



Managing Risk. Maximizing Opportunities.



The security of experience. The power of innovation.

2009 Annual Review

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On the cover, left to right: Jaime Correa, Senior Vice President, Chief Development Officer, U.S. Division, RGA Reinsurance Company; Scott Cochran, Senior Vice President, Corporate Actuary and Chief Risk Officer, RGA Reinsurance Company; Yuko Oshima, Senior Vice President, Public Relations, RGA Reinsurance Company Japan Branch.

Understanding and managing risk is RGA's core strength. Our continued success is directly attributable to sound risk management strategies that guide every decision made throughout our organization and enable us to capitalize on opportunities to grow and better serve our clients.

RGA remained strong, secure, and profitable in 2009, a year marked by severe strain in many sectors of the global economy.

Life insurers faced not only predictable mortality and operational risks, but also unanticipated and increased capital and counterparty risks during the year. RGA developed and provided appropriate risk management solutions for our clients, to help them safeguard their businesses and their customers, and to take advantage of beneficial opportunities as they arose.

Managing Risk.
Maximizing Opportunities.



Message from the CEO

While there was a great deal of economic uncertainty in 2009, especially during the early months, for RGA it was, for the most part, a 'business-as-usual' year. RGA weathered the economic storm and made progress on many operational fronts, posting solid annual results. In particular, investment values rebounded from depressed levels at the end of 2008 and book value per share increased by a remarkable 47%. RGA pursued a record number of new business opportunities, and those we were able to close produced gratifying results.

One of the brightest highlights for RGA in 2009 was the negotiation and execution of the acquisition of the ReliaStar group reinsurance business formerly owned by ING. We have admired the achievements of this group for many years and are delighted to have made them part of the RGA family. We did not previously have a presence in the U.S. group insurance markets, so the addition of the former ING team will be completely accretive to RGA. The new team shares RGA's strong customer focus and sense of professionalism and we believe that the benefits of this union will be seen immediately.

RGA's operating income for 2009 was \$438¹ million, or \$5.98¹ per share, in the middle of the guidance range we forecast at the beginning of the year. Revenues increased by 24%. While overall results came in near expectations, as usual there was some variation among the results from our operating units.

In the U.S., elevated claim levels weakened the results of our large block of mortality business. Mortality results for 2009 and 2008 have been consistent, with claims higher than the levels of 2007 and 2006, which both had better-than-anticipated results. The effects of lower investment yields on our portfolio of assets had a noticeable, negative impact on results for our mortality business in 2009 yet, even in this somewhat challenging year, our U.S. mortality business produced a solid return.

RGA weathered the economic storm and made progress on many operational fronts, posting solid annual results. In particular, investment values rebounded from depressed levels at the end of 2008 and book value per share increased by a remarkable 47%.

RGA's relatively recent long-term care reinsurance undertaking grew satisfactorily, delivering good results in 2009. While the underlying U.S. long-term care business has shown disappointing growth trends, which will tend to keep our reinsurance business small, we have achieved a strong market position and critical mass with disciplined pricing, and we look forward to further solid contributions from long-term care reinsurance in the future.

¹ Operating earnings is a non-GAAP financial measure. See page 11 for information on non-GAAP financial measures.



A. Greig Woodring
President and Chief Executive Officer

Reconciliation of Consolidated Net Income to Operating Income

Twelve Months ended December 31, 2009

	Amount (Dollars and shares in thousands)	Diluted earnings per share
Net income	\$ 407,086	\$ 5.55
Capital (gains) losses, derivatives and other, net included in investment related (gains) losses, net	194,725	
Change in fair value of embedded derivatives	(222,450)	
Deferred acquisition cost offset, net	84,229	
Gain on debt repurchase	(25,269)	
Total non-operating income	31,235	0.43
Operating income	\$438,321	\$5.98
Average diluted shares outstanding	73,327	

The U.S. asset-intensive operations enjoyed a strong year, buoyed by a strong market recovery. Although economic conditions made it difficult to execute new treaties, the market recovery led to a better-than-expected performance by our in-force business. We prefer to enter into new asset-intensive transactions only when the economic environment and customer demands warrant. This opportunistic business line has added considerable value to RGA.

The stresses faced by our customers led many to turn to the reinsurance marketplace for financial reinsurance, which was purchased in record amounts in 2009. Our domestic and international teams of non-traditional reinsurance experts consistently responded with solutions that clients found attractive. Much of this activity occurred, as usual, late in the calendar year and we expect our teams of financial reinsurance solutions specialists to be very busy again in 2010, especially later in the year.

RGA Canada had strong results in 2009, with premiums up 15% and pre-tax operating earnings exceeding our expectations at \$87.9¹ million. The Canadian life reinsurance market presents many challenges and our Canadian team deserves a great deal of credit for posting strong performances year after year.

Each year, our international operations surpass new milestones. Premiums reached \$1.8 billion for 2009 and pre-tax operating earnings came in at \$135.7¹ million. Our businesses continue to mature and strengthen in each of our chosen markets. RGA already counts on its

international business segment to contribute a significant proportion of its earnings and expects that proportion to continue growing. Much of RGA's potential for future growth is generated internationally and we have the proven team in place to successfully capitalize on new opportunities.

RGA Canada had strong results in 2009, with premiums up 15% and pre-tax operating earnings exceeding our expectations at \$87.9 million.

RGA entered 2009 with surplus capital to deploy and ended the year with even more available capital. We were disappointed by the shortage of opportunities to utilize these funds, but we believe that new possibilities will be forthcoming, that the amount of pent-up merger and acquisition demand has reached a high level, and that we will be able to deploy capital into these opportunities appropriately over time.

The debt and equity capital markets were both effectively closed during the early part of 2009, but capital became more predictably available as the year progressed. In the fourth quarter, RGA added \$400 million of new debt to provide funds for the future and bring our capitalization ratios more closely in line with our long-term expectations. We have no debt maturities until the end of 2011.

¹ Operating earnings is a non-GAAP financial measure. See page 11 for information on non-GAAP financial measures.

RGA's facultative submissions achieved a new record high in 2009, approaching 300,000 cases globally.

In another area of capital market activity, RGA took advantage of the fact that our subordinated debt traded at an extremely steep discount, repurchasing approximately \$80 million of these securities. The timing of the repurchase proved optimal and generated an attractive return.

RGA's facultative submissions achieved a new record high in 2009, approaching 300,000 cases globally. We continue to be the leader in this specialized area in the life reinsurance business. Our facultative operations not only produce strong bottom-line results, but add significant value for our clients. RGA conducts seminars and webinars for customers, most of which have an actuarial or underwriting flavor. These are highly successful and valued, and showcase the impressive expertise of RGA's associates.

Each year, our international operations surpass new milestones. Premiums reached \$1.8 billion for 2009 and pre-tax operating earnings came in at \$135.7 million.

Early in the year, RGA was again named "Best Overall Life Reinsurer" by the Flaspöhler customer satisfaction survey. We have won this award every time it has been awarded. NMG Financial Services Consulting's cedant studies ranked RGA "First in Business Capability" in Asia

Pacific, Australia and New Zealand, Canada and the U.K. RGA was again named "Life Reinsurance Company of The Year" by *The Review – Worldwide Reinsurance* magazine. We were also named "Australia and New Zealand Reinsurer of the Year" by the Australia and New Zealand Insurance Industry Awards. These awards reflect RGA's strong market presence, reputation for customer service and the high regard in which we are held around the world.

RGA is well-positioned to take advantage of any opportunities that may arise. While the macro-economic environment remains challenging and unclear, our products and services are likely to be in greater demand as insurers seek new solutions. We also expect increasing regulation and more-stringent capital requirements to be applied to the life insurance industry, providing an opportunity-rich environment for reinsurers. Uncertainty about the evolution of the economy led us to be more conservative with our investment strategy in 2009, and this approach is likely to continue in 2010.

Today, our businesses around the world are thriving and producing strong results. The supply of new business already on our books, and the number of new opportunities under review, lead us to anticipate a successful and rewarding year ahead.



A. Greig Woodring

President and Chief Executive Officer

About RGA

Reinsurance Group of America, Incorporated (NYSE: RGA), a Fortune 500 company, is a global leader in traditional individual and group life, annuity, critical illness, and financial reinsurance. From its beginnings in 1973 through 37 years of steady global expansion, RGA has grown to become one of the world's largest and most highly respected reinsurers, recognized widely for its superior risk management and innovative solutions. The company has been listed on the New York Stock Exchange since 1993.

RGA reinsures one of the largest in-force blocks in the life insurance industry, and has built one of the largest databases of mortality information. This knowledge forms the basis for the company's leadership in facultative underwriting and competitive pricing of risks. RGA uses its extensive risk selection experience, global expertise and superior understanding of risks to help insurers place more policies.

RGA Core Products and Services

- Individual life reinsurance
- Group life reinsurance
- Living benefits (critical illness, longevity, health, and long-term care) reinsurance
- Financial reinsurance
- Annuity reinsurance
- Facultative and electronic underwriting
- Risk management
- Product development

Financial Strength Ratings

RGA's principal operating subsidiary, RGA Reinsurance Company, receives high ratings for its claims-paying ability based on the company's financial condition and earnings. Its current ratings are:

AA-

Very Strong
Standard & Poor's
Insurance Ratings

A+

Superior
A.M. Best Company

A1

Good
Moody's Investors
Service

RGA Life Reinsurance Company of Canada, RGA Global Reinsurance Company, Ltd. and RGA International Reinsurance Company Limited also have financial strength ratings of AA- from Standard & Poor's Insurance Ratings.

RGA Life Reinsurance Company of Canada also has a financial strength rating of A+ from A.M. Best Company.

Global Presence

RGA achieves greater stability through geographic operational diversity and a strategic mix of products and services.

58%

2009 net premiums derived from U.S. operations

31%

2009 net premiums derived from International operations

11%

2009 net premiums derived from Canada operations

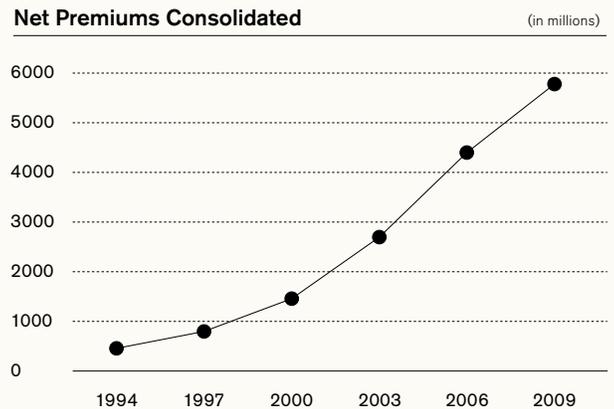
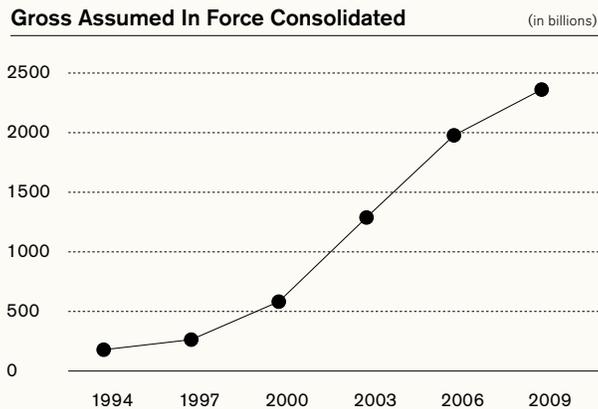
Worldwide Operations

Today, RGA has subsidiaries, branch operations and representative offices in 23 countries:

Australia	Germany	Malaysia	South Korea
Barbados	Hong Kong	Mexico	Spain
Bermuda	India	Netherlands	Taiwan
Canada	Ireland	New Zealand	United Kingdom
China	Italy	Poland	United States
France	Japan	South Africa	



A History of Steady Growth



Financial Overview (at December 31, 2009)	
Life reinsurance in force	\$2.3 trillion
Consolidated assets	\$25.2 billion
Net premiums	\$5.7 billion
Total revenue	\$7.1 billion
Market capitalization	\$3.5 billion

Historical Performance	
Operating return on equity ¹	14% (average, 2007-2009)
Book value per share growth	13% (16-year CAGR, since IPO)
Premium growth	7% (2009 compared to 2008)
Operating EPS growth	11% (5-year CAGR, 2004-2009)

¹ Operating return on equity is a non-GAAP financial measure. See page 11 for information on non-GAAP financial measures.

The industry leader in facultative underwriting

RGA remains the global leader in large-amount and substandard risk underwriting, and is recognized for its fast response times and superior facultative expertise. RGA received a record 286,756 facultative applications worldwide in 2009.

286,756 facultative applications received in 2009



Neil Wilkinson, Vice President and Chief Underwriter, RGA International Corporation; Lisa Waggoner, Executive Director, Underwriting, RGA Reinsurance Company; Dave Wheeler, Senior Vice President and Chief Underwriting Officer, RGA Reinsurance Company.

2009 Highlights

RGA completed acquisition of ReliaStar group reinsurance business

Effective January 2, 2010, RGA completed the acquisition of the U.S. and Canadian group life, accident and health reinsurance business from ReliaStar Life Insurance Company, a subsidiary of ING Groep N.V. ReliaStar's reinsurance business operated under the name ING Reinsurance. The group reinsurance team, consisting of approximately 90 associates based in Minneapolis, will continue to underwrite group life, disability, specialty and medical and managed care reinsurance, as well as provide value-added services such as the ROSE® and ROSEBUD® claims management services, client-directed market research, facultative underwriting and risk reviews.

Financial strength, credit ratings remained stable

RGA maintained excellent financial strength and credit ratings throughout 2009, a remarkable achievement given the persistent economic pressures experienced by life insurers and reinsurers in the year's turbulent economic environment. The company posted positive results, ending 2009 with \$2.3 trillion of life reinsurance in force and premium growth of 7% over the prior year (11% on an original currency basis).

Strong capitalization bolstered with \$400 million senior debt offering

In early November, RGA reinforced its capitalization through a public offering of \$400 million of senior unsecured notes due in 2019, again demonstrating the company's access to the capital markets and financial flexibility. Net proceeds from the offering provide support for long-term expansion and short-term liquidity needs.

European expansion continues with launch of Netherlands office

Continuing its long-range expansion strategy, RGA opened a representative office in the Netherlands in September. The office, which serves clients in the Netherlands as well as in Denmark, Finland, Norway and Sweden, will promote new and innovative insurance products to these important markets. Since its debut, the office has focused on marketing a full range of life covers, group pension covers, disability riders, and mortgage-linked products to clients in the region.

RGA becomes first international reinsurance branch office in Poland

RGA is the first, and only, international reinsurance company to have a branch office in Poland. After opening as a representative office in 2006, RGA International Reinsurance Company Limited operations, located in Warsaw, became a fully licensed branch office in November. By becoming a branch office, RGA Poland expects better control of processes and business flow, enabling the company to react much faster to this dynamic market.

2009 Highlights

RGA e-Solutions coordinates technological initiatives

As client demand for efficient electronic underwriting solutions continued to grow, RGA harnessed and combined the expertise of several of its business initiatives to form a new group, RGA e-Solutions. Technology has evolved rapidly in this realm and RGA intends to remain at the forefront in providing simplified solutions that capitalize upon RGA's knowledge and experience. E-Solutions will coordinate all existing and new online offerings for consistency and efficiencies, in order to provide clients with the most advanced electronic underwriting solutions in the industry.

RGA's AURA® (Automated Underwriting and Risk Analysis) suite of products and ASAPSM (Automatic Selection and Assessment Program) provide clients with e-underwriting tools for both simple and complex cases, making it possible for clients to underwrite these cases quickly and inexpensively, with guaranteed reinsurance provided by RGA for all cases that meet agreed-upon simple terms.

Underwriting support enhanced through new offerings

RGA initiated new hands-on training programs in several markets under its new Underwriting University Program (UUP) in the U.S. and its Global Underwriting Learning Framework (GULF) in international markets. These programs provide direct training to clients' underwriters

at various stages of their careers and levels of expertise to enhance their underwriting skills and knowledge.

RGA continued to offer underwriting seminars and conferences to clients in markets around the world in 2009. Its U.S. underwriting and medical webcasts and global newsletters shared information with clients in multiple markets and in many languages.

Translation of RGA's acclaimed Global Underwriting Manual (GUM) into local languages is an ongoing process, aimed at enabling international insurers to take advantage of this valuable tool. GUM employs established principles of evidence-based underwriting and is updated as new information becomes available.

Retakaful insurance offered through new RGA Labuan operation

In September, RGA received approval to operate a Retakaful Window in Labuan, Malaysia, enabling the company to offer retakaful to its clients. Takaful is a system of Islamic insurance that is based on the principle of mutual assistance and voluntary contribution for the common good, and is a Shariah-compliant alternative to conventional insurance. Retakaful is the equivalent of reinsurance in the Islamic insurance system. While the takaful and retakaful market is currently small, the outlook for significant growth is positive, as there is increasing pressure on takaful operators from their Shariah boards to employ retakaful capacity rather than conventional reinsurance.

Financial Highlights

For the years ended December 31

	2009	2008	2007	2006	2005
Net premiums (in millions) ¹	\$ 5,725	\$ 5,349	\$ 4,909	\$ 4,346	\$ 3,867
Income from continuing operations (in millions)	407	188	308	293	236
Diluted earnings per share ¹	5.55	2.88	4.80	4.65	3.70
Operating data (in billions)					
Assumed ordinary life reinsurance in force	\$ 2,325	\$ 2,108	\$ 2,120	\$ 1,941	\$ 1,713
Assumed new business production	321	305	302	375	364

¹ Reflects results from continuing operations.

Net Premiums¹

(in millions)

2009	\$5,725
2008	\$5,349
2007	\$4,909
2006	\$4,346
2005	\$3,867

Income from Continuing Operations

(in millions)

2009	\$407
2008	\$188
2007	\$308
2006	\$293
2005	\$236

Assumed Ordinary Life Reinsurance In Force

(in billions)

2009	\$2,325
2008	\$2,108
2007	\$2,120
2006	\$1,941
2005	\$1,713

Assumed New Business Production

(in millions)

2009	\$321
2008	\$305
2007	\$302
2006	\$375
2005	\$364

Diluted EPS¹

(in millions)

2009	\$5.55
2008	\$2.88
2007	\$4.80
2006	\$4.65
2005	\$3.70

¹ Reflects results from continuing operations.

RGA recognized as a leader by clients and industry associations during 2009

“Life Reinsurance Company of the Year”

The Review - Worldwide Reinsurance Awards

“Australia and New Zealand Reinsurer of the Year”

Australia and New Zealand Insurance Industry Awards

“#1 in Business Capability”

NMG Financial Services Consulting (Australia, Asia Pacific, U.K. and Canada studies)

“Best Overall Life Reinsurer”

Flaspöhler Cedant Survey (Life – North America)

“Best Reinsurer”

Risk Management, Insurance & Finance magazine (Taiwan)

This Annual Review is not a substitute for Reinsurance Group of America, Incorporated's annual report on Form 10-K or the annual report to shareholders. If you would like to see a complete set of financial statements for Reinsurance Group of America, Incorporated, visit www.rgare.com and select “Corporate Overview” for recent Annual Reports to Shareholders or “Investor Relations” for recent filings with the Securities and Exchange Commission, including annual reports on Form 10-K.

Non-GAAP financial measures

RGA uses a non-GAAP financial measure called operating income as a basis for analyzing financial results. The definition of operating income and reconciliations to GAAP net income are provided in quarterly earnings press releases at the RGA Investor Relations site, www.rgare.com, in the “Financial Releases” tab. Additional financial information can be found in the Quarterly Financial Supplement at the same site in the “Quarterly Results” tab and in the “Featured Report” section.

RGA operations delivered solid performances in 2009. Net premiums increased by 7% to \$5.7 billion, and net income rose to \$407.1 million, a 117% increase from the previous year. The company continued to build market share in the growing number of markets it serves, leading to a 5% increase in assumed new business, as RGA's life reinsurance in force increased 10% to \$2.3 trillion.



Lisa Renetzky, Vice President and Actuary, U.S. Actuarial, RGA Reinsurance Company; Larry Shorey, Vice President, Sales, U.S. Division, RGA Reinsurance Company; Dr. Sharylee Barnes, Vice President and Medical Director, RGA Reinsurance Company.

Operations

U.S. Operations

By the close of 2009, **U.S. Traditional Mortality**, RGA's largest operating segment, had posted \$3.7 billion in total revenue, \$3.3 billion in net premiums, and \$135.0 billion in new ceded reinsurance, closing the year with \$1.3 trillion of life reinsurance in force.

RGA remains the facultative underwriter of choice in the life reinsurance industry. In 2009, the U.S. division received more than 100,000 facultative cases for the third consecutive year, with clients placing approximately 50% of the facultative offers, representing more than \$13 billion of new face amount reinsured. RGA and its clients have forged consistently profitable long-term reinsurance relationships, as an outcome of client recognition of RGA's expertise and focus on customer satisfaction.

RGA has developed several technological solutions to support clients' efforts to gain or sustain a competitive advantage in more-timely service and lowered costs. RGA's Automatic Selection and Assessment software, ASAPSM, enables clients to submit and immediately bind RGA on facultative underwriting applications that meet all standard underwriting criteria other than one or two ratable impairments. In 2009, RGA received nearly 9,000 facultative applications through ASAPSM, leading to over 60% placement, or more than \$2.5 billion in new face amount reinsured. Clients submitted more than 56,000 applications through RGA's FAConsoleSM, an automated facultative application submission solution that has been embraced industry-wide.

RGA's robust automated underwriting software, AURA[®], offers U.S. clients another electronic underwriting solution to build efficiencies and share knowledge. AURA[®] is used to collect and process underwriting evidence, and provide expert RGA underwriting rules sets for various underwriting approaches, ranging from simplified issue to fully underwritten. AURA[®] is adaptable to a variety of marketing and distribution programs. The underwriting rules for AURA[®] are continually strengthened through a collaborative process involving RGA actuaries, doctors, underwriters, and a dedicated team of rules specialists. In 2009, RGA published the industry's first extensive study linking the mortality outcomes of more than one million insurance applicants with their prescription drug histories and introduced a pharmaceutical rules set in AURA[®] that facilitates and provides underwriting decisions for most prescription and over-the-counter drugs. AURA[®] was installed at three new U.S. locations in 2009, providing clients with greater processing efficiencies while leveraging RGA's underwriting insights.

RGA has also become a leading provider of industry knowledge and expertise to its clients. A proprietary experience study conducted by RGA in 2009 included an analysis of 77 million policy-years of exposure, 173,000 death claims, and 4.7 million voluntary policy terminations. This extensive database allows RGA to proactively respond to emerging trends in mortality, persistency, and other key drivers of profitability. As a partner and consultant, RGA shared valuable mortality insights with its clients to develop new fully and non-medically underwritten life insurance products. In another research project, RGA led an industry-sponsored venture focused

U.S. Net Premiums

(in millions)

2009	\$3,321
2008	\$3,100
2007	\$2,875
2006	\$2,654
2005	\$2,434

on term insurance mortality and persistency after the end of level premium period.

In 2009, the U.S. division received more than 100,000 facultative cases for the third consecutive year, with clients placing approximately 50% of the facultative offers, representing approximately \$13 billion of new face amount reinsured.

Sharing knowledge and expertise with clients via webcasts, newsletters and other creative tools remained a focus of the division. In 2009, the U.S. division hosted its first annual RGA Underwriting University Program, an ongoing multi-level flexible learning program, which attracted clients from across the U.S. Participants received the most current information on medical and financial underwriting, and learned of technological advancements in the industry.

More than 5,300 participants tuned in to RGA's webcast series to watch experts deliver presentations on topics such as the term insurance market, prescription drug histories, cognitive acuity screening, and financial risk assessment. RGA provided its clients' medical directors and staff with its exclusive medical underwriting newsletter, *ReReflections*, providing in-depth articles on a variety of new developments in the field of medicine. Finally, RGA's Underwriting Connection, a client-restricted portal, received more than 1,300 unique visitors in 2009, attesting to its value to clients seeking

current medical and mortality research, white papers and presentations, as well as financial, medical and foreign travel risk calculators.

While traditional mortality reinsurance remains a core focus for the U.S. division, RGA has expanded its range of products over recent years, supporting the individual health and long-term care (LTC) insurance market. In 2009, RGA's LTC team established additional partnerships within this market, securing reinsurance treaties with the leading companies in this growing industry.

In 2009, many insurance carriers found it necessary to review their business and capital strategies to respond to the economic crisis that struck the industry in late 2008. As reinsurance can often provide efficient and effective methods for such capital planning, **RGA Financial Markets** was ideally positioned to seize opportunities to meet their needs.

A leader in providing capital-motivated reinsurance for more than 25 years, the group designs and implements both financial reinsurance and risk-based reinsurance solutions for all major life, annuity and health products offered within the life insurance industry, covering both new and in-force business.

RGA Financial Markets completed a record number of financial reinsurance transactions both domestically and internationally in 2009, while managing its asset-intensive business prudently amid extremely challenging economic conditions. At the end of the year, RGA Financial Markets managed \$1.8 billion of statutory surplus provided by financial reinsurance transactions. Fund value related to asset-intensive reinsurance increased to \$8.9 billion, up from \$8.0 billion in 2008.

continued on page 16



Dr. J. Carl Holowaty, Senior Vice President and Chief Medical Director, RGA Reinsurance Company.

Enterprise Risk Management at RGA: A balanced and comprehensive approach

Enterprise Risk Management (ERM) has become an increasingly important topic for organizations during the last decade. Within the insurance and reinsurance industries, companies have worked to establish more-rigorous risk management programs to address increasingly diverse and complex risks facing them. Recently, the impact of the financial crisis and shifts in regulatory standards have changed perspectives and expectations, driving further progress in many companies' ERM programs.

Strong ERM can help companies remain resilient in the face of major challenges, such as those faced in recent years. The impact of the financial crisis has influenced the risk management approaches at many companies. Although confidence in models was shaken, the multi-year efforts to replace static capital models with more-dynamic ERM-based models continue. These dynamic models, often referred to as economic- or principles-based models, seek to improve risk assessment, mitigation and overall risk management. Shifting regulatory standards, such as the move to Solvency II in the European Union, have also increased the need for more-robust ERM. This has driven the appetite for stronger risk assessments, directing the focus towards



Rodney Manzanga, Associate Actuary,
RGA Reinsurance Company.

principles-based systems. Such regulatory shifts may provide challenges and/or opportunities for well-positioned companies.

RGA learned many lessons during the financial crisis. While some companies took a scattered, ad hoc approach to risks, RGA held firm to best-practice enterprise-wide risk management, protecting the balance sheet by raising capital and

prudently managing investment activities, and by proactively seeking opportunities. Having already adopted an explicit risk management and economic capital framework in 2000, RGA continued to refine and improve its ERM framework to protect and strengthen its business during the crisis.

While it is common for companies to focus on quantitative risk modeling in their ERM, RGA takes a balanced approach,

reviewing not only quantifiable risks but also the qualitative aspects of managing risks. By carefully examining and evaluating all risks, the company obtains a clearer picture of challenges and opportunities, and is able to better assess and measure risk and return profiles throughout the organization to enhance decision-making.

RGA's ERM objective is to consistently identify, assess, measure, control, monitor and communicate all material risks facing the organization in order to effectively manage all risks. All quantitative metrics are balanced with qualitative assessments. Risk categories assessed by RGA include insurance risks (mortality, morbidity, policyholder behavior, client recapture and longevity); market risks (interest rate, spread, currency, equity, inflation); credit risks (insurance counterparty, credit migration/asset default); and operational risks (process, legal, regulatory, financial and intangibles such as reputational risk). While many life insurers' risk profiles center primarily on investment-related risks, and other companies assume both life and non-life risks, RGA's primary risk controls are much more heavily driven by mortality risks.

At RGA, ERM is integrated into the processes and culture of the organization. A clearly defined risk function is in place that ensures regular reporting and transparency of risks to executive management and the Board of Directors. RGA's Chief Risk Officer, Scott Cochran, working with the Risk Management Steering Committee, oversees the risk management efforts of the organization to support the development of balanced approaches to managing risk. More than 50 risk management officers are embedded in the company's operations, and are responsible for front-line risk management.

In the future, ERM will continue to evolve and strengthen, providing an enhanced basis for decision-making. Companies that integrate risk management into their governance, decision-making and strategies will emerge healthier and stronger, and better able to adapt to changing regulatory requirements, reporting standards, client requirements, and financial and market conditions.

Effective ERM, balancing both quantitative and qualitative risk assessment and modeling, will continue to be embedded in RGA's business decisions and processes, helping management make more-informed decisions and enhancing the company's ability to create value and maximize opportunities. Enterprise risk management is a process that is here to stay. ■

Reflecting its growing international presence, the group reviewed transactions from more than a dozen countries on four continents and bolstered its support to several multinational companies. It continues to provide capital and risk efficiencies through financial and asset-intensive reinsurance, addressing GAAP and statutory capital needs while creating more-efficient financial structures.

Canada Operations

At RGA's Canadian division, which operates through its subsidiary, RGA Life Reinsurance Company of Canada, 2009 was another successful year, with revenues of \$777.2 million, representing an increase of 12% over the previous year. Premium income was \$614.8 million, up 15% from 2008, and pre-tax operating income for the division was \$87.9 million, lower by 18% than 2008, which had been an exceptional year. Nevertheless, pre-tax operating income has experienced a compound growth rate of 23% since 2004. For the third consecutive year, RGA Canada wrote the leading share of individual life recurring new business in this market, maintaining its one-third Canadian market share. RGA Canada's core strategy of building strong client relationships and remaining focused on providing excellent customer service at a competitive price continues to make RGA a leader in this market.

RGA's success was recognized in the result of an independent 2009 market study conducted by NMG Financial Services Consulting, which ranked RGA Canada first in its Business Capability Index for the second

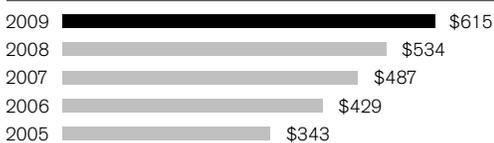
consecutive time. This Index measured the perceptions of Canadian individual and group, life and health direct writers, in terms of the relative capabilities of reinsurers in the areas of relationship management, operational management, and breadth and delivery of products and services.

Direct insurers in Canada continued to make widespread use of reinsurance, ceding more than 70% of all new business, as measured by ceded face amount of risk, for the eighth consecutive year. In original currency, new assumed individual life reinsurance volume exceeded C\$50 billion for the second consecutive year in 2009, up from C\$25 billion in 2004. Given the already high level of reinsurance in Canada and RGA's current market share, the division is well-positioned for sustained premium growth based on its current in-force business and the long-term duration of the underlying Canadian individual life insurance products, despite uncertainty regarding a decline in the future use of life reinsurance in Canada. In fact, more than 70% of the division's premium base is individual life recurring premiums.

RGA Canada expanded upon its product offerings again in 2009, initiating a review of longevity opportunities while continuing to leverage RGA's global experience and knowledge of living benefits, including critical illness and long-term care reinsurance. The division consolidated its market presence in critical illness, counting two of the five largest direct writers of this product as clients, and 11 clients in total. The division's group life and health and creditor lines continued to contribute to the company's growth. In the group life and health market, which the division entered in 2004, RGA Canada successfully partnered with new clients, and now has treaties with

Canada Net Premiums

(in millions)



A 2009 market study by NMG Financial Services Consulting ranked RGA Canada first in its Business Capability Index for the second consecutive time.

more than half of the companies operating in this sector. RGA's recent acquisition of the ReliaStar group life and health business is expected to permit the division to exploit greater synergies and achieve additional growth in the Canadian group market. Looking ahead, the division will continue evaluating different risks that are appropriate for the Canadian marketplace, especially where it can leverage RGA's global expertise.

RGA Canada's underwriting team, which is key to the division's continued success in individual life reinsurance, processed more than 38,100 facultative applications in 2009 while remaining focused on responsive time service. RGA Canada's underwriters continued to demonstrate leadership by developing innovative solutions to underwriting challenges. The 2009 market study conducted by NMG Financial Services Consulting also ranked RGA Canada's underwriting team first in its Business Capability Index.

In addition to the expanded product offerings and leading facultative underwriting support, RGA Canada has continued to promote value-added services, including RGA's robust automated underwriting software, AURA®, which offers Canadian clients another underwriting solution to build efficiencies and share knowledge. AURA® was installed at one new Canadian location and expanded use with an existing client in 2009.

RGA has a strong commitment to the growth and success of the insurance industry in Canada. In 2009, RGA Canada continued its ongoing tradition of support for the insurance industry through leadership roles across a number of industry bodies, including providing the incoming president of the Canadian Institute of Actuaries, the incoming chair of the Canadian Life and Health

Insurance Association, the incoming chair of the Canadian Actuarial Standards Board, and the chair of the Canadian Reinsurance Conference.

International Operations

The RGA International division continued to build momentum in 2009, reinforcing existing operations and expanding into new markets. The division, with operations in Asia Pacific, Europe, South Africa, India and Latin America, increased annual net premiums by 4% to \$1.8 billion, and now accounts for 31% of RGA's net premiums. In 2009, RGA International reached a record 147,115 facultative cases processed.

The **RGA Asia Pacific** segment, with offices in Australia, New Zealand, Japan, South Korea, Taiwan, Hong Kong, Malaysia and China, delivered \$998.9 million in net premiums in 2009, a slight decrease from 2008, and posted almost \$1.1 billion in revenue, an increase of 3% over 2008. Pre-tax income decreased by \$2.0 million to \$83.5 million, primarily due to increased claims throughout the segment. Principal types of reinsurance offered by RGA in the region include individual and group life, critical illness, disability income, superannuation, and financial reinsurance.

In **Australia and New Zealand**, RGA's net premiums grew to \$481.2 million, an 8% increase over the previous year. The life insurance and reinsurance markets in Australia and New Zealand continued to experience consistent growth, despite the financial issues facing the global economy. RGA maintained its position as a leading life reinsurer in Australia and New Zealand, as the office built upon the successes of previous years,

RGA's international operations, representing 31% of the company's net premiums, delivered steady growth with a 21% increase in life reinsurance in force.

reinforcing client relationships, capitalizing on growth in the local market and enhancing its organizational infrastructure. In 2009, RGA was acknowledged by the Australia and New Zealand Insurance Industry Awards as “Australia and New Zealand Reinsurer of the Year”, in recognition of its commitment to helping the life insurance industry in Australia and New Zealand innovate and grow, its market leadership in sharing insights through regular client events and seminars, its strong contribution to its customers’ business retention and growth, and its efforts to increase public awareness of the issue of under-insurance.

RGA **Japan** continued to diversify its business lines during 2009. Net income rose 47% over the previous year on an original currency basis. RGA continues to lead the Japan market in the development and execution of innovative coinsurance solutions, including e-underwriting and capital-motivated reinsurance. RGA’s extensive mortality expertise and actuarial modeling knowledge supported a rise in the Japan operation’s facultative business, as the team processed a record 40,035 cases in 2009, an impressive 31% increase over 2008. RGA is the leading facultative underwriter in Japan, and shares its expertise with underwriters in the region through various channels, including specialized seminars, training programs, and an underwriters’ organization.

A 2009 study by NMG Financial Services Consulting affirmed **South Korea** is again Asia’s largest market for contestable new individual reinsurance business, followed by China and Japan. New cessions figures have fallen more than 25%, largely due to a major insurance

group’s decision to reduce its reliance on reinsurance facilities for new business. Within this challenging environment, RGA Korea’s total revenue and net income decreased by 6% and 16% respectively in 2009 on an original currency (KRW) basis compared with the prior year. Market conditions discouraged new product development during the year, and accounted for much of the shortfall experienced by RGA. Despite these pressures, RGA continued to lead the market in the development and fostering of strong relationships and the provision of market-leading consulting services. RGA’s facultative business maintained its strong growth trend, with a record 6,682 cases processed during 2009, an increase of almost 20% over 2008.

RGA Reinsurance Company of Australia Limited was named 2009 “Australia and New Zealand Reinsurer of the Year” by the Australia and New Zealand Insurance Industry Awards.

RGA **Taiwan** was ranked as the number one reinsurer in the fifth annual survey by *Risk Management, Insurance & Finance*, a leading Taiwanese business magazine. The survey showed that RGA Taiwan received the best rating, “AAA”, in all rating categories, measuring professionalism, potential, and overall service performance. This was a significant recognition of RGA’s dedication and commitment to Taiwan, a market RGA entered in 1999.



Tony Cheng, Chief Executive Officer, Hong Kong and Southeast Asia, RGA Reinsurance Company Hong Kong Branch; Executive Advisor, China, India and Taiwan.

International Division Net Premiums

(in millions)

2009	\$1,781
2008	\$1,709
2007	\$1,543
2006	\$1,261
2005	\$1,088

During 2009, RGA Taiwan focused on several business initiatives, including marketing living benefit products such as critical illness. The office developed multi-pay critical illness products, recognizing the potential for growing demand for such products as a result of improving survival trends following initial contraction of critical illnesses and greater extended life expectancies.

The emergence of bancassurance and tele-marketing distribution in the Taiwan market led to significant development of products appropriate to these channels, including term health insurance with return of premium, term cancer with return of premium, family income, and small- and medium-enterprise insurance. RGA Taiwan streamlined issuing and underwriting processes to better meet the sales process requirements of such distribution channels. These distribution initiatives include guaranteed issue, simplified issue, phone-binding on tele-marketing and RGA's proprietary Advantage Program.

2009 marked another highly successful year for RGA **Hong Kong**, which signed more than 50 automatic arrangements in Hong Kong and Southeast Asia. RGA maintained premium growth at 18% and increased its facultative case count slightly over 2008. Significant marketing efforts in Southeast Asia strengthened RGA's position in this important market with new and existing clients. With its demonstration of commitment and expertise, RGA Hong Kong overtook competitors in both Hong Kong and Singapore to become the lead reinsurer for several major companies.

NMG Financial Services Consulting's 2009 Life and Health Reinsurance Programme again ranked RGA as the largest life reinsurer for new business in Asia

Pacific and as leader in Hong Kong's new business for the first time. RGA Hong Kong also ranked first in NMG's Business Capability Index, a measure of how well RGA is viewed by insurers as servicing and supporting its customers.

Malaysian Life Reinsurance Group Berhad (MLRe), a joint venture between RGA and the Life Insurance Association of Malaysia, conducts business with all Malaysian life insurance companies and exports its services to clients in neighboring countries. In 2009, MLRe again led the local life reinsurance sector, increasing gross premiums by 16% over the previous year to \$51.2 million, and expanding its facultative business to 24,879 cases. The year also saw Malaysian life insurers exploring micro-insurance opportunities and delving into modified critical illness products, such as multiple pay critical illness and double cancer cover.

Recognizing the growing importance of the Islamic market, RGA obtained approval in September to operate a Retakaful Window via RGA Global Reinsurance Company, Ltd., Labuan Branch, Malaysia. RGA supports its new business partners in this market by providing Shariah-compliant solutions in conjunction with Malaysian Life Reinsurance Group Berhad. In addition to developing retakaful business solutions, the office creates innovative non-traditional reinsurance solutions regionally.

RGA **China** supported the growth of the local insurance industry through in-depth training offered to key clients in the areas of underwriting and actuarial services. In April, the office hosted the first industry actuarial seminar for Greater China (Mainland, Hong Kong and Taiwan). As China sees changes in reserve regulations

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Peter Tan, General Manager, Hong Kong and Southeast Asia, RGA Reinsurance Company Hong Kong Branch.

In 2009, RGA was again named "Life Reinsurance Company of the Year" by *The Review – Worldwide Reinsurance Awards*, the third time RGA has received this award in the last six years.

The changing face of group reinsurance

Group reinsurance serves diverse needs in different countries and markets. The appetite for group reinsurance is also shifting in these markets due to changing circumstances and pressures. Direct insurers most often seek group reinsurance solutions for employee benefit programs, which may include life, critical illness, lump sum and long-term disability, medical and managed care, preferred products, long-term care, pensions, accidental death, special risks and more.

In the U.S., the recent passage of the Patient Protection and Affordable Care Act (PPACA) is likely to create significant demand from health insurers for new reinsurance solutions, as more than 30 million new insureds may be added to the system over time, whether in individual or group plans. There is already a very active private market for group health insurance among indemnity providers as well as managed care organizations that provide coverage to employee populations. In addition to fully insured private plans, a significant portion of health care delivery is provided either through government programs such as Medicaid or through self-insured groups in which the employer assumes a portion of the health care risk. Fast-rising health care costs and growing demand from an aging population also bring new pressures in this field.

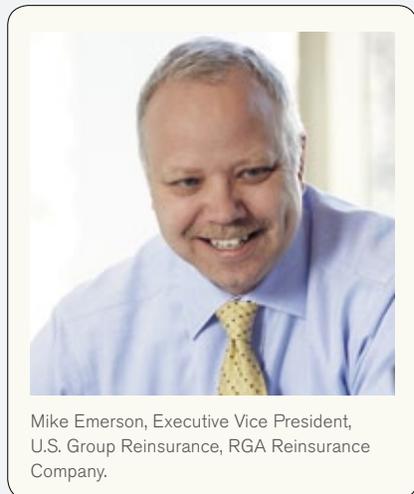
RGA significantly expanded its presence in the U.S. group reinsurance market at the beginning of 2010 with the addition of the staff, products and services of the former ING Reinsurance division, an established operation that shares RGA's commitment to knowledge, experience and customer focus.

As new regulations, taxes and tax credits for businesses come into effect in the U.S. over the coming years, the scope and nature of the group insurance market will change as well as the reinsurance products that currently serve that market. Underwriting rules regarding pre-existing conditions and a host of other factors will require careful strategies from insurers, very often with the assistance and guidance of reinsurers.

While attention is currently focused on health insurance, the group life, accident and disability market is also well-established in the U.S., with coverage offered through the workplace as employee benefits or as supplemental voluntary products, which are increasingly popular. The U.S. is the only market in which voluntary group insurance is a significant factor. Benefits carriers are challenged by their clients to provide coverage that is both competitive for employees and affordable for employers, and these carriers often turn to the reinsurance market to provide capacity and services to meet these challenges.

In Canada, even though universal health care is provided, there is a significant market for employer group health insurance for items not included in government plans, for example, drugs and dental. However, these show low volatility in comparison with the U.S., so there is little demand for reinsurance except for emergency medical insurance for Canadians traveling outside Canada.

Group insurers do seek help from reinsurers primarily for long-term disability, life, accidental death and disability, and critical illness for employee groups. Larger companies usually reinsure on an excess basis to manage risk related to highly paid individuals, while small to medium companies frequently seek coinsurance on long-term disability to reduce exposure to the most volatile lines. Many insurers use reinsurance to gain access to expertise and information from the reinsurer; others work with the reinsurer to gain access to capital or help with product development. Often the relationship involves a combination of all the above. In Canada, 'pseudo-group' reinsurance opportunities include insurance attached to loans and, to a lesser extent, voluntary benefits through, for example, alumni associations or credit cards.



In markets outside North America, there is a wide range of appetites and local considerations. Insurers are often eager to offload some group risk through reinsurance, as the levels of risk associated with group insurance can grow very quickly to create capital issues, especially following regulatory change.

The global financial crisis has had a significant impact on many group markets in Europe. The resulting high unemployment rates and greater emphasis by companies regarding solvency and short-term profitability have slowed innovation and expansion of the group life and disability business in some countries, including the U.K. and Spain.



Gary Walters, Senior Vice President, Pricing and Group Reinsurance, and Anil Sanwal, Assistant Vice President, Development, Group Reinsurance, RGA Life Reinsurance Company of Canada.

Historically, the growth of the group life business in Spain has been limited due to the high level of coverage provided from the public sector. Many experts believe the public sector role will need to be scaled back to allow greater participation of the private sector. Other European markets that offer good growth opportunities

on the group life and disability side are France's well-developed and sophisticated employee benefit market, the pension fund segment in the Netherlands and the emerging employee benefit market in parts of Central and Eastern Europe.

The South African group market remains competitive in terms of rates and automatic acceptance limits and is dominated by local insurers, a handful of which have a market share of more than 90%. The initial deadline for the National Social Security system implementation (government-mandated group cover) has passed; the implementation date is now a matter of speculation. The focus has shifted slightly to the provision of an appropriate and affordable retirement fund savings mechanism solution for low-income earners, in which there may be opportunity for the private sector to play a role.

The Indian group insurance market is growing extremely quickly due to the burgeoning salaried middle class' demands for increased protection. At the same time, the market is becoming very price-competitive as insurers jockey to position themselves as lead providers of employer benefit products services to local employers, who are likely to look to group insurance to attract and retain local talent.

Group insurance is an arrangement under which multiple lives are insured under a single contract, usually involving the employees of a company or members of an affinity group.

In Australia, group insurance is one of the fastest-growing insurance segments in the industry. This is a result of a traditionally strong workplace group insurance market, as well as automatic insurance, within its superannuation system. In recent years, increased competition in the superannuation industry has driven rapid growth in group insurance as these funds use insurance coverage and features as differentiating factors in their value proposition to members. Increasing cover, coupled with natural consolidation of superannuation funds in the market, lead to increases in the average group contract size and the volatility of insurers' profits and losses, driving increasing appetite for reinsurance. Furthermore, there is a strong surge in the popularity of group salary continuance, an area where insurers traditionally rely more heavily on reinsurers' support.

Mexico and Brazil continue to present good opportunities in the employer benefit segment. However, the real potential of these markets rests in reaching out to small- and medium-sized employers and by expanding the range of benefits currently available through traditional employer benefit offerings. In the Middle East, there is a well-developed and highly competitive group market with growth opportunities in life, disability and health insurance.

Around the world, insurers and reinsurers work hand-in-hand in mature and emerging markets. The group insurance sector is constantly evolving to meet shifting conditions, changing regulations and customer expectations. Insurers profit from the experience and expertise global reinsurers can bring into play to help them manage these changes and mitigate risk. ■

from rule-based to principle-based methodology, RGA anticipates additional opportunities for reinsurers to provide capital support. The China Insurance Regulatory Commission actively promotes risk protection products.

RGA's Europe, South Africa, India and Latin

America segment reported solid results in 2009, despite slightly elevated claims levels. Revenues increased to \$826.9 million, 13% higher than the preceding year, while pre-tax net income declined 20% to \$52.3 million due to an increase in claims and other policy benefits in the segment. Net premiums reached \$782.0 million, an increase of 10% over 2008. Reinsurance in force totaled \$408.9 billion, with assumed new business of \$121.1 billion, a 38% increase over the prior year. The segment provides life reinsurance for a variety of products through yearly renewable term and coinsurance agreements, critical illness reinsurance, longevity reinsurance, financial reinsurance and other solutions.

Continuing its strategy of diversifying into new product lines, RGA's **U.K.** operation achieved premium growth of 21% on an original currency basis. This was helped through continued success in the individual protection market and the completion of several significant bulk annuity transactions, building upon the first such transaction secured in late 2008. Further diversification has been achieved by the signing of the operation's first group life treaties. The significance of underwritten annuities continues to grow, with RGA maintaining its share of a market growing at 30% per annum, while improving the process of application and underwriting, to maintain its market-leading position. The start-up costs involved in moving into these new lines of business,

coupled with continued adverse morbidity experience (not fully offset by favorable mortality experience), resulted in pre-tax operating income falling by 7%.

In summer 2009, NMG Financial Services Consulting's 2009 study of almost 100 buyers and users of reinsurance in the U.K. and Ireland ranked RGA number one according to its key measure, the Business Capability Index. RGA's index score included top quartile scores for each major category, including proposition and positioning, relationship management, quality of actuaries, operational management, underwriting, claims management, and treaty and terms of business. This result is recognition of the many years of RGA's continued emphasis on quality service to its clients throughout the reinsurance process.

In RGA's Europe, South Africa, India and Latin America segment, reinsurance in force approached \$409 billion, aided by a rise of 38% in assumed new business.

While demand for solutions to longevity risk remains extremely high, immediate prospects for the U.K. market remain weak. The high level of competition in the reinsurance market, and low retail sales coupled with the significant level of regulatory and market changes resulting from the Retail Distribution Review, political considerations, the introduction of the National Employers Savings Trust, and the consequences of Solvency II, present challenges to the market's growth.



Jonathan Porter, Senior Vice President and Chief Pricing Actuary, Traditional Products, RGA International Corporation.

In **Spain**, the direct life insurance market suffered due to the lingering impact of economic recession. In spite of turbulent economic conditions, RGA Spain was able to identify areas of growth and increase premiums by 13% over 2008.

During the year, RGA Spain focused on client servicing, product promotion and the introduction of fully customized and translated e-underwriting initiatives for Spanish and Portuguese clients.

The traditional reinsurance market, based mostly in employee benefits, mortgage and credit-related protection products, experienced limited growth, leading to opportunistic product development. RGA Spain participated in non-traditional opportunities, closing its first non-traditional deal, with several others pending closure in 2010. The office views the upcoming Solvency II regulatory changes as an opportunity to provide solutions to clients requiring capital support. Significant growth opportunities in the Spanish market may appear in regard to non-traditional products.

The RGA **Italy** office, which opened as a representative office in 2007, commenced operating as a branch office in April 2009. The office further established itself in the market during the year, doubling its local staff to better support 24 clients, with more than 60 treaties in force.

Net premiums and revenues doubled over the previous three years. In addition to continuing to support Italian clients with product development initiatives such as critical illness and long-term care products, RGA Italy now offers group preferred products, bancassurance, non-life packages and capital-motivated reinsurance. As in other European markets, the recent financial

turmoil led many Italian insurers to seek opportunities to sell more risk products, including term and critical illness, and RGA Italy is assisting clients in developing appropriate solutions.

In 2009, RGA's **Central and Eastern Europe** office became fully licensed to operate as a branch office. RGA is the first and only international reinsurance company to have a branch office in Poland, demonstrating the company's commitment to the Polish market and the Central and Eastern Europe (CEE) region. To meet the growing demands of an increasing number of clients, the team has grown to six associates, with the addition of another actuary and a business development director. The office actively works with 24 clients in nine countries, and has more than 40 treaties in force, written through RGA International Reinsurance Company Limited. RGA actively participated in several industry conferences in 2009, as sponsor or official partner, and also organized several of its own events, including CEE regional actuarial, underwriting and claims conferences. RGA continues to fulfill a significant role in this region by sharing its global knowledge and experience, by introducing new life and health products to direct insurers, and by hosting actuarial and underwriting training sessions.

The team provides clients with traditional automatic and facultative life reinsurance, pricing research, market analysis and new product development. Products include term life, whole life, critical illness, hospital cash and accidental risks (partial and total disability), and risk management products and services. Near-term goals for the office include focusing on group and bancassurance

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Rosa Alegria, Managing Director, RGA International Reinsurance Company Limited, Sucursal en España.

In RGA's Europe, South Africa, India and Latin America segment, revenues increased 13% to \$826.9 million.

Meeting the need for capital and financial solutions

In addition to providing traditional mortality protection in markets around the world, RGA offers capital and financial solutions, sometimes labeled 'non-traditional reinsurance', to support clients. RGA's capital and financial solutions include fee-based transactions designed to help clients improve efficiency in capital management and address reserve requirements. Asset-intensive solutions help clients deal with investment-related risks, and longevity solutions provide relief from capital requirements relating to the risk of annuitants living beyond expectations.

RGA pioneered the use of reinsurance as a financial management tool, and today works with clients to achieve a more efficient deployment of capital, and to improve returns on that capital.

In the United States, non-traditional solutions are provided by the Financial Markets team. Internationally, these solutions are provided by RGA International's Capital and Financial Solutions team. Working together to leverage the expertise and experience of these teams in conjunction with local RGA teams' knowledge of their markets, regulatory issues and financial environments, RGA formulates individual solutions to meet clients' specific needs.

RGA's teams measure and quantify insurance and investment risks, and work hand-in-hand with clients to determine their needs and devise solutions that optimize their use of capital while still meeting regulatory capital and reserve requirements. The teams also provide guidance and advice on the implications of proposed solutions, including the impact on financial reporting standards, cost of capital, and return on equity.

Insurers around the world face the need for increasingly complex capital-planning strategies, partly due to ongoing changes in regulatory and financial reporting requirements as well as challenges resulting from recent global financial turmoil. A leader in the financial reinsurance industry, with in-depth knowledge of regulatory issues and strategies that have worked in other markets, RGA develops and provides new capital-motivated reinsurance solutions to help clients meet these challenges.

Capital-motivated reinsurance can help to meet a wide range of financial management needs. The cost of capital and the amount of capital required to support business can be reduced, and capital can be redeployed from low- to high-return investments. The strain of acquisition costs can be offset and sales growth can be achieved while still meeting regulatory requirements.

For an insurer considering raising additional external debt or capital to fund growth, a well-structured reinsurance program can provide a more effective solution at lower cost and with enhanced flexibility. Compared with raising capital from public sources, reinsurance is a faster, private, flexible and efficient mechanism, requiring

no prospectuses, road shows, or other significant external costs. Also, in contrast with debt, reinsurance can be structured so as not to adversely affect leverage, an important consideration for investors and rating agencies.

Many market forces come to bear on asset-intensive (fixed and variable annuity) insurance. Through asset-intensive reinsurance, insurers are able to take advantage of growth opportunities that might be too great to support through available resources or that add excessive investment risk to balance sheets. RGA provides reinsurance solutions for capital strain often inherent in fixed and variable annuity insurance as well as for interest-sensitive products such as universal life, corporate-owned life insurance, and bank-owned life insurance.



David Boettcher, Executive Vice President, Capital and Financial Solutions, and Mike Lombardi, Senior Vice President and Chief Actuary, Capital and Financial Solutions, RGA International Corporation.

There are many other circumstances in which RGA is able to provide capital or financial solutions. For example, a company may wish to exit a particular line of business, or may wish to acquire other companies or large blocks of business. Both scenarios provide opportunities where insurers should consider the advantages of a well-structured reinsurance solution.

Although there are significant differences and standards in regulatory environments around the world, regulators are consistently conservative. They want insurers to remain healthy, fulfill their obligations and meet the needs of their customers, regardless of changing circumstances. They also understand the importance of the insurer/reinsurer relationship and require that reinsurers practice prudence and diligence so that they too remain healthy, to protect the viability of the direct insurers. For this reason, global reinsurers provide unique advantages, as they can harness and deliver expertise garnered from markets and regulatory regimes around the world to help their clients succeed.

Whether providing surplus relief solutions in Hong Kong and Taiwan, asset-intensive reinsurance in Australia and Japan, longevity solutions in the U.K., or solutions to address specific needs in other markets, RGA crafts individual solutions to meet those needs.

In specific markets, different pressures and appetites come to bear. In the U.S., for example, insurers often seek help in dealing with the capital implications of statutory surplus strain. Capital management is an area in which the Financial Markets team works closely with clients to develop intelligent solutions. Clients range from those seeking the capital to expand businesses to those seeking to ensure the greatest efficiency in their existing business. This was especially important over the last several years, as the asset-to-risk ratio was severely affected by huge losses on bond portfolios.

Globally, insurers often seek help in dealing with the capital inefficiencies of statutory surplus strain. RGA develops intelligent solutions to surplus strain by actively working with clients and retrocessionaires. The market is currently in transition, paying close attention to developments regarding Solvency II and IFRS (Phase II) to see how these might affect business. However, these developments are several years away from coming into force and insurers still face the challenge of dealing with current accounting and solvency standards, which tend not to take into consideration the embedded value of new business that is added to a company's books.



John Laughlin, Executive Vice President,
Financial Markets, RGA Reinsurance Company.

Many other factors affect the need and appetite for capital and financially motivated reinsurance solutions. In the U.K., for example, the Capital and Financial Solutions team provides solutions to clients in two main categories. The first encompasses financing of low-risk and surplus relief transactions, while the second is longevity-related solutions, which provide clients with relief from onerous capital requirements arising from their annuity business. In Japan, RGA assists subsidiaries of foreign companies in structuring transactions that conform to the country's specific risk transfer regulations. Whether providing surplus relief solutions in Hong Kong and Taiwan, asset-intensive reinsurance in Australia and Japan, longevity solutions in the U.K., or solutions to address specific needs in other markets, RGA crafts individual solutions to meet those needs.

In the months and years to come, following the recent global financial crisis, and responding to changing regulatory and financial reporting standards, RGA will continue to assist clients in addressing their business challenges by working closely with them to analyze their issues and to recommend effective and appropriate solutions. ■ ■

business, demonstrating RGA's critical illness capabilities, and introducing a new 'loss of employment insurance' product to selected bancassurance clients.

In the first year following acquisition of the renewal rights to XL Re's Life, Accident and Health business, RGA **France** successfully renewed existing business and added eight new clients, building upon mutually supportive relationships. Product development remained a key to the operation's growth, with new preferred underwriting and group and individual long-term care reinsurance solutions presented to clients.

Translation of RGA's Global Underwriting Manual continued, with both sports and avocation sections made available online in French. In November, the office hosted its first annual credit life insurance conference, which was attended by more than 80 industry leaders, and featured presentations by several key industry experts. RGA France continued to focus on providing expert facultative assessment of substandard risks, helping clients place a greater share of difficult cases.

RGA **Germany**, which received its license to operate as a branch office in late 2008, used 2009 to further strengthen its brand recognition in Germany, Austria and Switzerland. Six representatives from the 11-person German team cover the marketing, medical underwriting and actuarial functions. In addition to completing several product development projects, the team also developed a German version of RGA's highly valued Global Underwriting Manual.

The direct life insurance market in Germany faced a significant reduction in regular new business premium in 2009, while single premium income expanded

considerably. Unit-linked business experienced a further reduction in premium. Among protection products, disability income remained the most significant, followed by all types of mortality covers. The local market, however, has been focusing on savings-oriented products with tax incentives.

RGA operations throughout Continental Europe were strengthened in 2009. The company launched a representative office in the Netherlands, and the Poland and Italy operations became licensed branch offices.

In September, RGA established a representative office in the **Netherlands** to serve the Dutch and Nordic countries insurance markets. The team actively promoted RGA's capabilities to support mortality and disability in the individual, group and pension segments. RGA also strove to assist large life insurance companies and pension funds that are directing more attention to longevity products, and seeking partners and alternative non-traditional solutions to help them in this area of business.

In 2009, RGA International's New Market Development team made significant progress in introducing RGA to **Middle East** insurance markets. The team's focus began in the United Arab Emirates and Bahrain, but quickly expanded across the region. Global relationships with multinational insurers were



Klaus Mattar, General Manager, RGA International Reinsurance Company Limited German Branch Office.

extended and new partnerships with local insurers were formed.

RGA is committed to understanding and respecting the needs of clients seeking Shariah-compliant solutions to meet their insurance needs in Islamic markets. RGA is pleased to support takaful insurers with tailored solutions, following the guidance of RGA's Shariah Advisory Council and utilizing a Retakaful Window in Malaysia. Takaful research is ongoing and RGA will work with clients to determine how to best provide the support they require.

RGA offers a full range of services to insurers in the region that includes facultative underwriting, quote support, product development, e-solutions and training. RGA plans to establish an office in Dubai in 2010, recruiting top local professionals and leveraging the company's global expertise and knowledge to deliver expert solutions to clients in the region.

The worldwide economic crisis had a marked impact on the financial services industry in **South Africa**. While South Africa was spared the more dramatic events such as major insurance company insolvencies, mainly because of its tight regulatory structure, the resultant recession has influenced the sales of direct life insurance products, leading to lower growth in new premium income. Despite this, RGA South Africa produced total revenue of \$71.2 million in 2009 (a 9% increase over 2008 in original currency), and net premiums of \$65.2 million (a 12% increase in original currency). National efforts to combat inflation throughout 2009 have proved effective, with the South African inflation rate expected to dip under the threshold target of 6% by mid-2010.

RGA South Africa received excellent ratings in NMG Financial Services Consulting's cedant study, in which it was ranked number one for group business. By the end of 2009, with a new management team firmly established, and a revitalized board of directors in place, RGA South Africa was well-positioned for future growth.

In 2009, RGA **India** expanded its client base and strengthened its reputation as an innovative reinsurer. RGA's net premiums grew by more than 50% in terms of local currency. Several significant new treaties were acquired in 2009, as RGA India expanded its health, group and credit life business. The office designed and launched several new individual term products, including India's first preferred term product and first fully underwritten term product to be concluded over the Internet.

RGA reinforced its leadership in providing underwriting expertise to the market with the introduction of the Indian version of RGA's Global Underwriting Manual, and the launch of its underwriting training program, GULF (Global Underwriting Learning Framework), to help Indian clients upgrade the capabilities of their rapidly growing underwriting teams.

RGA's operation in Mexico, which serves the **Latin America** region, posted solid financial results in 2009, amid a range of regional challenges including a severe influenza outbreak, local currency devaluation, macro-economic distress, and intense competition among reinsurers. Despite these difficulties, RGA strengthened its presence in Mexico, expanding its client base and promoting its expertise and brand. ■



Scott Rastin, Vice President, New Market Development and Strategic Initiatives, RGA International Corporation.

Selected Consolidated Financial and Operating Data

Years Ended December 31, (in millions, except per share and operating data)	2009	2008	2007	2006	2005
Income Statement Data					
Revenues:					
Net premiums	\$ 5,725.2	\$ 5,349.3	\$ 4,909.0	\$ 4,346.0	\$ 3,866.8
Investment income, net of related expenses	1,122.5	871.3	907.9	779.7	639.2
Investment related gains (losses), net:					
Other-than-temporary impairments on fixed maturity securities	(128.8)	(113.3)	(7.5)	(1.1)	(0.5)
Other-than-temporary impairments on fixed maturity securities transferred to accumulated other comprehensive income	16.0	—	—	—	—
Other investment related gains (losses), net	146.9	(533.9)	(171.2)	3.6	21.5
Total investment related gains (losses), net	34.1	(647.2)	(178.7)	2.5	21.0
Other revenues	185.0	107.8	80.2	65.5	57.7
Total revenues	7,066.8	5,681.2	5,718.4	5,193.7	4,584.7
Benefits and expenses:					
Claims and other policy benefits	4,819.4	4,461.9	3,984.0	3,488.4	3,187.9
Interest credited	323.7	233.2	246.1	244.8	208.4
Policy acquisition costs and other insurance expenses	958.3	357.9	647.8	716.3	636.3
Other operating expenses	294.9	242.9	236.7	204.4	154.4
Interest expense	69.9	76.2	76.9	62.0	41.4
Collateral finance facility expense ¹	8.3	28.7	52.0	26.4	—
Total benefits and expenses	6,474.5	5,400.8	5,243.5	4,742.3	4,228.4
Income from continuing operations					
before income taxes	592.3	280.4	474.9	451.4	356.3
Provision for income taxes	185.2	92.6	166.6	158.1	120.7
Income from continuing operations	407.1	187.8	308.3	293.3	235.6
Loss from discontinued accident and health operations, net of income taxes	—	(11.0)	(14.5)	(5.1)	(11.4)
Net income	\$ 407.1	\$ 176.8	\$ 293.8	\$ 288.2	\$ 224.2

¹ During 2006, the Company's subsidiary, Timberlake Financial, issued \$850.0 million floating rate insured notes. See note 16 – "Collateral Finance Facility" in the Notes to Consolidated Financial Statements in the Company's 2009 Annual Report on Form 10-K for additional information.

(continued)

Years Ended December 31, (in millions, except per share and operating data)	2009	2008	2007	2006	2005
Basic earnings per share					
Continuing operations	\$ 5.59	\$ 2.94	\$ 4.98	\$ 4.79	\$ 3.77
Discontinued operations	–	(0.17)	(0.23)	(0.08)	(0.19)
Net income	\$ 5.59	\$ 2.77	\$ 4.75	\$ 4.71	\$ 3.58
Diluted earnings per share					
Continuing operations	\$ 5.55	\$ 2.88	\$ 4.80	\$ 4.65	\$ 3.70
Discontinued operations	–	(0.17)	(0.23)	(0.08)	(0.18)
Net income	\$ 5.55	\$ 2.71	\$ 4.57	\$ 4.57	\$ 3.52
Weighted average diluted shares, in thousands	73,327	65,271	64,231	63,062	63,724
Dividends per share on common stock	\$ 0.36	\$ 0.36	\$ 0.36	\$ 0.36	\$ 0.36
Balance sheet data					
Total investments	\$ 19,224.1	\$ 15,610.7	\$ 16,397.7	\$ 14,612.9	\$ 12,331.5
Total assets	25,249.5	21,658.8	21,598.0	19,036.8	16,193.9
Policy liabilities	17,643.6	16,045.5	15,045.5	13,354.5	11,726.3
Long-term debt	1,216.1	918.2	896.1	676.2	674.4
Collateral finance facility ¹	850.0	850.0	850.4	850.4	–
Company-obligated mandatorily redeemable preferred securities of subsidiary trust holding solely junior subordinated debentures of the Company	159.2	159.0	158.9	158.7	158.6
Total stockholders' equity	3,867.9	2,616.8	3,189.8	2,815.4	2,527.5
Total stockholders' equity per share	\$ 52.99	\$ 36.03	\$ 51.42	\$ 45.85	\$ 41.38
Operating data (in billions)					
Assumed ordinary life reinsurance in force	\$ 2,325.1	\$ 2,108.1	\$ 2,119.9	\$ 1,941.4	\$ 1,713.2
Assumed new business production	321.0	305.0	302.4	374.6	364.4

¹ During 2006, the Company's subsidiary, Timberlake Financial, issued \$850.0 million floating rate insured notes. See note 16 – "Collateral Finance Facility" in the Notes to Consolidated Financial Statements in the Company's 2009 Annual Report on Form 10-K for additional information.

Leadership

Board of Directors

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Retired President, Southwestern Bell Telephone

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Director
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Professor of Corporate Finance and Financial Markets, University of Amsterdam; Director, Amsterdam Center for Law and Economics

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Frederick J. Sievert

Director
Retired President, New York Life

A. Greig Woodring

Director
President and Chief Executive Officer, Reinsurance Group of America, Incorporated

Executive Management

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Glossary of Terms

Actuary

A specialist in the mathematics of risk, especially as it relates to insurance calculations such as premiums, reserves, dividends, and insurance and annuity rates.

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 premiums.

ASEAN

Association of Southeast Asian Nations.

Asset-intensive reinsurance

A transaction (usually coinsurance or funds withheld, and often involving reinsurance of annuities) where performance of the underlying assets, in addition to any mortality, is a key element.

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.

Captive insurer

An insurance or reinsurance entity designed to provide insurance or reinsurance cover for risks of the entity or entities by which it is owned or to which it is affiliated.

Cedant/Ceding company

Direct insurer (or reinsurer) that passes on, or cedes, shares of its insured or reinsured risks to a reinsurer or retrocessionaire.

Claim

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

Coinsurance

(Also known as original terms reinsurance)
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.

Coinsurance funds-withheld

A variant on coinsurance, in which the ceding company retains the assets.

Counterparty

A party to a contract requiring or offering the exchange of risk.

Counterparty risk

The risk that a party to an agreement will be unable to fulfill its contractual obligations.

Critical illness insurance

(Also known as dread disease insurance)
Insurance that provides a guaranteed fixed sum upon diagnosis of a specified illness or condition such as cancer, heart disease or permanent total disability. The policy can be arranged in its own right or can be an add-on to a life policy.

Enterprise Risk Management (ERM)

An enterprise-wide framework used by a firm to assess all risks facing the organization, manage mitigation strategies, monitor ongoing risks and report to interested audiences.

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, 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 companies follow when preparing financial statements for reporting results to stockholders.

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.

Guaranteed issue life insurance

Insurance products that are guaranteed upon application, regardless of past health conditions.

IFRS

(International Financial Reporting Standards)

Standards and interpretations adopted by the International Accounting Standards Board (IASB).

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.

Longevity product

An insurance product that mitigates longevity risk by providing a stream of income for the duration of the policyholder's life.

Modified coinsurance

A variant on coinsurance in which the ceding company retains both the assets and reserves.

Morbidity

A measure of the incidence of sickness or disease within a specific population group.

Mortality experience

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

Mortality risk reinsurance

Removing some of the major mortality or lapse 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.

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, to provide for future commitments under outstanding policies and contracts.

Retakaful

A form of reinsurance that is acceptable within Islamic law (see also Takaful).

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

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 premiums.

Securitization

The structuring of financial assets as collateral against which securities can be issued to investors.

Simplified issue life insurance

Insurance products with limited face amounts that require no or minimal underwriting.

Statutory capital

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

Takaful

A form of insurance that is acceptable within Islamic law, and that is devised upon the principles of mutual advantage and group security.

Tele-underwriting

A telephone interview process, during which an applicant's qualifications to be insured are assessed.

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 (yearly renewable term), 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.

Webcasts

Presentation of information broadcast over the Internet.

Cautionary Statement Regarding Forward-looking Statements

This annual review 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 (which we refer 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 capital and credit market conditions and their impact on our liquidity, access to capital, and cost of capital, (2) the impairment of other financial institutions and its effect on our business, (3) requirements to post collateral or make payments due to declines in market value of assets subject to our collateral arrangements, (4) the fact that the determination of allowances and impairments taken on our investments is highly subjective, (5) adverse changes in mortality, morbidity, lapsation, or claims experience,

(6) changes in our financial strength and credit ratings and the effect of such changes on our future results of operations and financial condition, (7) inadequate risk analysis and underwriting, (8) general economic conditions or a prolonged economic downturn affecting the demand for insurance and reinsurance in our current and planned markets, (9) the availability and cost of collateral necessary for regulatory reserves and capital, (10) market or economic conditions that adversely affect the value of our investment securities or result in the impairment of all or a portion of the value of certain of our investment securities, (11) market or economic conditions that adversely affect our ability to make timely sales of investment securities, (12) risks inherent in our risk management and investment strategy, including changes in investment portfolio yields due to interest rate or credit quality changes, (13) fluctuations in U.S. or foreign currency exchange rates, interest rates, or securities and real estate markets, (14) adverse litigation or arbitration results, (15) the adequacy of reserves, resources, and accurate information relating to settlements, awards, and terminated and discontinued lines of business, (16) the stability of and actions by governments and economies in the markets in which we operate, (17) competitive factors and competitors' responses to our initiatives, (18) the success of our clients, (19) successful execution of our entry into new markets, (20) successful development and introduction of new products and distribution opportunities, (21) our ability to successfully integrate and operate reinsurance business that we acquire,

(22) regulatory action that may be taken by state Departments of Insurance with respect to us, (23) our dependence on third parties, including those insurance companies and reinsurers to which we cede some reinsurance, third-party investment managers, and others, (24) the threat of natural disasters, catastrophes, terrorist attacks, epidemics, or pandemics anywhere in the world where we or our clients do business, (25) changes in laws, regulations, and accounting standards applicable to us, our subsidiaries, or our business, (26) the effect of our status as an insurance holding company and regulatory restrictions on our ability to pay principal of and interest on our debt obligations, and (27) other risks and uncertainties described in this document and in our other filings with the Securities and Exchange Commission.

Forward-looking statements should be evaluated together with the many risks and uncertainties that affect our business, including those mentioned in this document and described in the periodic reports we file with the Securities and Exchange Commission. These forward-looking statements 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 the risks and uncertainties that could cause actual results to differ materially from those contained in the forward-looking statements, you are advised to review the risk factors in our 2009 Form 10-K.



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