceding companies, collateral value, and the legal right of offset on related amounts owed to the ceding company.

Deferred Policy Acquisition Costs. Costs of acquiring new business, which vary with and are primarily related to the production of new business, have been deferred to the extent that such costs are deemed recoverable from future premiums or gross profits. Such costs include commissions and allowances as well as certain costs of policy issuance and underwriting. The Company performs periodic tests to determine that the cost of business acquired remains recoverable, and the cumulative amortization is re-estimated and adjusted by a cumulative charge or credit to current operations. No adjustments were made during 2003, however, for the years ended December 31, 2002 and 2001, the Company reflected charges of $1.0 million and $3.1 million, respectively, for unrecoverable deferred policy acquisition costs. Deferred costs related to traditional life insurance contracts, substantially all of which relate to long-duration contracts, are amortized over the premium-paying period of the related policies in proportion to the ratio of individual period

premium revenues to total anticipated premium revenues over the life of the policy. Such anticipated premium revenues are estimated using the same assumptions used for computing liabilities for future policy benefits.

Deferred costs related to interest-sensitive life and investment-type policies are amortized over the lives of the policies, in relation to the present value of estimated gross profits from mortality, investment income less interest credited, and expense margins.

Other Reinsurance Balances. The Company assumes and retrocedes financial reinsurance contracts that represent low mortality risk reinsurance treaties. These contracts are reported as deposits and are included in other reinsurance assets/liabilities. The amount of revenue reported in other revenues on these contracts represents fees and the cost of insurance under the terms of the reinsurance agreement. Balances resulting from the assumption and/or subsequent transfer of benefits and obligations resulting from cash flows related to variable annuities have also been classified as other reinsurance balance assets and/or liabilities.

Goodwill and Value of Business Acquired. Through December 31, 2001, goodwill representing the excess of purchase price over the fair value of net assets acquired was amortized on a straight-line basis over 10 to 20 years. Effective January 1, 2002, the Company accounts for goodwill pursuant to the provisions of Statement of Financial Accounting Standards ("SFAS") No. 142. Accordingly, goodwill and certain intangibles are not amortized into results of operations, but instead are reviewed for impairment and written down and charged to results of operations only in the periods in which the recorded value of goodwill and certain intangibles is more than its fair value. During the first quarter of 2002, the Company completed the transitional impairment test of goodwill. The results of the impairment test did not have a material impact to the Company's results of operations. During 2003, there were no changes to goodwill as a result of acquisitions or disposals. Goodwill as of December 31, 2003 totaled $7.0 million and was related to the purchase by the Company's U.S. operations of RGA Financial Group L.L.C. in 2000. Goodwill amortization prior to 2002 was not material to the Company's results of operations. The value of business acquired is amortized in proportion to the ratio of annual premium revenues to total anticipated premium revenues or in relation to the present value of estimated profits. Anticipated premium revenues have been estimated using assumptions consistent with those used in estimating reserves for future policy benefits. The carrying value is reviewed periodically for indicators of impairment in value. The value of business acquired was approximately $5.8 million and $7.5 million, including accumulated amortization of $7.6 million and $5.9 million, as of December 31, 2003 and 2002, respectively. The value of business acquired amortization expense for the years ended December 31, 2003, 2002, and 2001 was $1.7 million, $2.2 million, and $2.9 million, respectively. These amortized balances are included in other assets on the consolidated balance sheet. Amortization of the value of business acquired is estimated to be $1.3 million, $1.0 million, $0.8 million, $0.6 million, and $0.4 million during 2004, 2005, 2006, 2007 and 2008, respectively.

Other Assets. In addition to the goodwill and value of business acquired previously discussed, other assets primarily includes separate accounts, unamortized debt issuance costs, capitalized software, and other capitalized assets. Capitalized software is stated at cost, less accumulated amortization. Purchased software costs, as well as internal and external costs incurred to develop internal-use computer software during the application development stage, are capitalized. As of December 31, 2003, the Company had capitalized approximately $17.9 million of internally developed software. None of its internally developed software had been amortized as of December 31, 2003.

Future Policy Benefits and Interest-Sensitive Contract Liabilities. Liabilities for future benefits on life policies are established in an amount adequate to meet the estimated future obligations on policies in force. Liabilities for future policy benefits under long-term life insurance policies have been computed based upon expected investment yields, mortality and withdrawal (lapse) rates, and other assumptions. These assumptions include a margin for adverse deviation and vary with the characteristics of the plan of insurance, year of issue, age of insured, and other appropriate factors. Interest rates range from 2.5% to 8.0%. The mortality and withdrawal assumptions are based on the Company's experience as well as industry experience and standards. Liabilities for future benefits on interest-sensitive life and investment-type contract liabilities are carried at the accumulated contract holder values without reduction for potential surrender or withdrawal charges.

The Company periodically reviews actual and anticipated experience compared to the assumptions used to establish policy benefits. The Company establishes premium deficiency reserves if actual and anticipated experience indicates that existing policy liabilities together with the present value of future gross premiums will not be sufficient to cover the present value of future benefits, settlement and maintenance costs and to recover unamortized acquisition costs. The premium deficiency reserve is established by a charge to income, as well as a reduction in unamortized acquisition costs and, to the extent there are no unamortized acquisition costs, an increase in future policy benefits.

In establishing reserves for future policy benefits, the Company assigns policy liability assumptions to particular time frames (eras) in such a manner as to be consistent with the underlying assumptions and economic conditions at the time the risks are

assumed. The Company generally maintains a consistent level of provision for adverse deviation between eras.

The reserving process includes normal periodic reviews of assumptions used and adjustments of reserves to incorporate the refinement of the assumptions. Any such adjustments relate only to policies assumed in recent periods and the adjustments are reflected by a cumulative charge or credit to current operations.

The Company reinsures asset-intensive products, including annuities and corporate-owned life insurance. The investment portfolios for these products are segregated for management purposes within the general account of RGA Reinsurance. The liabilities under asset-intensive reinsurance contracts are included in interest-sensitive contract liabilities on the consolidated balance sheet.

Other Policy Claims and Benefits. Claims payable for incurred but not reported losses are determined using case basis estimates and lag studies of past experience. These estimates are periodically reviewed and required adjustments to such estimates are reflected in current operations.

Other Liabilities. Liabilities primarily related to investments in transit, separate accounts, employee benefits, and current federal income taxes payable are included in other liabilities on the consolidated balance sheet. The Company occasionally enters into sales of investment securities under agreements to repurchase the same securities. These transactions are reported as collateralized financings and the repurchase obligation is a component of other liabilities. At December 31, 2003 and 2002, there were no repurchase agreements outstanding.

Income Taxes. RGA and its eligible U.S. subsidiaries file a consolidated federal income tax return. The U.S. consolidated tax return includes RGA, RGA Reinsurance, RGA Barbados, RGA Technology Partners, Inc., RCM and Fairfield Management Group, Inc. (“Fairfield”). Due to rules which affect the ability of an entity to join in a consolidated tax return, RGA Americas Reinsurance Company, Ltd. files a separate tax return even though it is considered to be a U.S. taxpayer. The Company’s Argentine, Australian, Bermudan, Canadian, Malaysian, South African, Irish and United Kingdom subsidiaries are taxed under applicable local statutes.

For all years presented the Company uses the asset and liability method to record deferred income taxes. Accordingly, deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, using enacted tax rates.

Company-Obligated Mandatorily Redeemable Preferred Securities of Subsidiary Trust Holding Solely Junior Subordinated Debentures of the Company. During December 2001, RGA Capital Trust I (the “Trust”), a wholly-owned subsidiary of RGA, sold Preferred Income Equity Redeemable Securities (“PIERS”) Units. Each unit consists of a preferred security issued by the Trust with a detachable warrant to purchase 1.2508 shares of RGA common stock. The Trust sold 4.5 million PIERS units. The market value of the preferred security on the date issued is recorded in liabilities on the consolidated balance sheet under the caption “Company-obligated mandatorily redeemable preferred securities of subsidiary trust holding solely junior subordinated debentures of the Company.”

Warrants. The market value of the detachable warrants on the date the PIERS units were issued is recorded in stockholders’ equity on the consolidated balance sheet under the caption “Warrants.”

Foreign Currency Translation. The functional currency is the Argentine peso for the Company’s Argentine operations, the Australian dollar for the Company’s Australian operations, the Canadian dollar for the Company’s Canada operations, the South African rand for the Company’s South African operations and the British pound for the Company’s United Kingdom operations. The translation of the foreign currency into U.S. dollars is performed for balance sheet accounts using current exchange rates in effect at the balance sheet date and for revenue and expense accounts using a weighted average exchange rate during each year. Gains or losses, net of deferred income taxes, resulting from such translation are included in accumulated currency translation adjustments, net of income taxes, in accumulated other comprehensive income on the consolidated balance sheet.

Retrocession Arrangements and Reinsurance Ceded Receivables. The Company generally reports retrocession activity on a gross basis. Amounts paid or deemed to have been paid for reinsurance are reflected in reinsurance ceded receivables. The cost of reinsurance related to long-duration contracts is recognized over the terms of the reinsured policies on a basis consistent with the reporting of those policies.

In the normal course of business, the Company seeks to limit its exposure to losses on any single insured and to recover a portion of benefits paid by ceding reinsurance to other insurance enterprises or reinsurers under excess coverage and coinsurance (quota share) contracts. Effective July 1, 2003, the Company increased its retention amount from $4.0 million of coverage per individual life to $6.0 million. RGA Reinsurance has a number of retrocession arrangements whereby certain business in force is retroceded on an automatic or facultative basis. The Company also retrocedes most of its financial reinsurance business to other insurance companies to alleviate capital requirements created by this business.

Various RGA insurance subsidiaries retrocede amounts in excess of their retention to RGA Reinsurance, RGA Barbados and RGA Americas. Retrocessions are arranged through the Company's retrocession pools for amounts in excess of the Company's retention limit. As of December 31, 2003, all rated retrocession pool participants followed by the A.M. Best Company were rated B++ or better. For a majority of the retrocessionaires that were not rated, security in the form of letters of credit or trust assets has been given as additional security in favor of RGA Reinsurance. In addition, the Company performs annual financial reviews of its retrocessionaires to evaluate financial stability and performance.

The Company has never experienced a material default in connection with retrocession arrangements, nor has it experienced any difficulty in collecting claims recoverable from retrocessionaires; however, no assurance can be given as to the future performance of such retrocessionaires or as to recoverability of any such claims.

Recognition of Revenues and Related Expenses. Life and health premiums are recognized as revenue when due from the insured, and are reported net of amounts retroceded. Benefits and expenses are reported net of amounts retroceded and are associated with earned premiums so that profits are recognized over the life of the related contract. This association is accomplished through the provision for future policy benefits and the amortization of deferred policy acquisition costs. Other revenue includes items such as treaty recapture fees, and profit and risk fees associated with financial reinsurance. Any fees that are collected in advance of the period benefited are deferred and recognized over the period benefited. Initial reserve changes are netted against premiums when an in force block of business is reinsured.

Revenues for interest-sensitive and investment-type products consist of investment income, policy charges for the cost of insurance, policy administration, and surrenders that have been assessed against policy account balances during the period. Interest-sensitive contract liabilities for these products represent policy account balances before applicable surrender charges. Deferred policy acquisition costs are recognized as expenses over the term of the policies. Policy benefits and claims that are charged to expenses include claims incurred in the period in excess of related policy account balances and interest credited to policy account balances. The weighted average interest-crediting rates for interest-sensitive products were 4.7%, 4.2% and 6.1%, during 2003, 2002 and 2001, respectively. Interest crediting rates for U.S. dollar-denominated investment-type contracts ranged from 4.0% to 9.5% during 2003, 2.8% to 6.8% during 2002 and 3.6% to 7.3% during 2001. Weighted average interest crediting rates for Mexican peso-denominated investment-type contracts were 21.8%, 15.9% and 12.8% for 2003, 2002 and 2001, respectively.

Net Earnings Per Share. Basic earnings per share exclude any dilutive effects of options and warrants. Diluted earnings per share include the dilutive effects assuming outstanding stock options and warrants were exercised.

New Accounting Pronouncements. Effective December 31, 2003, the Company adopted Emerging Issues Task Force ("EITF") Issue No. 03-1, *The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments*, ("EITF 03-01"). EITF 03-1 provides guidance on the disclosure requirements for other-than-temporary impairments of debt and marketable equity investments that are accounted for under Statement of Financial Accounting Standards ("SFAS") No. 115, *Accounting for Certain Investments in Debt and Equity Securities*. The adoption of EITF 03-1 requires the Company to include certain quantitative and qualitative disclosures for debt and marketable equity securities classified as available-for-sale or held-to-maturity under SFAS 115 that are impaired at the balance sheet date but for which an other-than-temporary impairment has not been recognized. The initial adoption of EITF 03-1 did not have a material impact on the Company's consolidated financial statements.

In December, 2003, the Financial Accounting Standards Board ("FASB") revised SFAS No. 132, "Employers' Disclosures about Pensions and Other Post Retirement Benefits—an Amendment of FASB Statements No. 87, 88 and 106" ("SFAS 132(r)"). SFAS 132(r) retains most of the disclosure requirements of SFAS 132 and requires additional disclosure about assets, obligations, cash flows and net periodic cost of defined benefit pension plans and other defined post retirement plans. SFAS 132(r) is primarily effective for fiscal years ending after December 15, 2003; however, certain disclosures about foreign plans and estimated future benefit payments are effective for fiscal years ending after June 15, 2004. The Company's adoption of SFAS 132(r) on December 31, 2003 did not have a significant impact on its consolidated financial statements since it only revises disclosure requirements.

In July 2003, the Accounting Standards Executive Committee issued Statement of Position ("SOP") 03-1, "Accounting and Reporting by Insurance Enterprises for Certain Nontraditional Long-Duration Contracts and for Separate Accounts." SOP 03-1 provides guidance on separate account presentation and valuation, the accounting for sales inducements and the classification and valuation of long-duration contract liabilities. SOP 03-1 is effective for fiscal years beginning after December 15, 2003. The Company estimates the impact of SOP 03-1 will be less than a $1.0 million increase to future policy benefits.

In May 2003, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 150 "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity". SFAS No. 150

establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify a financial instrument that is within its scope as a liability (or an asset in some circumstances). Many of those instruments were previously classified as equity. Effective July 1, 2003, the Company adopted the provisions of SFAS No. 150, which did not materially affect the Company's financial position or results of operations.

In April 2003, the FASB issued SFAS No. 149 "Amendment of Statement 133 on Derivative Instruments and Hedging Activities". SFAS No. 149 requires that contracts with comparable characteristics be accounted for similarly. In particular, SFAS No. 149 clarifies under what circumstances a contract with an initial net investment meets the characteristic of a derivative and when a derivative contains a financing component, amends the definition of an underlying to conform it to language used in FASB Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others", and amends certain other existing pronouncements. SFAS No. 149 is effective for contracts entered into or modified after June 30, 2003, and for hedging relationships designated after June 30, 2003. In addition, provisions of SFAS No. 149 should be applied prospectively. Effective July 1, 2003, the Company adopted the provisions of SFAS No. 149 with no impact to the consolidated financial statements.

In April 2003, the FASB cleared SFAS No. 133 Implementation Issue No. B36, "Embedded Derivatives: Modified Coinsurance Arrangements and Debt Instruments That Incorporate Credit Risk Exposures That Are Unrelated or Only Partially Related to the Creditworthiness of the Obligor under Those Instruments" ("Issue B36"). Issue B36 concluded that (i) a company's funds withheld payable and/or receivable under certain reinsurance arrangements and (ii) a debt instrument that incorporates credit risk exposures that are unrelated or only partially related to the creditworthiness of the obligor include an embedded derivative feature that is not clearly and closely related to the host contract. Therefore, the embedded derivative feature must be measured at fair value on the balance sheet and changes in fair value reported in income.

Substantially all of the Company's funds withheld receivable balance is associated with its reinsurance of annuity contracts. The funds withheld receivable balance totaled $2.7 billion at December 31, 2003, of which $2.0 billion are subject to the provisions of Issue B36. Management believes the embedded derivative feature in each of these reinsurance treaties is similar to a total return swap on the assets held by the ceding companies. The Company has developed cash flow models as the basis for estimating the value of the total return swap. The cash flow models are based on the Company's expectations of the future cash flows under the reinsurance treaties that in turn are driven by the underlying annuity contracts. The fair value of the total return swap is affected by changes, both actual and expected, in the cash flows of the underlying annuity contracts, changes in credit risk associated with the assets held by the ceding company and changes in interest rates. The change in fair value, which is a non-cash item, also affects the amortization of deferred acquisition costs since the Company is required to include it in its expectation of gross profits. During 2003, the Company recorded a net gain, after tax and after related amortization of deferred acquisition costs, of approximately $9.0 million associated with Issue B36, of which approximately $0.5 million was recorded as a cumulative effect of change in accounting principle. At December 31, 2003, the fair value of the embedded derivative totaled $42.7 million and is included in the funds withheld at interest line item on the consolidated balance sheet. Subsequent to adoption, the change in the market value of the underlying is recorded in the consolidated statement of income as change in value of embedded derivatives, net of related amortization of deferred acquisition costs. Industry standards and practices continue to evolve related to valuing these types of embedded derivative features.

In addition to its annuity contracts, the Company has entered into various financial reinsurance treaties on a funds withheld and modified coinsurance basis. These treaties do not transfer significant insurance risk and are recorded on a deposit method of accounting with the Company earning a net fee. As a result of the experience refund provisions contained in these treaties, the value of the embedded derivatives in these contracts is currently considered immaterial. The Company monitors the performance of these treaties on a quarterly basis. Significant adverse performance or losses on these treaties may result in a loss associated with the embedded derivative.

In January 2003, the Financial Accounting Standards Board ("FASB") issued Interpretation No. 46, "Consolidation of Variable Interest Entities" ("FIN 46"), an interpretation of Accounting Research Bulletin No. 51, "Consolidated Financial Statements," which requires the consolidation by a business enterprise of variable interest entities if the business enterprise is the primary beneficiary. FIN 46 was effective January 31, 2003, for the Company with respect to interests in variable interest entities obtained after that date. With respect to interests in variable interest entities existing prior to February 1, 2003, the FASB issued FASB Interpretation No. 46 (revised December 2003), which extends the effective date of FIN 46 to the period ending March 31, 2004. The Company currently does not believe it will be required to consolidate any material interests in variable interest entities.

Effective January 1, 2003, the Company adopted the provisions of SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities," FASB Interpretation No. 46, "Consolidation of Variable Interest Entities," and FASB Interpretation No. 45,

"Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others." The adoption of these provisions did not materially affect the Company's financial position or results of operations.

In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation—Transition and Disclosure, an amendment of FASB Statement No. 123." Effective January 1, 2003, the Company prospectively adopted the fair value-based employee stock-based compensation expense recognition provisions of SFAS No. 123, as amended by SFAS No. 148. The Company formerly applied the intrinsic value-based expense provisions set forth in APB Opinion No. 25, Accounting for Stock Issued to Employees, ("APB 25"). For the year ended December 31, 2003, the Company recorded pre-tax compensation expense of approximately $1.6 million associated with stock option grants issued during January 2003. See Note 18—"Stock Options" for pro forma information.

Reclassification. The Company has reclassified the presentation of certain prior period information to conform to the 2003 presentation.

NOTE 3 STOCK TRANSACTIONS

On November 13, 2003, RGA issued 10,500,000 shares of its common stock at $36.65 per share. On December 4, 2003, underwriters for the public offering exercised their entire option to purchase an additional 1,575,000 newly issued shares of common stock, also at a price of $36.65 per share. After giving effect to the exercise of the option, RGA sold 12,075,000 shares of its common stock and received proceeds of approximately $426.7 million, net of expenses. MetLife, Inc. purchased 3,000,000 million of these newly issued shares.

On September 18, 2001, the Board of Directors approved a repurchase program authorizing the Company to purchase up to $25 million of its shares of stock. Subsequent to December 31, 2001 the Board of Directors approved an additional repurchase of $25 million, for a total of up to $50 million of its shares of stock, as conditions warrant. The Board's action allows management, in its discretion, to purchase shares on the open market. As of December 31, 2003, the Company purchased 225,500 shares of treasury stock under this program at an aggregate cost of $6.6 million. All purchases were made during 2002. The Company generally uses treasury shares to support the future exercise of options granted under its stock option plans.

NOTE 4 SIGNIFICANT TRANSACTION

During December 2003, the Company completed a large coinsurance agreement with Allianz Life Insurance Company of North America ("Allianz Life"). Under this agreement, RGA Reinsurance assumed the traditional life reinsurance business of Allianz Life, including yearly renewable term reinsurance and coinsurance of term policies. The business assumed does not include any accident and health risk, annuities or related guaranteed minimum death benefits or guaranteed minimum income benefits. This transaction adds additional scale to our U.S. traditional business, but does not significantly add to our client base since most of the underlying ceding companies are already our clients. The Company has agreed to use commercially reasonable efforts to novate the underlying treaties from Allianz Life to RGA Reinsurance. Novation results in the underlying client companies reinsuring the business directly to RGA Reinsurance versus passing through Allianz Life. The profitability of the business is not dependent on novation.

The transaction was effective retroactive to July 1, 2003. Under the agreement, Allianz Life transferred to RGA Reinsurance $425.7 million in cash and statutory reserves. RGA Reinsurance paid Allianz Life a ceding commission of $310.0 million. As a result of this transaction, during the fourth quarter of 2003 our U.S. traditional sub-segment reflected $246.1 million in net premiums and approximately $6.8 million of net income, after tax. Additionally, as of December 31, 2003, we reflected $217.6 million in invested assets and cash, $264.0 million in deferred policy acquisition costs and $455.5 million in future policy benefits on our consolidated balance sheet.

NOTE 5 INVESTMENTS

Major categories of net investment income consist of the following (in thousands):

YEARS ENDED DECEMBER 31,	2003	2002	2001
Fixed maturity securities available for sale	**$228,260**	$203,534	$192,685
Mortgage loans on real estate	**23,599**	14,385	11,569
Policy loans	**59,883**	59,058	54,713
Funds withheld at interest	**144,975**	89,831	72,753
Short-term investments	**2,501**	3,393	6,513
Other invested assets	**12,820**	7,290	5,092
Investment revenue	**472,038**	377,491	343,325
Investment expense	**6,459**	2,979	2,766
Net investment income	**$465,579**	$374,512	$340,559

The amortized cost, gross unrealized gains and losses, and estimated fair values of investments in fixed maturity securities at December 31, 2003 and 2002 are as follows (in thousands):

2003	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Available for sale:				
Commercial and industrial	**$1,162,516**	**$ 53,545**	**$ 7,599**	**$1,208,462**
Public utilities	**663,491**	**102,479**	**2,567**	**763,403**
Asset-backed securities	**74,323**	**3,835**	**295**	**77,863**
Canadian and Canadian provincial governments	**440,207**	**73,336**	**1,276**	**512,267**
Mortgage-backed securities	**328,849**	**16,917**	**511**	**345,255**
Finance	**694,579**	**38,574**	**2,733**	**730,420**
U.S. government and agencies	**794,273**	**8,029**	**4,059**	**798,243**
Other foreign government securities	**140,359**	**766**	**1,303**	**139,822**
	$4,298,597	**$297,481**	**$20,343**	**$4,575,735**

2002	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Available for sale:				
Commercial and industrial	$1,104,453	$ 50,518	$23,578	$1,131,393
Public utilities	346,072	40,346	8,960	377,458
Asset-backed securities	178,988	4,733	18,309	165,412
Canadian and Canadian provincial governments	457,077	75,109	3,160	529,026
Mortgage-backed securities	423,505	24,287	824	446,968
Finance	347,299	19,428	2,726	364,001
U.S. government and agencies	410,143	11,883	19	422,007
Other foreign government securities	65,180	1,258	–	66,438
	$3,332,717	$227,562	$57,576	$3,502,703

There were no investments in any entity in excess of 10% of stockholders' equity at December 31, 2003 or 2002, other than investments issued or guaranteed by the U.S. government.

Common and non-redeemable preferred equity investments and derivative financial instruments are included in other invested assets in the Company's consolidated balance sheet. The cost basis of equity investments, primarily preferred stocks, at December 31, 2003 and 2002 was approximately $142.5 million and $77.5 million, respectively. The net unrealized gain on equity investments at December 31, 2003 was approximately $5.5 million with an unrealized loss of $1.0 million at December 31, 2002. The cost basis of the derivative financial instruments at December 31, 2003 and 2002 was approximately $3.8 million and $4.4 million, respectively.

The amortized cost and estimated fair value of fixed maturity securities available for sale at December 31, 2003 are shown by contractual maturity for all securities except certain U.S. government agencies securities, which are distributed to maturity year based on the Company's estimate of the rate of future prepayments of principal over the remaining lives of the securities. These estimates are developed using prepayment rates provided in broker consensus data. Such estimates are derived from prepayment rates experienced at the interest rate levels projected for the applicable underlying collateral and can be expected to vary from actual experience. Actual maturities can differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

At December 31, 2003, the contractual maturities of investments in fixed maturity securities were as follows (in thousands):

	Amortized Cost	Fair Value
Available for sale:		
Due in one year or less	$ 65,903	$ 67,506
Due after one year through five years	783,220	815,707
Due after five years through ten years	1,144,245	1,188,314
Due after ten years	1,397,052	1,573,272
Asset and mortgage-backed securities	908,177	930,936
	$4,298,597	$4,575,735

Net realized investment gains (losses) consist of the following (in thousands):

Years ended December 31	2003	2002	2001
Fixed maturities and equity securities available for sale:			
Realized gains	**$ 52,602**	$ 64,060	$ 34,108
Realized losses	**(45,742)**	(79,005)	(101,854)
Other, net	**(1,500)**	294	(685)
Net gains (losses)	**$ 5,360**	$(14,651)	$ (68,431)

Included in net realized losses are other than temporary write-downs of fixed maturity securities of approximately $20.1 million, $33.9 million, and $43.4 million in 2003, 2002, and 2001, respectively. The Company incurred realized losses due to the other than temporary impairment in value of collateralized bond obligations of $9.7 million, $24.2 million and $36.3 million during 2003, 2002 and 2001, respectively. During 2001, the Company incurred approximately $27.0 million in realized capital losses when it liquidated substantially all of its Argentine-based investment securities. The Company reinvested the proceeds from these sales in U.S. dollar based securities in order to reduce its exposure to the volatile Argentine economy.

At December 31, 2003, fixed maturity securities held by the Company that were below investment grade had an estimated book value and fair value of approximately $94.6 million and $101.6 million, respectively. At December 31, 2003, the Company owned non-income producing securities with an amortized cost and market value of $0.1 million.

The Company monitors its fixed maturity securities to determine impairments in value. In conjunction with its external investment managers, the Company evaluates factors such as financial condition of the issuer, payment performance, the length of time and the extent to which the market value has been below amortized cost, compliance with covenants, general market conditions and industry sector, intent and ability to hold securities, and various other subjective factors. As of December 31, 2003, the Company held fixed maturities with a cost basis of $0.1 million and a market value of $0.1 million, or less than 0.1% of fixed maturities, that were non-income producing. Based on management's judgment, securities with an other than temporary impairment in value are written down to management's estimate of fair value. The Company recorded other than temporary write-downs of fixed maturities totaling $20.1 million, $33.9 million, and $43.4 million in 2003, 2002, and 2001, respectively. The circumstances that gave rise to these impairments were bankruptcy proceedings and deterioration in collateral value supporting certain asset-backed securities. During 2003 and 2002, the Company sold fixed maturity securities with fair values of $460.3 million and $466.1 million at losses of $25.2 million and $44.4 million, respectively.

The following table presents the total gross unrealized losses for 425 fixed maturity securities where the estimated fair value had declined and remained below amortized cost by the indicated amount (in thousands):

	At December 31, 2003	
	Gross Unrealized Losses	% of Total
Less than 20%	**$20,343**	**100%**
20% or more for less than six months	**–**	**0%**
20% or more for six months or greater	**–**	**0%**
Total	**$20,343**	**100%**

While all of these securities are monitored for potential impairment, the Company's experience indicates that the first two categories do not present as great a risk of impairment, and often, fair values recover over time. These securities have generally been adversely affected by overall economic conditions.

All gross unrealized losses have been outstanding less than 12 months. The following table presents the fair value and total gross unrealized losses for 425 fixed maturity securities as of December 31, 2003, by class of security, and broken out between investment and non-investment grade securities (in thousands):

	Fair Value	Unrealized Losses
Investment grade securities:		
Commercial and industrial	$ 381,730	$ 7,553
Public utilities	126,550	2,517
Asset-backed securities	6,835	295
Canadian and Canadian provincial governments	32,734	1,276
Foreign governments	38,158	1,303
Mortgage-backed securities	144,263	511
Finance	295,764	2,733
U.S. government and agencies	79,549	4,059
Investment grade securities	1,105,583	20,247
Non-investment grade securities:		
Commercial and industrial	654	46
Public utilities	2,945	50
Non-investment grade securities	3,599	96
Total	$1,109,182	$20,343

Approximately $2.5 million of the total unrealized losses were related to securities issued by the airline, automotive, telecommunication, and utility sectors. These securities have generally been adversely affected by overall economic conditions. The Company believes that the analysis of each such security whose price has been below market indicates that the financial strength, liquidity, leverage, future outlook and/or recent management actions support the view that the security was not other-than-temporarily impaired as of December 31, 2003.

The Company makes mortgage loans on income producing properties, such as apartments, retail and office buildings, light warehouses and light industrial facilities. Loan to value ratios at the time of loan approval are 75 percent or less for domestic mortgages. The distribution of mortgage loans by property type is as follows (in thousands):

	2003		2002	
	Carrying Value	Percentage Of Total	Carrying Value	Percentage Of Total
Property type:				
Apartment	**$ 56,581**	**11.80%**	$ 15,080	6.63%
Retail	**98,597**	**20.57%**	61,395	26.99%
Office building	**171,142**	**35.71%**	89,765	39.46%
Industrial	**147,617**	**30.80%**	59,279	26.05%
Other commercial	**5,375**	**1.12%**	1,973	0.87%
Total	**$479,312**	**100.00%**	$227,492	100.00%

All the Company's mortgage loans are amortizing loans. As of December 31, 2003 and 2002, the Company's mortgage loans were distributed as follows (in thousands):

	2003		2002	
	Carrying Value	Percentage Of Total	Carrying Value	Percentage Of Total
United States:				
Arizona	**$ 26,030**	**5.43%**	$ 7,023	3.09%
California	**102,296**	**21.33%**	59,186	26.02%
Colorado	**20,643**	**4.31%**	8,467	3.72%
Florida	**45,100**	**9.41%**	19,294	8.48%
Georgia	**31,882**	**6.65%**	23,619	10.38%
Illinois	**28,595**	**5.97%**	11,736	5.16%
Indiana	**11,438**	**2.39%**	11,745	5.16%
Kansas	**13,633**	**2.84%**	7,169	3.15%
Louisiana	**5,269**	**1.10%**	–	–
Maine	**4,980**	**1.04%**	–	–
Maryland	**6,949**	**1.45%**	4,164	1.83%
Missouri	**14,199**	**2.96%**	14,440	6.35%
Nevada	**11,155**	**2.33%**	1,259	0.55%
New Hampshire	**2,377**	**0.50%**	–	–
New Jersey	**16,159**	**3.37%**	–	–
New Mexico	**3,900**	**0.81%**	3,965	1.74%
New York	**3,605**	**0.75%**	–	–
North Carolina	**22,958**	**4.79%**	15,885	6.99%
Oregon	**5,849**	**1.22%**	–	–
Pennsylvania	**5,451**	**1.14%**	5,569	2.45%
Rhode Island	**5,266**	**1.10%**	5,355	2.35%
South Dakota	**7,365**	**1.54%**	7,480	3.29%
Texas	**20,943**	**4.37%**	9,376	4.12%
Virginia	**31,883**	**6.65%**	3,396	1.49%
Washington	**23,017**	**4.80%**	8,364	3.68%
Wisconsin	**8,370**	**1.75%**	–	–
Total	**$479,312**	**100.00%**	$227,492	100.00%

Substantially all mortgage loans are performing and no valuation allowance had been established as of December 31, 2003 and 2002.

The maturities of the mortgage loans are as follows (in thousands):

	2003	2002
Due one year through five years	**$105,179**	$ 40,924
Due after five years	**297,321**	108,337
Due after ten years	**76,812**	78,231
Total	**$479,312**	$227,492

Policy loans comprised approximately 10.2% and 12.6% of the Company's investments as of December 31, 2003 and 2002, respectively. These policy loans present no credit risk because the amount of the loan cannot exceed the obligation due the ceding company upon the death of the insured or surrender of the underlying policy. The provisions of the treaties in force and the underlying policies determine the policy loan interest rates. Because policy loans represent premature distributions of policy liabilities, they have the effect of reducing future disintermediation risk. In addition, the Company earns a spread between the interest rate earned on policy loans and the interest rate credited to corresponding liabilities.

Funds withheld at interest comprised approximately 30.6% and 29.7% of the Company's investments as of December 31, 2003 and 2002, respectively. For agreements written on a modified coinsurance basis and certain agreements written on a coinsurance funds withheld basis, assets equal to the net statutory reserves are withheld and legally owned and managed by the ceding company and are reflected as funds withheld at interest on RGA's consolidated balance sheet. In the event of a ceding company's insolvency, RGA would need to assert a claim on the assets supporting its reserve liabilities. However, the risk of loss to RGA is mitigated by its ability to offset amounts it owes the ceding company for claims or allowances with amounts owed to RGA from the ceding company. Interest accrues to these assets at rates defined by the treaty terms. In most cases, the Company is subject to the investment performance on the funds withheld assets, although it does not control them. To mitigate this risk, the Company helps set the investment guidelines followed by the ceding company and monitors compliance.

NOTE 6 FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table presents the carrying amounts and estimated fair values of the Company's financial instruments at December 31, 2003 and 2002. SFAS No. 107, "Disclosures about Fair Value of Financial Instruments," defines fair value of a financial instrument as the amount at which the instrument could be exchanged in a current transaction between willing parties (in thousands):

	2003		2002	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Assets:				
Fixed maturity securities	**$4,575,735**	**$4,575,735**	$3,502,703	$3,502,703
Mortgage loans on real estate	**479,312**	**499,102**	227,492	248,483
Policy loans	**902,857**	**902,857**	841,120	841,120
Funds withheld at interest	**2,717,278**	**2,799,062**	1,975,071	2,031,044
Short-term investments	**28,917**	**28,917**	4,269	4,269
Other invested assets	**179,320**	**174,646**	99,540	95,043
Liabilities:				
Interest-sensitive contract liabilities	**$4,170,591**	**$3,900,244**	$3,413,462	$3,223,005
Long-term debt	**398,146**	**421,735**	327,787	347,179
Company-obligated mandatorily redeemable preferred securities	**158,292**	**194,490**	158,176	177,401

Publicly traded fixed maturity securities are valued based upon quoted market prices. Private placement securities are valued based on the credit quality and duration of marketable securities deemed comparable by the Company's investment advisor, which may be of another issuer. The fair value of mortgage loans on real estate is estimated using discounted cash flows. Policy loans typically carry an interest rate that is tied to the crediting rate applied to the related policy and contract reserves. The carrying value of funds withheld at interest approximates fair value except where the funds withheld are specifically identified in the agreement. The carrying value of short-term investments at December 31, 2003 and 2002 approximates fair value. Common and preferred equity investments and derivative financial instruments included in other invested assets are reflected at fair value on the consolidated balance sheet, while limited partnership interests are carried at cost.

The fair value of the Company's interest-sensitive contract liabilities is based on the cash surrender value of the liabilities, adjusted for recapture fees. The fair value of the Company's long-term debt and the company-obligated mandatorily redeemable preferred securities are estimated based on either quoted market prices or quoted market prices for the debt of corporations with similar credit quality.

NOTE 7 REINSURANCE

Retrocession reinsurance treaties do not relieve the Company from its obligations to direct writing companies. Failure of retrocessionaires to honor their obligations could result in losses to the Company. Consequently, allowances would be established for amounts deemed uncollectible. At December 31, 2003 and 2002, no allowances were deemed necessary. The Company regularly evaluates the financial condition of its reinsurers / retrocessionaires.

The effect of reinsurance on net premiums and amounts earned is as follows (in thousands):

YEARS ENDED DECEMBER 31,	2003	2002	2001
Direct	**$ 3,966**	$ 4,986	$ 11,471
Reinsurance assumed	**2,918,488**	2,325,512	1,839,083
Reinsurance ceded	**(279,291)**	(349,832)	(188,792)
Net premiums and amounts earned	**$2,643,163**	$1,980,666	$1,661,762

The effect of reinsurance on policyholder claims and other policy benefits is as follows (in thousands):

YEARS ENDED DECEMBER 31,	2003	2002	2001
Direct	**$ 8,272**	$ 3,330	$ 6,104
Reinsurance assumed	**2,350,135**	1,744,630	1,525,248
Reinsurance ceded	**(249,976)**	(208,496)	(154,550)
Net policyholder claims and benefits	**$2,108,431**	$1,539,464	$1,376,802

At December 31, 2003 and 2002, there were no reinsurance ceded receivables associated with a single reinsurer with a carrying value in excess of 5% of total assets.

The impact of reinsurance on life insurance in force is shown in the following schedule (in millions):

	Direct	Assumed	Ceded	Net	Assumed/ Net %
Life insurance in force:					
December 31, 2003	$75	$1,252,161	$254,822	$997,414	125.54%
December 31, 2002	75	758,875	162,395	596,555	127.21%
December 31, 2001	73	615,990	117,748	498,315	123.61%

At December 31, 2003, the Company has provided approximately $811.3 million of statutory financial reinsurance, as measured by pre-tax statutory surplus, to other insurance companies under financial reinsurance transactions to assist ceding companies in meeting applicable regulatory requirements and to enhance ceding companies' financial strength. Generally, such financial reinsurance is provided by the Company committing cash or assuming insurance liabilities, which are collateralized by future profits on the reinsured business. The Company retrocedes the majority of the assumed financial reinsurance. The Company earns a fee based on the amount of net outstanding financial reinsurance.

Reinsurance agreements, whether facultative or automatic, may provide for recapture rights on the part of the ceding company. Recapture rights permit the ceding company to reassume all or a portion of the risk formerly ceded to the reinsurer after an agreed-upon period of time, generally 10 years, or in some cases due to changes in the financial condition or ratings of the reinsurer. Recapture of business previously ceded does not affect premiums ceded prior to the recapture of such business, but would reduce premiums in subsequent periods. Additionally, some treaties give the ceding company the right to request the Company to place assets in trust for their benefit to support their reserve credits, in the event of a downgrade of the Company's ratings to specified levels. As of December 31, 2003, these treaties had approximately $308.4 million in reserves. Assets placed in trust continue to be owned by the Company, but their use is restricted based on the terms of the trust agreement. Securities with an amortized cost of

$605.8 million were held in trust to satisfy collateral requirements for reinsurance business for the benefit of certain subsidiaries of the company at December 31, 2003. Additionally, securities with an amortized cost of $1,453.8 million, as of December 31, 2003, were held in trust to satisfy collateral requirements under certain third-party reinsurance treaties. Additionally, under certain conditions, RGA may be obligated to move reinsurance from one RGA subsidiary company to another or make payments under the treaty. These conditions generally include unusual or remote circumstances, such as change in control, insolvency, nonperformance under a treaty, or loss of reinsurance license of such subsidiary.

NOTE 8 DEFERRED POLICY ACQUISITION COSTS

The following reflects the amounts of policy acquisition costs deferred and amortized (in thousands):

YEARS ENDED DECEMBER 31,	2003	2002	2001
Deferred policy acquisition costs:			
Assumed	**$1,835,923**	$1,162,256	$ 860,971
Retroceded	**(78,827)**	(77,320)	(60,652)
Net	**$1,757,096**	$1,084,936	$ 800,319

YEARS ENDED DECEMBER 31,	2003	2002	2001
Beginning of year	**$1,084,936**	$ 800,319	$ 621,475
Capitalized			
Assumed	**1,045,932**	615,431	469,734
Retroceded	**(23,772)**	(23,001)	(13,893)
Amortized			
Assumed	**(343,368)**	(314,146)	(301,549)
Allocated to change in value of embedded derivatives	**(28,897)**	–	–
Retroceded	**22,265**	6,333	24,552
End of year	**$1,757,096**	$1,084,936	$ 800,319

Some reinsurance agreements involve reimbursing the ceding company for allowances and commissions in excess of first-year premiums. These amounts represent an investment in the reinsurance agreement, and are capitalized to the extent deemed recoverable from the future premiums and amortized against future profits of the business. This type of agreement presents a risk to the extent that the business lapses faster than originally anticipated resulting in future profits being insufficient to recover the Company's investment.

NOTE 9 INCOME TAX

The provision for income tax expense attributable to income from continuing operations consists of the following (in thousands):

YEARS ENDED DECEMBER 31,	2003	2002	2001
Current income tax expense (benefit)	**$ 27,347**	$ (14,412)	$ 49,738
Deferred income tax expense (benefit)	**46,313**	57,221	(31,866)
Foreign current tax expense	**2,048**	6,134	9,412
Foreign deferred tax expense (benefit)	**17,583**	16,572	(1,035)
Provision for income taxes	**$ 93,291**	$ 65,515	$ 26,249

Provision for income tax expense differed from the amounts computed by applying the U.S. federal income tax statutory rate of 35% to pre-tax income as a result of the following (in thousands):

YEARS ENDED DECEMBER 31,	2003	2002	2001
Tax provision at U.S. statutory rate	**$ 95,064**	$ 67,892	$ 23,153
Increase (decrease) in income taxes resulting from:			
Foreign tax rate differing from U.S. tax rate	**(2,227)**	(124)	(784)
Settlement of IRS audit	**–**	(2,000)	–
Travel and entertainment	**2**	129	32
Intangible amortization	**–**	199	65
Deferred tax valuation allowance	**556**	(211)	3,501
Other, net	**(104)**	(370)	282
Total provision for income taxes	**$ 93,291**	$ 65,515	$ 26,249

Total income taxes were as follows (in thousands):

YEARS ENDED DECEMBER 31,	2003	2002	2001
Income tax from continuing operations	**$ 93,291**	$ 65,515	$ 26,249
Tax benefit on discontinued operations	**(3,082)**	(3,066)	(3,691)
Tax effect on cumulative change in accounting principle	**293**	–	–
Income tax from stockholders' equity:			
Net unrealized holding gain on debt and equity securities recognized for financial reporting purposes	**36,637**	51,591	21,320
Exercise of stock options	**(2,919)**	(1,943)	(1,653)
Foreign currency translation	**28,477**	(3,664)	(5,266)
Total income tax provided	**$152,697**	$108,433	$ 36,959

The tax effects of temporary differences that give rise to significant portions of the deferred income tax assets and liabilities at December 31, 2003 and 2002, are presented in the following tables (in thousands):

YEARS ENDED DECEMBER 31,	2003	2002
Deferred income tax assets:		
Nondeductible accruals	**$ 23,744**	$ 21,120
Reserves for policies and investment income differences	**140,049**	86,602
Deferred acquisition costs capitalized for tax	**40,711**	33,561
Net operating loss carryforward	**183,340**	148,803
Foreign tax and AMT credit carryforward	**12,394**	9,494
Capital loss carryforward	**–**	4,831
Subtotal	**400,238**	304,411
Valuation allowance	**(12,988)**	(12,458)
Total deferred income tax assets	**387,250**	291,953
Deferred income tax liabilities:		
Deferred acquisition costs capitalized for financial reporting	**617,492**	386,953
Differences between tax and financial reporting amounts concerning certain reinsurance transactions	**35,474**	156,123
Differences in foreign currency translation	**28,862**	385
Differences in the tax basis of cash and invested assets	**144,395**	40,472
Total deferred income tax liabilities	**826,223**	583,933
Net deferred income tax liabilities	**$438,973**	$291,980

As of December 31, 2003 and 2002, a valuation allowance for deferred tax assets of approximately $13.0 million and $12.5 million, respectively, was provided on the foreign tax credits and net operating losses of RGA Reinsurance, GA Argentina, RGA South Africa, and RGA UK. The Company utilizes valuation allowances when it cannot assume, based on the weight of the available evidence, that the deferred income taxes will be realized. The Company has not

recognized a deferred tax liability for the undistributed earnings of its wholly-owned domestic and foreign subsidiaries because the Company currently does not expect those unremitted earnings to become taxable to the Company in the foreseeable future. This is due to the fact that the unremitted earnings are not expected to be repatriated in the foreseeable future, or because those unremitted earnings that may be repatriated will not be taxable through the application of tax planning strategies that management would utilize.

During 2003, 2002, and 2001, the Company received federal income tax refunds of approximately $1.6 million, $5.2 million and $5.0 million, respectively. The Company made cash income tax payments of approximately $8.0 million, $17.4 million and $26.4 million in 2003, 2002 and 2001, respectively. At December 31, 2003 and 2002, the Company recognized deferred tax assets associated with net operating losses of approximately $487.2 million and $391.9 million, respectively, that will expire between 2011 and 2018. However, these net operating losses are expected to be utilized in the normal course of business during the period allowed for carryforwards and, in any event, are not expected to be lost given tax planning strategies available to the Company.

The Company's U.S. tax returns have been audited by the relevant taxing authorities for all years through 1999. The Company believes that any adjustments that might be required for subsequent years will not have a material effect on the Company's financial statements.

NOTE 10 EMPLOYEE BENEFIT PLANS

Most of the Company's U.S. employees participate in a non-contributory qualified defined benefit pension plan sponsored by RGA Reinsurance. The benefits under the pension plan are based on years of service and compensation levels. Certain management individuals participate in several nonqualified defined benefit and defined contribution plans sponsored by RGA Reinsurance. Those plans are unfunded and are deductible for federal income tax purposes when the benefits are paid. The projected obligation was approximately $18.7 million and $16.1 million as of December 31, 2003 and 2002, respectively.

The Company's full-time U.S. employees may participate in a defined contribution profit sharing plan. The plan also has a cash or deferred option under Internal Revenue Code section 401(k). The Company's contributions, which are partially tied to RGA's financial results and employee 401(k) contributions, were approximately $1.9 million, $1.2 million and $1.3 million in 2003, 2002 and 2001, respectively.

The Company also provides certain health care and life insurance benefits for retired employees. The health care benefits are provided through a self-insured welfare benefit plan. Employees become eligible for these benefits if they meet minimum age and service requirements. The retiree's cost for health care benefits varies depending upon the credited years of service. The Company recorded benefits expense of approximately $0.7 million, $0.6 million, and $0.5 million for 2003, 2002 and 2001, respectively, related to these postretirement plans. The projected obligation was approximately $5.3 million and $4.5 million as of December 31, 2003 and 2002, respectively.

(in thousands)

December 31,	Pension Benefits		Other Benefits	
	2003	2002	**2003**	2002
Change in projected benefit obligation:				
Projected benefit obligation at beginning of year	**$16,137**	$14,249	**$ 4,508**	$ 3,467
Service cost	**1,473**	1,218	**314**	264
Interest cost	**1,052**	972	**303**	261
Participant contributions	**–**	–	**11**	8
Actuarial losses	**280**	38	**265**	559
Benefits paid	**(290)**	(340)	**(70)**	(51)
Projected benefit obligation at end of year	**$18,652**	$16,137	**$ 5,331**	$ 4,508

(in thousands)

December 31,

Pension Benefits Other Benefits

	2003	2002	2003	2002
Change in plan assets:				
Contract value of plan assets at beginning of year	**$ 7,725**	$ 7,719	**$ –**	$ –
Actual return on plan assets	**1,857**	(775)	**–**	–
Employer and participant contributions	**564**	1,127	**70**	51
Benefits paid	**(307)**	(346)	**(70)**	(51)
Contract value of plan assets at end of year	**$ 9,839**	$ 7,725	**$ –**	$ –
Under funded	**$ (8,813)**	$ (8,412)	**$(5,331)**	$(4,508)
Unrecognized net actuarial losses	**1,760**	2,818	**1,629**	1,423
Unrecognized prior service cost	**276**	306	**–**	–
Accrued benefit cost	**$ (6,777)**	$ (5,288)	**$(3,702)**	$(3,085)
Qualified plan accrued pension cost	**$ (2,445)**	$ (1,401)		
Non-qualified plan accrued pension cost	**(4,482)**	(4,065)		
Intangible assets	**117**	127		
Accumulated other comprehensive income	**33**	51		
Accrued benefit cost	**$ (6,777)**	$ (5,288)		

The aggregate projected benefit obligation and aggregate contract value of plan assets for the pension plans were as follows (in thousands):

	2003		2002	
	Qualified Plan	Non-Qualified Plan	Qualified Plan	Non-Qualified Plan
Aggregate projected benefit obligation	**$(14,182)**	**$(4,470)**	$(11,846)	$(4,291)
Aggregate contract value of plan assets	**9,839**	**–**	7,725	–
Under funded	**$ (4,343)**	**$(4,470)**	$ (4,121)	$(4,291)
Accumulated benefit obligation	**$ 11,290**	**$ 3,349**	$ 9,380	$ 3,048

Weighted average assumptions used to determine the accumulated benefit obligation and net benefit cost or income for the year ended December 31:

	Pension Benefits		Other Benefits	
	2003	2002	2003	2002
Discount rate	**6.50%**	6.75%	**6.50%**	6.75%
Expected rate of return on plan assets	**8.75%**	8.75%	**–**	–
Rate of compensation increase	**4.95%**	4.95%	**–**	–

The assumed health care cost trend rates used in measuring the accumulated nonpension postretirement benefit obligation were as follows:

	December 31, 2003	2002
Pre-Medicare eligible claims	**10% down to 5% in 2008**	11% down to 5% in 2008
Medicare eligible claims	**10% down to 5% in 2008**	11% down to 5% in 2008

Assumed health care cost trend rates may have a significant effect on the amounts reported for health care plans. A one-percentage point change in assumed health care cost trend rates would have the following effects (in thousands):

	One Percent Increase	One Percent Decrease
Effect on total of service and interest cost components	$ 147	$(111)
Effect on accumulated postretirement benefit obligation	$1,115	$(854)

The components of net periodic benefit cost were as follows (in thousands):

	Pension Benefits			Other Benefits		
	2003	2002	2001	**2003**	2002	2001
Service cost	**$1,473**	$1,218	$ 916	**$314**	$264	$213
Interest cost	**1,052**	972	954	**303**	261	218
Expected return on plan assets	**(643)**	(751)	(815)	**–**	–	–
Amortization of prior actuarial losses	**141**	7	9	**60**	41	29
Amortization of prior service cost	**30**	30	30	**–**	–	–
Net periodic benefit cost	**$2,053**	$1,476	$1,094	**$677**	$566	$460

The Company expects to contribute $1.5 million in pension benefits and $0.1 million in other benefits during 2004. The following benefit payments, which reflect expected future service as appropriate, are expected to be paid (in thousands):

	Pension Benefits	Other Benefits
2004	$ 1,095	$ 75
2005	1,266	79
2006	2,043	83
2007	1,722	87
2008	1,966	91
2009-2013	11,006	529

Results for the Pension and Other Benefits Plans are measured at December 31 for each year presented.

Allocation of the Pension Plan's total plan fair value by asset type:

	2003	2002
Asset Category:		
Equity securities	**73%**	66%
Debt securities	**27%**	34%
Total	**100%**	100%

2004 target range of allocation by asset type of the Pension Plan's total plan fair value on a weighted average basis:

Asset Category:	
Equity securities	65% – 80%
Debt securities	25% – 50%

Target allocation of assets are determined with the objective of maximizing returns and minimizing volatility of net assets through adequate asset diversification and partial liability immunization. Adjustments are made to target allocations based on the Company's assessment of the impact of economic factors and market conditions.

NOTE 11 RELATED PARTY TRANSACTIONS

General American and MetLife have historically provided certain administrative services to RGA and RGA Reinsurance. Such services have included legal, treasury, risk management and corporate travel. The cost for the years ended December 31, 2003, 2002 and 2001 was approximately $1.0 million, $1.2 million and $1.1 million respectively.

Management does not believe that the various amounts charged for these services would be materially different if they had been incurred from an unrelated third party.

RGA Reinsurance also has a product license and service agreement with MetLife. Under this agreement, RGA has licensed the use of its electronic underwriting product to MetLife and provides Internet hosting services, installation and modification services for the product. Payments under the agreement for the years ended December 31, 2003 and 2002 were approximately $3.2 million and $0.4 million, respectively.

The Company also has direct policies and reinsurance agreements with MetLife and certain of its subsidiaries. As of December 31, 2003, the Company had reinsurance related assets and liabilities from these agreements totaling $175.0 million and $169.6 million, respectively. Prior-year comparable assets and liabilities were $156.6 million and $190.1 million, respectively. Additionally, the Company reflected net premiums of approximately $157.9 million, $172.8 million, and $149.3 million in 2003, 2002, and 2001, respectively. The premiums reflect the net of business assumed from and ceded to MetLife and its subsidiaries. The pre-tax gain on this business was approximately $19.4 million, $23.3 million, and $26.1 million in 2003, 2002, and 2001, respectively.

NOTE 12 LEASE COMMITMENTS

The Company leases office space and furniture and equipment under non-cancelable operating lease agreements, which expire at various dates. Future minimum office space annual rentals under non-cancelable operating leases at December 31, 2003 are as follows:

2004	$5.4 million
2005	4.8 million
2006	4.6 million
2007	4.5 million
2008	4.2 million
Thereafter	5.9 million

The amounts above are net of expected sublease income of approximately $0.3 million annually through 2010. Rent expenses amounted to approximately $6.8 million, $6.0 million, and $5.3 million for the years ended December 31, 2003, 2002, and 2001, respectively.

NOTE 13 FINANCIAL CONDITION AND NET INCOME ON A STATUTORY BASIS—SIGNIFICANT SUBSIDIARIES

The following table presents selected statutory financial information for the Company's primary life reinsurance legal entities, as of December 31, 2003 and 2002 (in thousands):

	Statutory Capital & Surplus		Statutory Net Income (Loss)		
	2003	2002	**2003**	2002	2001
RCM	**$839,731**	$639,809	**$ 3,883**	$ 1,922	$ 4,025
RGA Reinsurance	**828,922**	633,557	**(73,285)**	13,640	(84,633)
RGA Canada	**245,911**	186,726	**18,231**	177	12,285
RGA Barbados	**121,705**	101,077	**19,380**	17,481	22,986
RGA Americas	**162,128**	79,635	**43,796**	14,611	800
Other reinsurance subsidiaries	**103,867**	68,397	**(16,805)**	557	1,221

The total capital and surplus positions of RCM, RGA Reinsurance and RGA Canada exceed the risk based capital requirements of the applicable regulatory bodies. RCM and RGA Reinsurance are subject to statutory provisions that restrict the payment of dividends. They may not pay dividends in any 12-month period in excess of the greater of the prior year's statutory operating income or 10% of capital and surplus at the preceding year-end, without regulatory approval. The applicable statutory provisions only permit an insurer to pay a shareholder dividend from unassigned surplus. Any dividends paid by RGA Reinsurance would be paid to RCM, its parent company, which in turn has restrictions related to its ability to pay dividends to RGA. The assets of RCM consist primarily of its investment in RGA Reinsurance. As of January 1, 2004, RCM and RGA Reinsurance could pay maximum dividends, without prior approval, equal to their unassigned surplus, approximately $12.8 million and $56.1 million, respectively. The maximum amount available for dividends by RGA Canada to RGA under the Canadian Minimum Continuing Capital and Surplus Requirements ("MCCSR") is $58.9 million. RGA Americas and RGA Barbados do not have material restrictions on their ability to pay dividends out of retained earnings. Dividend payments from other subsidiaries are subject to regulations in the country of domicile.

NOTE 14 COMMITMENTS AND CONTINGENT LIABILITIES

The Company is currently a party to various litigation and arbitrations that involve medical reinsurance arrangements, personal accident business, and aviation bodily injury carve-out business. As of January 31, 2004, the ceding companies involved in these disputes have raised claims, or established reserves that may result in claims, that are $62.6 million in excess of the amounts held in reserve by the Company. The Company generally has little information regarding any reserves established by the ceding companies, and it is possible that any such reserves could be increased in the future. The Company believes it has substantial defenses upon which to contest these claims, including but not limited to misrepresentation and breach of contract by direct and indirect ceding companies. In addition, the Company is in the process of auditing ceding companies which have indicated that they anticipate asserting claims in the future against the Company that are $12.5 million in excess of the amounts held in reserve by the Company. Depending upon the audit findings in these cases, they could result in litigation or arbitrations in the future. See Note 21, "Discontinued Operations" for more information. Additionally, from time to time, the Company is subject to litigation and arbitration related to its life reinsurance business and to employment-related matters in the normal course of its business. While it is not feasible to predict or determine the ultimate outcome of the pending litigation or arbitrations or provide reasonable ranges of potential losses, it is the opinion of management, after consultation with counsel, that their outcomes, after consideration of the provisions made in the Company's consolidated financial statements, would not have a material adverse effect on its consolidated financial position.

The Company has reinsured privately owned pension funds that were formed as a result of reform and privatization of Argentina's social security system. The Company ceased renewal of reinsurance treaties associated with privatized pension contracts in Argentina during 2001 because of adverse experience on this business, as several aspects of the pension fund claims flow did not develop as was contemplated when the reinsurance programs were initially priced. It is the Company's position that actions of the Argentine government, which may affect future results from this business for the Company, constitute violations of the Treaty on Encouragement and Reciprocal Protection of Investments, between the Argentine Republic and the United States of America, dated November 14, 1991 (the "Treaty"). The Company has put the Argentine Republic on notice of the Company's intent to file a request for arbitration of its dispute relating to these violations pursuant to the Washington Convention of 1965 on the Settlement of Investment Disputes under the auspices of the International Centre for Settlement of Investment Disputes of the World Bank (the "ICSID Arbitration"), if an amicable settlement can not be reached. The Company is also exploring other possible remedies under U.S. and Argentine law.

While it is not feasible to predict or determine the ultimate outcome of the contemplated ICSID Arbitration, other remedies that the Company may pursue, or provide reasonable ranges of potential losses if the Argentine government continues with its present course of action, it is the opinion of management, after consultation with counsel, that their outcomes, after consideration of the provisions made in the Company's financial statements, would not have a material adverse effect on its consolidated financial position.

The Company has obtained letters of credit in favor of various affiliated and unaffiliated insurance companies from which the Company assumes business. This allows the ceding company to take statutory reserve credits. The letters of credit issued by banks represent a guarantee of performance under the reinsurance agreements. At December 31, 2003, there were approximately $38.7 million of outstanding letters of credit in favor of third-party entities. Additionally, the Company utilizes letters of credit to secure reserve credits when it retrocedes business to its offshore subsidiaries, including RGA Americas and RGA Barbados. As of December 31, 2003, $396.3 million in letters of credit from various banks were outstanding between the various subsidiaries of the Company. Fees associated with letters of credit are not fixed for periods in excess of one year and are based on the Company's ratings and the general availability of these instruments in the marketplace.

RGA has issued guarantees to third parties on behalf of its subsidiaries' performance for the payment of amounts due under certain credit facilities, reinsurance treaties and an office lease obligation, whereby if a subsidiary fails to meet an obligation, RGA or one of its other subsidiaries will make a payment to fulfill the obligation. In limited circumstances, treaty guarantees are granted to ceding companies in order to provide them additional security, particularly in cases where RGA's subsidiary is relatively new, unrated, or not of a significant size, relative to the ceding company. Liabilities supported by the treaty guarantees, before consideration for any legally offsetting amounts due from the guaranteed party, totaled $188.3 million as of December 31, 2003 and are reflected on the Company's consolidated balance sheet in future policy benefits. Potential guaranteed amounts of future payments will vary depending on production levels and underwriting results. Guarantees related to credit facilities provide additional security to third party banks should a subsidiary fail to make principal and/or interest payments when due. As of December 31, 2003, RGA's exposure related to credit facility guarantees was $48.6 million and is reflected on the consolidated balance sheet in long-term debt. RGA's maximum potential guarantee under the credit facilities is $53.1 million. RGA has issued a guarantee on behalf of a subsidiary in the event the subsidiary fails to make payment under its office lease obligation. As of December 31, 2003, the maximum potential exposure was approximately $3.0 million.

In addition, the Company indemnifies its directors and officers as provided in its charters and by-laws. Since this indemnity generally is not subject to limitation with respect to duration or amount, the Company does not believe that it is possible to determine the maximum potential amount due under this indemnity in the future.

NOTE 15 LONG-TERM DEBT

The Company's long-term debt consists of the following (in millions):

	2003	2002
Senior notes @ 6.75% due 2011	**$199.9**	$199.9
Senior notes @ 7.25% due 2006	**99.6**	99.5
Revolving credit facilities	**98.6**	28.4
Total	**$398.1**	$327.8

On December 19, 2001, RGA issued 6.75% senior notes with a face value of $200.0 million. These senior notes have been registered with the SEC. The net proceeds from the offering were approximately $198.5 million and were used to pay down a balance of $120 million on a revolving credit facility and to prepay and terminate a $75 million term loan with MetLife Credit Corp. Capitalized issuance costs, recorded in other assets, related to the issuance of the 6.75% senior notes were $1.7 million at December 31, 2003.

The Company has revolving credit facilities in the United States, the United Kingdom, and Australia, under which it may borrow up to approximately $228.1 million. As of December 31, 2003, the Company had drawn approximately $98.6 million under these facilities at rates ranging from 1.69% to 5.56%. The Company increased its borrowings under the United States, the United Kingdom, and the Australia credit facility during 2003 by $50.0 million, $7.1 million, and $7.5 million, respectively. Terminations of revolving credit facilities and maturities of senior notes over the next five years would be $48.6 million in 2005 and $150.0 million in 2006. The Company may draw up to $175.0 million on its U.S. revolving credit facility that expires in May 2006. As of December 31, 2003, the Company had $50.0 million outstanding under this facility.

Certain of the Company's debt agreements contain financial covenant restrictions related to, among others, liens, the issuance and disposition of stock of restricted subsidiaries, minimum requirements of consolidated net worth ranging from $600 million to $700 million, and minimum rating requirements. A material ongoing covenant default could require immediate payment of the amount due, including principal, under the various agreements. Additionally, the Company's debt agreements contain cross-default covenants, which would make outstanding borrowings immediately payable in the event of a material uncured covenant default under any of the agreements, including, but not limited to, non-payment of indebtedness when due for amounts greater than $10 million or $25 million depending on the agreement, bankruptcy proceedings, and any other event which results in the acceleration of the maturity of indebtedness. As of December 31, 2003, the Company had $398.1 million in outstanding borrowings under its debt agreements and was in compliance with all covenants under those agreements. Of that amount, approximately $48.6 million is subject to immediate payment upon a downgrade of the Company's senior long-term debt rating, unless a waiver is obtained from the lenders. The ability of the Company to make debt principal and interest payments depends on the earnings and surplus of subsidiaries, investment earnings on undeployed capital proceeds, and the Company's ability to raise additional funds. Interest paid on debt and trust preferred securities (See Note 16) during 2003, 2002 and 2001 totaled $35.9 million, $34.7 million and $18.5 million, respectively.

RGA guarantees the payment of amounts outstanding under the credit facilities maintained by its subsidiary operations in the United Kingdom and Australia. The total amount of debt outstanding, subject to the guarantees, as of December 31, 2003 was $48.6 million and is reflected on the Company's consolidated balance sheet under long-term debt. These lines of credit provide for additional borrowings of up to $4.5 million, which if drawn, would also be subject to the guarantees.

NOTE 16 ISSUANCE OF TRUST PIERS UNITS

In December 2001, RGA, through its wholly-owned trust ("RGA Capital Trust I" or "the Trust") issued $225.0 million in Preferred Income Equity Redeemable Securities ("PIERS") Units.

Each PIERS unit consists of:

1) A preferred security issued by RGA Capital Trust I (the Trust), having a stated liquidation amount of $50 per unit, representing an undivided beneficial ownership interest in the assets of the Trust, which consist solely of junior subordinated debentures issued by RGA which have a principal amount at maturity of $50 and a stated maturity of March 18, 2051. The preferred securities and subordinated debentures were issued at a discount (original issue discount) to the face or liquidation value of $14.87 per security. The securities will accrete to their $50 face/liquidation value over the life of the security on a level yield basis. The interest rate on the preferred securities and the subordinated debentures is 5.75% per annum of the face amount.

2) A warrant to purchase, at any time prior to December 15, 2050, 1.2508 shares of RGA stock at an exercise price of $50. The fair market value of the warrant on the issuance date is $14.87 and is detachable from the preferred security.

RGA fully and unconditionally guarantees, on a subordinated basis, the obligations of the Trust under the preferred securities. The Trust exists for the sole purpose of issuing the PIERS units. The discounted value of the preferred securities ($158.1 million) and the market value of the warrants ($66.9 million) at the time of issuance are reflected in the consolidated balance sheet in the line items "Company-obligated mandatorily redeemable preferred securities of subsidiary trust holding solely junior subordinated debentures of the Company" and "Warrants," respectively.

If on any date after December 18, 2004, the closing price of RGA common stock exceeds and has exceeded a price per share equal to $47.97 for at least 20 trading days within the immediately preceding 30 consecutive trading days, the Company may redeem the warrants in whole for cash, RGA common stock, or a combination of cash and RGA common stock.

Associated with the issuance of the PIERS units, the Company capitalized issuance expenses of $5.4 million to "Other assets" and recorded $2.3 million directly to "Additional paid in capital."

NOTE 17 SEGMENT INFORMATION

Prior to January 1, 2003, the Company aggregated the results of its five main operational segments into three reportable segments: U.S., Canada, and Other International. The Other International reportable segment formerly included operations in Latin America, Asia Pacific, and Europe & South Africa. Effective January 1, 2003, as a result of the Company's declining presence in Argentina and changes in management responsibilities for part of the Latin America region, the Other International reportable segment no longer included Latin America operations. Latin America results relating to the Argentine privatized pension business as well as direct insurance operations in Argentina are now reported in the Corporate and Other segment. The results for all other Latin America business, primarily traditional reinsurance business in Mexico, are now reported as part of U.S. operations in the Traditional sub-segment. Additionally, the remaining operations of the Other International reportable segment, Asia Pacific and Europe & South Africa, are now presented herein as separate reportable segments. Prior-period segment information has been reclassified to conform to this new presentation. The U.S. operations provide traditional life, asset-intensive, and financial reinsurance to domestic clients. Asset-intensive products primarily include reinsurance of corporate-owned life insurance and annuities. The Canada operations provide insurers with reinsurance of traditional life products as well as reinsurance of critical illness products. Asia Pacific operations provide primarily traditional life reinsurance and, to a lesser extent, financial reinsurance through RGA Reinsurance Company of Australia, Limited ("RGA Australia") and RGA Reinsurance Company ("RGA Reinsurance"). Europe & South Africa operations include traditional life reinsurance and critical illness business from Europe & South Africa, in addition to other markets being developed by the Company. The Company's discontinued accident and health operations are not reflected in the continuing operations of the Company. The Company measures segment performance based on income or loss before income taxes.

The accounting policies of the segments are the same as those described in the Summary of Significant Accounting Policies in Note 2. The Company measures segment performance primarily based on profit or loss from operations before income taxes. There are no intersegment reinsurance transactions and the Company does not have any material long-lived assets. Investment income is allocated to the segments based upon average assets and related capital levels deemed appropriate to support the segment business volumes.

The Company's reportable segments are strategic business units that are primarily segregated by geographic region. Information related to revenues, income (loss) before income taxes, interest expense, depreciation and amortization, and assets of the Company's continuing operations are summarized below (in thousands):

FOR THE YEARS ENDED DECEMBER 31,	2003	2002	2001
Revenues:			
U.S.	**$2,191,210**	$1,709,952	$1,484,969
Canada	**315,161**	251,715	247,624
Europe & South Africa	**373,138**	230,813	96,455
Asia Pacific	**270,132**	169,351	126,653
Corporate and Other	**24,692**	20,132	12,583
Total from continuing operations	**$3,174,333**	$2,381,963	$1,968,284

FOR THE YEARS ENDED DECEMBER 31,	2003	2002	2001
Income (loss) from continuing operations before income taxes:			
U.S.	**$ 216,088**	$ 175,801	$ 124,581
Canada	**59,564**	38,631	51,516
Europe & South Africa	**20,272**	3,409	(963)
Asia Pacific	**19,262**	6,316	3,007
Corporate and Other	**(43,576)**	(30,179)	(111,991)
Total from continuing operations	**$ 271,610**	$ 193,978	$ 66,150

FOR THE YEARS ENDED DECEMBER 31,	2003	2002	2001
Interest expense:			
Europe & South Africa	**$ 1,043**	$ 680	$ 681
Asia Pacific	**1,096**	842	867
Corporate and Other	**34,650**	33,994	16,549
Total from continuing operations	**$ 36,789**	$ 35,516	$ 18,097

FOR THE YEARS ENDED DECEMBER 31,	2003	2002	2001
Depreciation and amortization:			
U.S.	**$310,548**	$ 267,341	$ 248,581
Canada	**9,315**	22,537	33,048
Europe & South Africa	**85,657**	33,251	15,620
Asia Pacific	**39,723**	25,542	30,681
Corporate and Other	**1,981**	12,186	537
Total from continuing operations	**$447,224**	$ 360,857	$ 328,467

The table above includes amortization of deferred acquisition costs and the DAC offset to the change in value of embedded derivatives related to Issue B36.

AS OF DECEMBER 31,	2003	2002
Assets:		
U.S.	**$ 8,474,954**	$6,302,237
Canada	**1,935,604**	1,533,339
Europe & South Africa	**483,876**	263,136
Asia Pacific	**413,628**	273,503
Corporate and Other and discontinued operations	**805,312**	520,382
Total assets	**$12,113,374**	$8,892,597

Subsidiaries in which RGA has an ownership position greater than twenty percent, but less than or equal to fifty percent are reported on the equity basis of accounting. The equity in the net income of such subsidiaries is not material to the results of operations or financial position of individual segments or the Company taken as a whole.

Capital expenditures of each reporting segment were immaterial in the periods noted.

During 2003, two clients represented $96.0 million or 40.2% of gross premiums for the Canada operations. Four other clients individually represented more than 5% of Canada's gross premiums. Together, these four clients represented 27.2% of Canada's gross premiums. Three clients of the Company's United Kingdom operations generated approximately $287.3 million, or 74.5% of the total gross premiums for the Europe & South Africa operations. Two clients, one each in Australia and Hong Kong, generated approximately $62.3 million, or 22.2% of the total gross premiums for the Asia Pacific operations.

NOTE 18 STOCK OPTIONS

The Company adopted the RGA Flexible Stock Plan (the "Plan") in February 1993 and the Flexible Stock Plan for Directors (the "Directors Plan") in January 1997 (collectively, the "Stock Plans"). The Stock Plans provide for the award of benefits (collectively "Benefits") of various types, including stock options, stock appreciation rights ("SARs"), restricted stock, performance shares, cash awards, and other stock-based awards, to key employees, officers, directors and others performing significant services for the benefit of the Company or its subsidiaries. In general, options granted under the Plan become exercisable over vesting periods ranging from one to eight years while options granted under the Directors Plan become exercisable after one year. As of December 31, 2003, shares authorized for the granting of Benefits under the Plan and the Directors Plan totaled 6,260,077 and 112,500, respectively. Options are generally granted with an exercise price equal to the stock's fair value at the date of grant and expire 10 years after the date of grant. Information with respect to option grants under the Stock Plans follows.

	2003		2002		2001	
	Options	Weighted-Average Exercise Price	Options	Weighted-Average Exercise Price	Options	Weighted-Average Exercise Price
Balance at beginning of year	**2,700,333**	**$26.36**	2,326,808	$24.42	2,065,731	$22.03
Granted	**735,654**	**$27.29**	554,233	$31.90	493,037	$30.05
Exercised	**(627,822)**	**$18.51**	(147,927)	$15.59	(224,892)	$14.00
Forfeited	**(113,512)**	**$29.10**	(32,781)	$29.63	(7,068)	$34.37
Balance at end of year	**2,694,653**	**$28.34**	2,700,333	$26.36	2,326,808	$24.42

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Outstanding as of 12/31/2003	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Exercisable as of 12/31/2003	Weighted-Average Exercise Price
$10.00 – $14.99	5,481	1.0	$12.22	5,481	$12.22
$15.00 – $19.99	30,522	2.0	$15.61	30,522	$15.61
$20.00 – $24.99	524,325	4.9	$22.27	379,400	$21.91
$25.00 – $29.99	1,315,228	7.7	$28.04	356,358	$28.19
$30.00 – $34.99	527,401	7.8	$31.90	137,711	$31.87
$35.00 – $39.99	291,696	4.7	$35.81	257,856	$35.78
Totals	2,694,653	6.7	$28.34	1,167,328	$27.86

The per share weighted-average fair value of stock options granted during 2003, 2002, and 2001 was $9.31, $11.71, and $11.87 on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions: 2003-expected dividend yield of .95%, risk-free interest rate of 2.79%, expected life of 6.0 years, and an expected rate of volatility of the stock of 35% over the expected life of the options; 2002-expected dividend yield of 0.8%, risk-free interest rate of 5.00%, expected life of 5.0 years, and an expected rate of volatility of the stock of 35% over the expected life of the options; 2001-expected dividend yield of 0.8%, risk-free interest rate of 5.04%, expected life of 5.8 years, and an expected rate of volatility of the stock of 35% over the expected life of the options.

Prior to January 1, 2003, the Company applied APB Opinion No. 25 in accounting for its Stock Plans and, accordingly, no compensation cost was recognized for its stock options in the financial statements. Had the Company determined compensation cost based on the fair value at the grant date for its stock options

under SFAS No. 123, the Company's net income and earnings per share would have been reduced to the pro forma amounts indicated below. The effects of applying SFAS No. 123 may not be representative of the effects on reported net income for future years. See Note 2 regarding New Accounting Pronouncements and the Company's adoption of SFAS No. 148.

(in thousands)

		2003	2002	2001
Net income	reported	**$173,141**	$122,806	$33,046
Add: Stock-based employee compensation expense included in reported net income, net of related tax effects		**1,673**	–	–
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects		**3,626**	2,982	3,219
	Pro forma	**$171,188**	$119,824	$29,827
Basic earnings per share	As reported	**$ 3.37**	$ 2.49	$ 0.67
	Pro forma	**$ 3.34**	$ 2.43	$ 0.60
Diluted earnings per share	As reported	**$ 3.36**	$ 2.47	$ 0.66
	Pro forma	**$ 3.32**	$ 2.41	$ 0.60

In January 2004, the Board approved an incentive compensation package including 309,392 incentive stock options at $39.61 per share and 128,693 units of performance contingent units under the Company's Stock Plans.

NOTE 19 EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted earnings per share from continuing operations (in thousands, except per share information):

	2003	2002	2001
Earnings:			
Income from continuing operations (numerator for basic and diluted calculations)	**$178,319**	$128,463	$39,901
Shares:			
Weighted average outstanding shares (denominator for basic calculation)	**51,318**	49,381	49,420
Equivalent shares from outstanding stock options	**280**	267	485
Diluted shares (denominator for diluted calculation)	**51,598**	49,648	49,905
Earnings per share from continuing operations:			
Basic	**$ 3.47**	$ 2.60	$ 0.81
Diluted	**$ 3.46**	$ 2.59	$ 0.80

The calculation of equivalent shares from outstanding stock options does not include the impact of options having a strike price that exceeds the average stock price for the earnings period, as the result would be antidilutive. Approximately 0.3 million, 1.4 million and 0.2 million outstanding stock options were not included in the

calculation of common equivalent shares during 2003, 2002 and 2001, respectively. Diluted earnings per share exclude the antidilutive effect of 5.6 million shares that would be issued upon exercise of the outstanding warrants associated with the PIERS units (See Note 16), as the Company could repurchase more shares than it issues with the exercise proceeds.

NOTE 20 COMPREHENSIVE INCOME

The following table presents the components of the Company's accumulated other comprehensive income for the years ended December 31, 2003, 2002 and 2001 (in thousands):

FOR THE YEAR ENDED DECEMBER 31, 2003	Before-Tax Amount	Tax Expense	After-Tax Amount
Foreign currency translation adjustments:			
Change arising during year	**$ 81,363**	**$ (28,477)**	**$ 52,886**
Unrealized gains on securities:			
Unrealized net holding gains arising during the year	**109,887**	**(38,176)**	**71,711**
Less: Reclassification adjustment for net gains realized in net income	**5,360**	**(1,539)**	**3,821**
Net unrealized gains	**104,527**	**(36,637)**	**67,890**
Other comprehensive income	**$ 185,890**	**$ (65,114)**	**$ 120,776**

FOR THE YEAR ENDED DECEMBER 31, 2002	Before-Tax Amount	Tax (Expense) Benefit	After-Tax Amount
Foreign currency translation adjustments:			
Change arising during year	$ 10,467	$ (3,664)	$ 6,803
Unrealized gains on securities:			
Unrealized net holding gains arising during the year	139,795	(47,698)	92,097
Less: Reclassification adjustment for net losses realized in net income	(14,651)	3,893	(10,758)
Net unrealized gains	154,446	(51,591)	102,855
Other comprehensive income	$164,913	$ (55,255)	$109,658

FOR THE YEAR ENDED DECEMBER 31, 2001	Before-Tax Amount	Tax (Expense) Benefit	After-Tax Amount
Foreign currency translation adjustments:			
Change arising during year	$ 15,045	$ (5,266)	$ 9,779
Unrealized gains on securities:			
Unrealized net holding gains arising during the year	(5,193)	(136)	(5,329)
Less: Reclassification adjustment for net losses realized in net income	(68,431)	21,185	(47,246)
Net unrealized gains	63,238	(21,321)	41,917
Other comprehensive income	$ 78,283	$ (26,587)	$ 51,696

A summary of the components of net unrealized appreciation of balances carried at fair value is as follows (in thousands):

YEARS ENDED DECEMBER 31,	2003	2002	2001
Change in net unrealized appreciation on:			

Fixed maturity securities available for sale	**$ 105,562**	$168,732	$ 63,555
Other investments	**5,715**	(541)	1,138
Effect of unrealized appreciation on:			
Deferred policy acquisition costs	**(6,750)**	(13,739)	(1,266)
Other	**–**	(6)	(189)
Net unrealized appreciation	**$ 104,527**	$154,446	$ 63,238

NOTE 21 DISCONTINUED OPERATIONS

Since December 31, 1998, the Company has formally reported its accident and health division as a discontinued operation. The accident and health business was placed into run-off, and all treaties were terminated at the earliest possible date. Notice was given to all cedants and retrocessionaires that all treaties were being cancelled at the expiration of their terms. If a treaty was continuous, a written Preliminary Notice of Cancellation was given, followed by a final notice within 90 days of the expiration date. The nature of the underlying risks is such that the claims may take several years to reach the reinsurers involved. Thus, the Company expects to pay claims over a number of years as the level of business diminishes. The Company will report a loss to the extent claims exceed established reserves.

At the time it was accepting accident and health risks, the Company directly underwrote certain business provided by brokers using its own staff of underwriters. Additionally, it participated in pools of risks underwritten by outside managing general underwriters, and offered high-level common account and catastrophic protection coverages to other reinsurers and retrocessionaires. Types of risks covered included a variety of medical, disability, workers compensation carve-out, personal accident, and similar coverages.

The reinsurance markets for several accident and health risks, most notably involving workers' compensation carve-out and personal accident business, have been quite volatile over the past several years. Certain programs are alleged to have been inappropriately underwritten by third party managers, and some of the reinsurers and retrocessionaires involved have alleged material misrepresentation and non-disclosures by the underwriting managers. In particular, over the past several years a number of disputes have arisen in the accident and health reinsurance markets with respect to London market personal accident excess of loss ("LMX") reinsurance programs that involved alleged "manufactured" claims spirals designed to transfer claims losses to higher-level reinsurance layers. The Company is currently a party to arbitrations that involve some of these LMX reinsurance programs. Additionally, while RGA did not underwrite workers' compensation carve-out business directly, it did offer certain indirect high-level common account coverages to other reinsurers and retrocessionaires, which could result in exposure to workers' compensation carve-out risks. The Company and other involved reinsurers and retrocessionaires have raised substantial defenses upon which to contest claims arising from these coverages, including defenses based upon the failure of the ceding company to disclose the existence of manufactured claims spirals, inappropriate or unauthorized underwriting procedures, etc. As a result, there have been a significant number of claims for rescission, arbitration, and litigation among a number of the parties involved in these various coverages. This has had the effect of significantly slowing the reporting of claims between parties, as the various outcomes of a series of arbitrations and similar actions affects the extent to which higher level reinsurers and retrocessionaires may ultimately have exposure to claims.

While RGA did not underwrite workers' compensation carve-out business directly, it did offer certain indirect high-level common account coverages to other reinsurers and retrocessionaires. To date, no such direct material exposures have been identified. If any direct material exposure is identified at some point in the future, based upon the experience of others involved in these markets, any exposures will potentially be subject to claims for rescission, arbitration, or litigation. Thus, resolution of any disputes will likely take several years.

While it is not feasible to predict the ultimate outcome of pending arbitrations and litigation involving LMX reinsurance programs, any indirect workers' compensation carve-out exposure, or other accident and health risks, or provide reasonable ranges of potential losses, it is the opinion of management, after consultation with counsel, that their outcomes, after consideration of the provisions made in the Company's consolidated financial statements, would not have a material adverse effect on its consolidated financial position.

The Company is currently a party to various litigation and arbitrations that involve medical reinsurance arrangements, personal accident business, and aviation bodily injury carve-out business. As of January 31, 2004, the ceding companies involved in these disputes have raised claims, or established reserves that may result in claims, that are $62.6 million in excess of the amounts held in reserve by

the Company. The Company generally has little information regarding any reserves established by the ceding companies, and it is possible that any such reserves could be increased in the future. The Company believes it has substantial defenses upon which to contest these claims, including but not limited to misrepresentation and breach of contract by direct and indirect ceding companies. In addition, the Company is in the process of auditing ceding companies which have indicated that they anticipate asserting claims in the future against the Company that are $12.5 million in excess of the amounts held in reserve by the Company. Depending upon the audit findings in these cases, they could result in litigation or arbitrations in the future. While it is not feasible to predict or determine the ultimate outcome of the pending litigation or arbitrations or provide reasonable ranges of potential losses, it is the opinion of management, after consultation with counsel, that their outcomes, after consideration of the provisions made in the Company's consolidated financial statements, would not have a material adverse effect on its consolidated financial position.

The calculation of the claim reserve liability for the entire portfolio of accident and health business requires management to make estimates and assumptions that affect the reported claim reserve levels. The reserve balance as of December 31, 2003 and 2002 was $54.5 million and $50.9 million, respectively. Management must make estimates and assumptions based on historical loss experience, changes in the nature of the business, anticipated outcomes of claim disputes and claims for rescission, anticipated outcomes of arbitrations, and projected future premium run-off, all of which may affect the level of the claim reserve liability. Due to the significant uncertainty associated with the run-off of this business, net income in future periods could be affected positively or negatively. The consolidated statements of income for all periods presented reflect this line of business as a discontinued operation. Revenues associated with discontinued operations, which are not reported on a gross basis in the Company's consolidated statements of income, totaled $4.8 million, $3.3 million, and $3.0 million for 2003, 2002, and 2001, respectively.

Board of Directors and Stockholders
Reinsurance Group of America, Incorporated:

We have audited the accompanying consolidated balance sheets of Reinsurance Group of America, Incorporated and subsidiaries (the "Company") as of December 31, 2003 and 2002, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2003. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Reinsurance Group of America, Incorporated and subsidiaries as of December 31, 2003 and 2002, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2, the Company changed its method of accounting for embedded derivatives in certain insurance products as required by new accounting guidance which became effective on October 1, 2003, and recorded the impact as a cumulative effect of a change in accounting principle.

Deloitte & Touche LLP

St. Louis, Missouri
March 9, 2004

The consolidated balance sheets of Reinsurance Group of America, Incorporated and subsidiaries as of December 31, 2003 and 2002, and the related consolidated statements of income, cash flows and stockholders' equity for the years ended December 31, 2003, 2002 and 2001, have been prepared by management, which is responsible for their integrity and objectivity. The statements have been prepared in accordance with accounting principles generally accepted in the United States of America and include some amounts that are based upon management's best estimates and judgments. The financial information contained elsewhere in this annual report is consistent with that contained in the consolidated financial statements.

Management is responsible for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting. The concept of reasonable assurance is based on the recognition that there are inherent limitations in all systems of internal control, and that the cost of such systems should not exceed the benefits derived therefrom. A professional staff of internal auditors reviews, on an ongoing basis, the related internal control system design, the accounting policies and procedures supporting this system, and compliance therewith. Management believes this system of internal control effectively meets its objective of reliable financial reporting.

In connection with annual audits, independent certified public accountants perform an audit in accordance with auditing standards generally accepted in the United States of America, which includes the consideration of the system of internal control to the extent necessary to form an independent opinion on the consolidated financial statements prepared by management.

The Board of Directors, through its Audit Committee, which is composed solely of directors who are not employees of the Company, is responsible for overseeing the integrity and reliability of the Company's accounting and financial reporting practices and the effectiveness of its system of internal controls. The independent certified public accountants and internal auditors meet regularly with, and have access to, this committee, with and without management present, to discuss the results of their audit work.

A. Greig Woodring
President and Chief Executive Officer

Jack B. Lay
Executive Vice President and
Chief Financial Officer

Todd C. Larson
Senior Vice President, Controller and Treasurer

(in thousands, except per share data)

YEARS ENDED DECEMBER 31,	FIRST	SECOND	THIRD	FOURTH
2003				
Revenues from continuing operations	**$653,549**	**$714,376**	**$712,500**	**$1,093,908**
Revenues from discontinued operations	**$ 1,592**	**$ 814**	**$ 1,002**	**$ 1,395**
Income from continuing operations before income taxes	**$ 49,853**	**$ 67,009**	**$ 63,007**	**$ 91,741**
Income from continuing operations	**$ 33,160**	**$ 43,586**	**$ 42,224**	**$ 59,349**
Loss from discontinued accident and health operations, net of income taxes	**(418)**	**(1,027)**	**(473)**	**(3,805)**
Cumulative effect of change in accounting principal, net of income taxes	–	–	–	**545**
Net income	**$ 32,742**	**$ 42,559**	**$ 41,751**	**$ 56,089**
Total outstanding common shares – end of period	**49,638**	**49,781**	**49,912**	**62,160**
Basic Earnings Per Share:				
Continuing operations	**$ 0.67**	**$ 0.88**	**$ 0.85**	**$ 1.06**
Discontinued operations	**(0.01)**	**(0.02)**	**(0.01)**	**(0.07)**
Cumulative effect of change in accounting principal	–	–	–	**0.01**
Net income	**$ 0.66**	**$ 0.86**	**$ 0.84**	**$ 1.00**
Diluted Earnings Per Share:				
Continuing operations	**$ 0.67**	**$ 0.87**	**$ 0.84**	**$ 1.05**
Discontinued operations	**(0.01)**	**(0.02)**	**(0.01)**	**(0.07)**
Cumulative effect of change in accounting principal	–	–	–	**0.01**
Net income	**$ 0.66**	**$ 0.85**	**$ 0.83**	**$ 0.99**
Dividends per share on common stock	**$ 0.06**	**$ 0.06**	**$ 0.06**	**$ 0.06**
Market Price of Common Stock:				
Quarter end	**$ 26.28**	**$ 32.10**	**$ 40.75**	**$ 38.65**
Common stock price, high	**29.64**	**33.00**	**42.00**	**42.55**
Common stock price, low	**24.75**	**25.52**	**31.65**	**35.83**

Reinsurance Group of America, Incorporated common stock is traded on the New York Stock Exchange (NYSE) under the symbol "RGA". There were 89 stockholders of record of RGA's common stock on March 1, 2004.

(in thousands, except per share data)

YEARS ENDED DECEMBER 31,	FIRST	SECOND	THIRD	FOURTH
2002				
Revenues from continuing operations	$560,212	$557,309	$550,154	$714,288
Revenues from discontinued operations	$ 906	$ 1,365	$ 604	$ 428
Income from continuing operations before income taxes	$ 45,191	$ 45,065	$ 54,030	$ 49,692
Income from continuing operations	$ 29,036	$ 28,924	$ 34,723	$ 35,780
Loss from discontinued accident and health operations, net of income taxes	(1,256)	(873)	(1,135)	(2,393)
Net income	$ 27,780	$ 28,051	$ 33,588	$ 33,387
Total outstanding common shares – end of period	49,302	49,355	49,365	49,457
Basic Earnings Per Share:				
Continuing operations	$ 0.59	$ 0.59	$ 0.70	$ 0.72
Discontinued operations	(0.03)	(0.02)	(0.02)	(0.04)
Net income	$ 0.56	$ 0.57	$ 0.68	$ 0.68
Diluted Earnings Per Share:				
Continuing operations	$ 0.59	$ 0.58	$ 0.70	$ 0.72
Discontinued operations	(0.03)	(0.02)	(0.02)	(0.05)
Net income	$ 0.56	$ 0.56	$ 0.68	$ 0.67
Dividends per share on common stock	$ 0.06	$ 0.06	$ 0.06	$ 0.06
Market Price of Common Stock:				
Quarter end	$ 31.12	$ 30.69	$ 25.78	$ 27.08
Common stock price, high	33.38	33.11	31.77	28.45
Common stock price, low	24.40	29.58	24.60	23.95

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Independent Auditors:
Deloitte and Touche LLP

Annual Report on Form 10-K:
Reinsurance Group of America, Incorporated
files with the Securities and Exchange Commission
an Annual Report (Form 10-K).

Shareholders may obtain a copy of the Form 10-K
without charge by writing to:

Jack B. Lay
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Shareholders may contact us through our Internet site at
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WWW.RGARE.COM

Actuary
Mathematics professional who specializes in the probability of insurance, annuities, and financial instruments.

Annuity
Contract that provides for income payments to an insured at regular intervals, either for a specific period or for the lifetime of the insured, in exchange for premium.

ASEAN
Association of Southeast Asian Nations.

Asset-intensive reinsurance
The reinsurance of annuities and corporate-owned life insurance.

Assumed reinsurance
Insurance risk that a reinsurer accepts (assumes) from a ceding company.

Automatic reinsurance
Reinsurance arrangement whereby the ceding company and reinsurer agree that all business of a certain description will be ceded to the reinsurer. Under this arrangement, the ceding company assumes full underwriting responsibility for all business reinsured.

Bancassurance
The provision of insurance and banking products and services through a common distribution channel and/or to the same client base.

Capital-motivated reinsurance
(Also known as financial reinsurance, financially motivated reinsurance or non-traditional reinsurance.)
Reinsurance designed to meet a financial objective of an insurer. For example, financial reinsurance can aid in an insurer's tax planning efforts or can provide capital in order to support an insurer's future growth.

Cedant/Ceding company
Direct insurer or reinsurer that passes on shares of its insured or reinsured risks to a reinsurer in exchange for premium.

Claim
Demand on an insurer or reinsurer for payment under the terms of an insurance policy.

Coinsurance
A form of reinsurance under which the ceding company shares its premiums, death claims, surrender benefits, dividends, and policy loans with the reinsurer and the reinsurer pays expense allowances to reimburse the ceding company for a share of its expenses.

Critical illness insurance
(Also known as dread disease insurance.)
An accelerated death benefit under which the insurer agrees to pay a portion of the policy's face amount before the insured dies if the insured suffers from one of a number of specified diseases such as cancer, stroke, and heart attack.

Demutualization
Process of converting the ownership of a mutual company (owned by its policyholders) to stock ownership.

Expected mortality
Number of deaths predicted to occur in a defined group of people.

Face amount
Amount payable at the death of the insured or at the maturity of the policy.

Facultative reinsurance
A type of reinsurance in which the reinsurer makes an underwriting decision, to accept or decline, on each risk sent to it by the ceding company.

Financial reinsurance
(Also known as financially-motivated reinsurance, asset-intensive reinsurance, capital-motivated reinsurance or non-traditional reinsurance.)
Reinsurance designed to meet a financial objective of an insurer. For example, financial reinsurance can aid in an insurer's tax planning efforts or can provide capital in order to support an insurer's future growth.

GAAP
(Generally Accepted Accounting Principles)
A set of financial accounting principles that U.S. and Canadian companies follow when preparing financial statements for reporting results to stockholders and, in Canada, to regulators.

Group life insurance
Insurance policy under which the lives of a group of people are insured in accordance with the terms of one master contract.

In force sum insured
A measure of insurance in effect at a specific date.

Individual life insurance
Insurance policy that is issued to insure the life of a named person or persons, rather than that of a group.

Mortality experience
Actual number of deaths occurring in a defined group of people.

Mortality risk reinsurance
Removing some of the major risk associated with life insurance from the client company.

Preferred risk coverage
Coverage designed for applicants who represent a better-than-average risk to an insurer.

Primary insurance
(Also known as direct insurance.)
Insurance business relating to contracts directly between insurers and policyholders. The insurance company is directly responsible to the insured.

Premium
Amounts paid to insure a risk.

Private placement
An issue of securities that is not directed to the public and where the issued security is not registered or handled by any securities exchange.

Production
Refers to new business that was produced during a specified period.

Portfolio
The totality of risks assumed by an insurer or reinsurer.

Quota share
(*Also known as first dollar quota share.)*
A reinsurance arrangement in which the reinsurer receives a certain percentage of each risk reinsured.

Recapture
The right to cancel reinsurance under certain conditions.

Reinsurance
A type of insurance coverage that one company (the ceding company) purchases from another company (the reinsurer) in order to transfer risk associated with insurance. Through reinsurance a reinsurer "insures" the ceding company.

Reserves
The amount required to be carried as a liability in the financial statement of an insurer or reinsurer in order to provide for future commitments under outstanding policies and contracts.

Retention limit
The maximum amount of risk a company will insure on one life. Any amount in excess of the retention limit must be reinsured.

Retrocession
A transaction in which the reinsurer transfers all or part of the risks it has assumed to another reinsurer (the retrocessionaire) in return for payment of premium.

Statutory capital
The excess of statutory assets over statutory reserves, both of which are calculated in accordance with standards established by insurance regulators.

Treaty
(Also known as a contract.)
A reinsurance agreement between a reinsurer and a ceding company. The three most common methods of accepting reinsurance are automatic, facultative, and facultative-obligatory. The three most common types of reinsurance treaties are YRT, coinsurance, and modified coinsurance.

Underwriting
The process by which a company assesses the risk inherent in an application for insurance prior to acceptance of the policy.

Variable life insurance
A form of whole life insurance under which the death benefit and the cash value of the policy fluctuate according to the performance of an investment fund. Most variable life insurance policies guarantee that the death benefit will not fall below a specified minimum.

Pictured on the front cover
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