

**Discovering opportunities.
Delivering solutions.**



2013 Annual Review







Discovering opportunities. Delivering solutions.

At RGA, we carefully listen to our clients to learn more about their unique needs, then uncover and explore opportunities to help them advance their goals.

RGA experts, among the most creative and insightful minds in the reinsurance industry, develop and deliver innovative solutions to help clients address regulatory change, meet capital requirements, overcome marketing and distribution challenges, and achieve ongoing success.

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MESSAGE FROM THE CEO

With revenue exceeding \$10 billion in 2013, RGA added significant value through new business activity. RGA's results for 2013 are best described as mixed, however, with operating income of \$4.95 per share¹ falling well short of expectations. The shortfall was mainly related to results from our operations in Australia, as all other geographic operations performed well.

RGA's operations in Australia have experienced difficult claims patterns over the past four years. In the second quarter, on the heels of freshly updated claims information, we strengthened liabilities by A\$300 million related to our Australia operations. Most of the reserve increase involved lump-sum total permanent disability (TPD) benefits reinsured on a group basis. At that time, we suspended quoting on new TPD accounts until market outlooks improve. With this significant action, we believe future claims to be fully reserved, although the liability runoff is anticipated to extend for many years. We believe we have taken the appropriate measures to put these problems behind us. RGA views the Australian market as large, dynamic and important to our future. Our capable team has been working tirelessly to remediate existing business, and they look forward to working with our clients in developing a framework to move ahead on a sustainable basis.

The Global Financial Solutions (GFS) business unit at RGA, which focuses on financial reinsurance, asset-intensive reinsurance and longevity risk acceptance, enjoyed another standout year in 2013. Over the past five years, this collection of globally operating GFS teams has significantly increased its contribution to our worldwide operations. Financial reinsurance excelled in 2013, with notable

transactions in Asia, Europe and the U.S. These transactions improve the capital efficiency and effectiveness of our customers; RGA's expertise is acknowledged and welcomed around the globe.

While the asset-intensive reinsurance business did not grow through new transactions in 2013, its existing in force performed very well from an operating income perspective. In short, GFS generated strong results in all product lines and across all geographies. We have assembled a highly skilled team and look forward to continued success in this area.

In the U.S. marketplace, strong mortality results propelled RGA to a successful 2013. The market shows little signs of growth as direct insurers continue to reinsure less and retain more mortality risk; this has become a long-term trend. The market also appears to have become increasingly competitive; nevertheless, our U.S. mortality markets team achieved growth of 3% in premiums through a combination of providing unique value and seizing attractive opportunities. Mortality risk assumption represents our largest and most mature business, one in which we have significant expertise and understanding.

¹ Operating income is a non-GAAP financial measure. See page 35 for reconciliation of earnings per share from net income to operating earnings per share.

A. Greig Woodring

PRESIDENT AND CHIEF EXECUTIVE OFFICER



12%

RGA's book value per share has grown at a rate of 12% since the company's initial public offering in 1993.

The group business in the U.S. enjoyed a year of positive growth. The overall strong earnings performance of our U.S. group business over the past few years has been subject to some volatility. In 2013, the group health line rebounded sharply from prior-year experience, while group life claims exceeded anticipated targets. Strong revenue growth in group businesses contributed to the good growth overall for RGA in the U.S.

Individual health business in the U.S., primarily composed of long-term care reinsurance, posted another successful year with good experience and premium growth of 26%. RGA has developed significant capability in this marketplace; however, we proceed cautiously, given the abundant potential risks involved, which we believe are currently under control.

When the results from the entire U.S. Operations lines of business, including U.S. financial reinsurance and asset-intensive reinsurance, are combined with the traditional businesses of mortality markets, group life and health, and individual health, total U.S. operating income increased by 13%² over 2012, a very strong performance.

RGA Canada continued to occupy a leadership role in the Canadian life reinsurance market. Revenues exceeded \$1 billion for the year, an increase of 4% over 2012. Pre-tax operating

income decreased 7%³ from an extremely strong prior year, but met our expectations. Over the course of the past several years, the diversity of RGA Canada's revenue streams has increased markedly with the development of group, annuity and living benefits businesses. We expect this trend to continue and to provide increasing stability to our already-strong Canadian franchise.

Premiums in RGA's Europe and South Africa segment increased by 2% from a high-growth year in 2012, which included some large one-time premium transactions. In 2013, financial reinsurance activity increased in Europe, and longevity reinsurance from the U.K. also contributed significantly to RGA's success. While some pockets of adverse claims appeared here and there in this segment, as expected, the majority of our operations enjoyed favorable results for the year.

For Asia Pacific, excluding Australia, RGA saw strong growth and excellent operating income. Premiums exceeded \$600 million for the year, an increase of 6% over 2012, despite currency headwinds, and \$66 million⁴ of pre-tax operating income represented a 12%⁴ increase. The impressive momentum established over the past years can be expected to propel RGA forward strongly in the future, in a region of the world where life insurance market penetration is growing rapidly.

² Pre-tax operating income, a non-GAAP financial measure, for the U.S. operating segment was \$579 million and \$513 million during 2013 and 2012, respectively. These amounts exclude investment-related gains (losses), net of deferred acquisition costs, of \$(128) million and \$80 million, and the change in value of embedded derivatives, net of deferred acquisition costs, of \$167 million and \$44 million during 2013 and 2012, respectively.

³ Pre-tax operating income, a non-GAAP financial measure, for the Canada operating segment was \$148 million and \$159 million during 2013 and 2012, respectively. These amounts exclude investment-related gains of \$17 million and \$28 million during 2013 and 2012, respectively.

⁴ Pre-tax operating income (loss), a non-GAAP financial measure, for the Asia Pacific operating segment was \$(227) million and \$37 million during 2013 and 2012, respectively. These amounts exclude investment-related gains (losses) of \$(8) million and \$8 million during 2013 and 2012, respectively. Excluding Australia, Asia Pacific pre-tax operating income was \$66 million and \$59 million during 2013 and 2012, respectively.

“We provide our partners with outstanding product development, customized underwriting programs, expert analytic capabilities, state-of-the-art technological tools and an ability to unlock trapped capital to support our customers’ agendas.”

RGA occupies strong market positions throughout Asia Pacific and has capable, highly functioning operations to support continued growth in the region.

In 2013, RGA received a preparatory license to operate in China and has been working diligently to prepare the infrastructure of our office there to begin comprehensive marketing when full branch licensing is confirmed. We expect steady growth in China as we move forward in a disciplined manner, providing expertise and capacity to the local market, beginning later in 2014.

Facultative cases submitted to RGA worldwide exceeded 580,000 during 2013, representing a large, broad-based increase in demand for RGA underwriting services. Our facultative business, long a strong suit for RGA, entails using RGA’s underwriting prowess to assess individual, difficult-to-price cases. This high value-added capability relies upon strong underwriting, medical expertise, and appropriate actuarial design. We expect to place approximately 50-55% of the cases that have been submitted, and this production adds nicely to our overall new business flow. RGA’s underwriting and medical teams accomplished another outstanding year of building our facultative business in 2013.

Once again, in 2013, RGA’s portfolio investment yield declined from the previous year, a reflection of the continued low interest rate environment. This creates downward pressure on earnings,

which has been cumulatively significant over the past several years. This downward pressure abated somewhat in 2013 and, while we expect our portfolio yield to decline further in 2014, we estimate the negative earnings effect to be half or less that of a few prior years. RGA carefully matches assets and liabilities on our annuity business and other interest-sensitive operations, which derive earnings from spreads. The earnings effect from declining portfolio yields has been felt mostly in our mortality segment, where we continue to invest new cash to meet long-term obligations. In the near future, we expect to reach the end of negative effects on operating income by low interest rates.

The changing investment climate, among other factors, has encouraged many of our clients in the primary life insurance business to adopt growth agendas. This change, welcomed by all, allows RGA to bring into full service many of the tools available to us to help insurers in their efforts. We provide our partners with outstanding product development, customized underwriting programs, expert analytic capabilities, state-of-the-art technological tools and an ability to unlock trapped capital to support our customers’ agendas. We look forward to an active, productive 2014.



A. Greig Woodring

PRESIDENT AND CHIEF EXECUTIVE OFFICER

RG A AT A GLANCE

Reinsurance Group of America, Incorporated (NYSE: RGA), one of the world's leading life reinsurers, is recognized for its expertise in risk assessment and capital management, its ability to develop new, highly innovative solutions, and its proven commitment to serving its clients.

RG A 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
- Product development
- Facultative and electronic underwriting
- Risk management

Financial Overview (At December 31, 2013)

Life reinsurance in force	\$2.9 trillion
Consolidated assets	\$39.7 billion
Net premiums	\$8.3 billion
Total revenues	\$10.3 billion
Market capitalization	\$5.5 billion

Financial Highlights

For the years ended December 31,	2013	2012	2011	2010	2009
Net premiums (in millions)	\$8,254	\$7,907	\$7,336	\$6,660	\$5,725
Net income (in millions)	419	632	546*	536*	373*
Diluted earnings per share	5.78	8.52	7.37*	7.17*	5.09*

Operating data (in billions)

Assumed ordinary life reinsurance in force	\$2,890	\$2,928	\$2,664	\$2,540	\$2,325
Assumed new business production	370	427	429	328	321

* Certain historical amounts have been revised to reflect the retrospective adoption of new accounting guidance for deferred acquisition costs in the first quarter of 2012.

Financial Strength Ratings

RG A's principal operating subsidiary, RG A 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

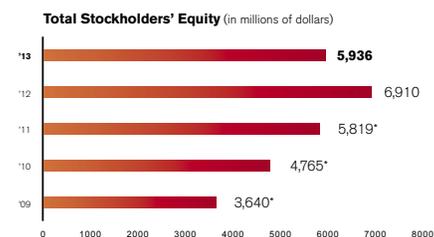
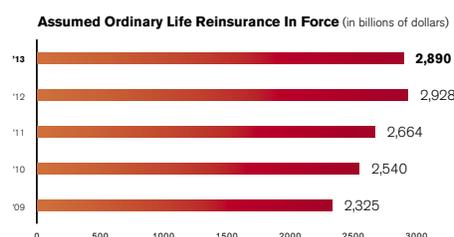
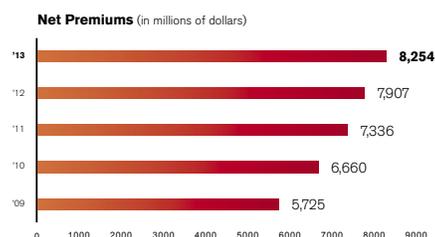
A. M. Best Company

A1 GOOD

Moody's Investors Service

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

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



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.

Worldwide Operations



Serving clients around the world from operations in 26 countries:

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

Geographic Diversification

55%

2013 net premiums derived from **U.S.** operations

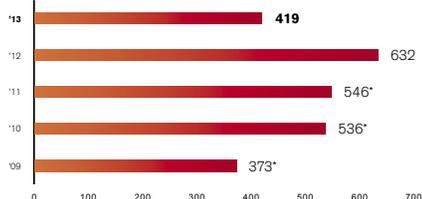
33%

2013 net premiums derived from **International** operations

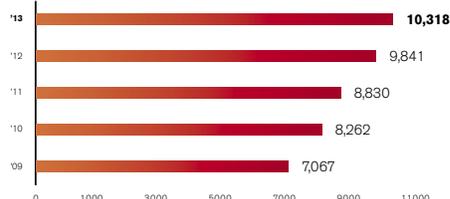
12%

2013 net premiums derived from **Canada** operations

Net Income (in millions of dollars)



Total Revenues (in millions of dollars)



* Certain historical amounts have been revised to reflect the retrospective adoption of new accounting guidance for deferred acquisition costs in the first quarter of 2012.

Non-GAAP financial measures

RGA uses non-GAAP financial measures called operating income and operating return on equity 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.

2013 HIGHLIGHTS

11%

RGA average operating return on equity is 11% over the past five years (2009-2013).

\$8.3 billion

RGA reported record net premiums in 2013, an increase of 4% over the previous year.

SOLID PERFORMANCES BY GLOBAL OPERATIONS

In 2013, RGA operations achieved steady growth, as total revenues exceeded \$10 billion, a new milestone. The company posted \$2.9 trillion of life reinsurance in force, with assets of \$39.7 billion. Excluding the increase in Australian claims liabilities during the second quarter of 2013, operating income per diluted share increased 8% over 2012. RGA maintained excellent financial strength and credit ratings throughout the year.

STRONG CAPITALIZATION REINFORCED WITH \$400 MILLION SENIOR DEBT OFFERING

In September 2013, RGA further strengthened its capitalization by issuing 4.70% senior notes, due in 2023 with a face amount of \$400 million. Net proceeds from the offering were approximately \$395 million, which will be used for general corporate purposes and to augment resources available to provide support for long-term growth.

PREPARATORY LICENSE FOR BRANCH OFFICE RECEIVED FROM CIRC

On July 12, 2013, RGA announced that its subsidiary, RGA Reinsurance Company, had received a preparatory license from the China Insurance Regulatory Commission (CIRC) to operate as a licensed life reinsurance branch in China. The China branch office is expected to begin full operation when a full license is granted by the CIRC.

SHARE REPURCHASE PROGRAM AUTHORIZED

In January 2013, RGA's Board of Directors authorized a share repurchase program, with no expiration date, for up to \$200 million of RGA's outstanding common stock. The Board authorized two additional increases of \$100 million each in April and in July to the share repurchase program, bringing the total amount of the company's outstanding common stock authorized in 2013 for repurchase to \$400 million.

During 2013, RGA repurchased 4,151,312 shares of common stock under this program for \$261.3 million. The repurchased shares have been placed into treasury to be used for general corporate purposes.

GROUNDBREAKING COMPLETED FOR NEW GLOBAL HEADQUARTERS

RGA hosted the groundbreaking ceremony for its new global headquarters in Chesterfield, Missouri on May 20. When completed in 2014, RGA's new 405,000-square-foot complex will comprise two five-story office towers, equal in size and linked by a two-story atrium lobby. The new complex will provide space for the workforce expansion RGA anticipates over the next several years.

BEST'S REVIEW INNOVATION SHOWCASE RECOGNIZES RGA FOR INNOVATION

RGA Reinsurance Company was again recognized for forward thinking in the annual *Best's Review* Innovation Showcase industry forum, announced in January 2014. This marks the third consecutive year RGA has been honored in the Innovation Showcase, the only reinsurer and only company to have been featured every year since the forum was launched in 2011. RGA was recognized for its "Automated Underwriting for Impaired Annuities" solution, which was developed to help insurers in the U.K. more quickly and accurately assess annuity applications from consumers with impairments.

RGA NAMED "LIFE REINSURANCE COMPANY OF THE YEAR" BY 2013 WORLDWIDE REINSURANCE AWARDS

In September, RGA was named "Life Reinsurance Company of the Year" by the 2013 Worldwide Reinsurance Awards. Each year, this award honors the life reinsurance company that has done the most to build the industry by demonstrating consistently strong performance; by adapting to market and industry changes; and by offering superior service and security to clients. This marks the fifth time RGA has received this award in the past eight years. The annual awards competition is sponsored by *Insurance Day* magazine.

580,030

580,030 cases were reviewed facultatively in 2013.

INTERNATIONAL: 430,517 | **U.S.:** 114,107 | **CANADA:** 35,406

3 million

Three million applications were processed using RGA's AURA electronic underwriting tools in 2013.

FACULTATIVE CASES EXCEEDED 580,000

RGA reviewed 580,030 facultative cases in 2013, responding within 24 hours in the majority of cases. A significant new transaction in Asia led to the 76% increase in overall facultative case count. Since 1979, RGA has processed almost five million facultative cases.

GLOBAL EXPANSION CONTINUED

RGA expanded its footprint on two continents with the launch of new operations in Turkey, and the establishment of a services company in Brazil.

RGA Global Reinsurance Company Ltd. Turkey Liaison Office opened in May 2013. Turkey is the 26th country in which RGA has established operations. For more than a decade, Turkey's economy has performed well, and the country's life insurance industry is poised for strong, sustainable growth with a young population expected to increasingly seek protection in the coming years.

RGA's services company in Brazil, established in May 2013, facilitates the recruitment of a team that is tasked with forming a reinsurance company that will be licensed to support Brazilian insurers. The Brazilian insurance market is sizeable and developing quickly, and RGA is optimistic about its long-term prospects in this dynamic market.

RGA ATTAINED 50TH AURA IMPLEMENTATION

RGA attained its 50th client for Automated Underwriting and Risk Analysis[®] (AURA[®]), RGA's proprietary rules-based global electronic underwriting solution. AURA was introduced by RGA in 2001 as a tool to speed and simplify life insurance underwriting. Since then, AURA has expanded into a global multi-function solution that currently provides straight-through electronic underwriting and management for more than three million life, health and annuity applications per year.

2013 FORTUNE 500 LIST RANKED RGA #275 OF TOP 500 COMPANIES IN U.S.

Reinsurance Group of America, Incorporated (NYSE: RGA) was ranked #275 in the 2013 FORTUNE 500 list. The annual list, which ranks U.S.-based companies by total revenue, appeared in FORTUNE magazine's May 20 issue.

RGA NAMED "BEST OVERALL LIFE REINSURER" IN 2013 FLASPÖHLER SURVEY

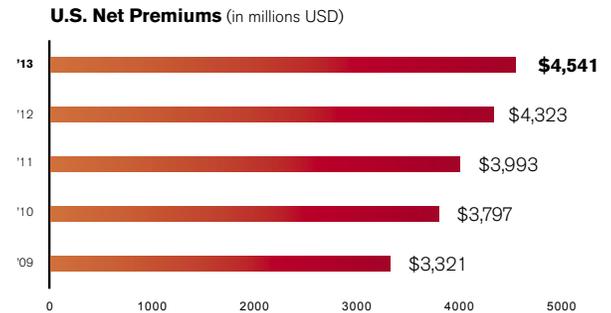
RGA was rated "Best Overall Life Reinsurer" in the 2013 Flaspöhler Survey (*Direct Writers Evaluate Reinsurers / Life N.A.*) by cedants. This is the fifth consecutive time RGA has achieved this ranking in the biennial survey.

RGA RANKED #1 GLOBALLY IN 2013 ON NMG CONSULTING BUSINESS CAPABILITY INDEX

In 2013 NMG Consulting studies, RGA was ranked #1 globally on the Business Capability Index, measured in feedback from insurance executives across more than 700 companies and 40 countries. In 2013 NMG national studies, RGA ranked #1 on the BCI in the Canada, Hong Kong, Indonesia, Italy, Malaysia, Mexico, Singapore, South Africa, Taiwan, Thailand, and Vietnam markets.

U.S. Operations

U.S. Operations, RGA's largest operating division, posted \$6.0 billion in total revenue and \$4.5 billion in net premiums, ending the year with \$1.4 trillion of life reinsurance in force. RGA's U.S. Operations accounted for 55% of the company's net premiums in 2013.



U.S. Operations comprise traditional individual and group mortality and morbidity reinsurance, asset-intensive risk coverage, and financial reinsurance for life and health products.

Ceding companies again ranked RGA as the leading reinsurer in this market in 2013, as RGA was named "Best Overall Life Reinsurer" by the 2013 Flaspöhler Survey™ (*Direct Writers Evaluate Reinsurers / Life N.A.*). RGA ranked highest of 14 reinsurers on many measures, including financial value, medical underwriting capabilities, and strong client orientation.

RGA remains the leading facultative underwriter in the U.S. life reinsurance industry, recognized for its continuous innovation, fast response times, and technical expertise in large-amount and substandard risk underwriting. In 2013, the U.S. underwriting operations received more than 100,000 facultative cases for the seventh consecutive year, with clients placing approximately 55%

of the facultative offers, representing nearly \$16 billion of new risk amount reinsured.

Innovations in underwriting, whether in technology, product design, or service delivery, were integral to RGA's continued success in this market. Offering instant decisions on impaired risks online, RGA's Automatic Selection and Assessment Program (ASAPSM) was used to assess approximately 11,500 cases in 2013. Service innovations, such as RGA's Special Underwriting Program (SUP), proved highly effective at supporting insurers' underwriting teams when faced with overwhelming demand, as several of RGA's key clients benefitted through expert review and risk assessment support by RGA underwriters during busy periods.

RGA led the U.S. market in providing training and sharing valuable information and statistics to support insurers. Sharing insights and expertise remained a priority in a number of educational and

RGA announced winners of first Market Innovation Challenge in 2013

The groundbreaking Market Innovation Challenge competition ended in 2013, with the six winning concepts announced in June. The competition was aimed at identifying ways to promote individual protection insurance products to young Americans.

An independent panel of leaders from the academic and business communities, assembled by RGA, judged submitted entries. The winning entries may be viewed on www.rgare.com/rgainnovation.

Traditional Mortality Reinsurance

RGA's vast database of mortality information, and the insights it derives from its extensive experience, form a robust basis for the company's continued leadership in facultative underwriting and mortality risk assessment. Products such as term life, whole life, universal life, joint and last survivor life, COLI/BOLI, simplified-issue assumed on a yearly renewable term (YRT) or coinsurance basis, and underwritten annuities represent the majority of RGA's mortality reinsurance. With \$2.9 trillion of life reinsurance in force, RGA reinsures one of the largest in-force blocks in the life insurance industry.

RGA's facultative underwriting capacity reached a new milestone in 2013, as 580,030 cases were submitted for review by RGA. The 76% increase in

case submissions is largely derived from expanded interest in facultative case reviews throughout the Asian markets.

RGA's global underwriting teams remained committed to developing innovative tools, services and solutions to support dynamic product and distribution models in key markets. Technology-based risk assessment and underwriting tools are increasingly used to accelerate application and review processes and to expedite sales. During the year, RGA continued to enhance and expand the range of electronic underwriting services it offers to clients. RGA's AURA® underwriting application provides direct writers with access to its more than 200,000 underwriting rules, including impairments, medications, sports, avocations and

treatments. AURA Hosted, RGA's innovative automated underwriting engine, allows insurers to deliver simplified-issue protection coverage to a wider audience through a simpler and more effective underwriting process. This interactive solution is flexible, low-cost and easy to deploy, enabling insurers to take advantage of RGA's underwriting experience and rules-based decisions to compete and grow their businesses.

RGA has one of the largest databases of biometric experience data that supports ongoing development of core assumptions for mortality risk. Industry studies of specific data sets conducted by RGA during 2013 deepened its understanding of the core drivers of experience, resulting in improved risk analysis and projections.

"We constantly refine and improve upon the products and services we offer clients, applying rigorous analysis of data, experience, and methodologies. The knowledge we gain from this leads to new underwriting processes and tools, better risk modeling, and continued enhancements to the overall solutions we can offer our clients."

- Dave Wheeler,
Senior Vice President, Underwriting.



From left: Dave Wheeler, Senior Vice President, Underwriting, and Doug Knowling, Senior Vice President, Chief Actuarial Officer, U.S. Markets.

training initiatives undertaken by RGA during 2013. In August, RGA sponsored its initial U.S. conference on insurance fraud, discussing the complexity of fraud amid technological and economic changes, and the need to address it through multiple disciplines to better protect insurers. In another initiative, the operations team launched a new RGA/LOMA co-branded certification program for operations professionals intended to enhance administrative and claims expertise, and provide education, growth and development recognition. RGA also hosted three highly successful RGA University training programs during the year, with participation by more than 50 clients. RGA continued presenting its ongoing series of live, dial-in webcasts for clients, with research data and updates on timely medical and underwriting subjects.

The *Electronic Health Records* client newsletter, published by RGA since 2011, offers new insights as the amount of available data in risk selection expands, and discusses the changes that will dramatically transform the industry as data continues to increase in size and complexity, and underwriting files grow from fewer than 100 to more than 1,000 pages each.

Over the past two years, RGA has been working with a life insurance company and a distribution company to create a platform for the solicitation and underwriting of life insurance. For the first time in the U.S. life insurance market, a standardized new business and underwriting system is being utilized, where RGA is the sole underwriter. Launched in the second quarter of 2013, this platform is currently functioning with a participating life insurance company. The key features of the platform include a simplified submission process for agents, use of a common application, standardized electronic underwriting (powered by AURA), electronic links to a number of external data providers, and a comprehensive risk profile presented to the participating life insurance companies. Future enhancements will include product innovation and the broadening of the product portfolio to include non-medical life, group life, health, and accident insurance.

RGA BUSINESS LINE

U.S. Individual Health (Long-Term Care) Reinsurance

RGA's disciplined approach to the long-term care insurance (LTCI) market, honed over more than two decades, has enabled the company's LTCI business to develop into a strong and substantial portfolio. Over the past two years, the LTCI environment in the U.S. has

stabilized. No carriers left the market in 2013, and insurers focused on mitigating their LTCI portfolio risk while strengthening their underwriting, pricing and claims management capabilities. As morbidity and longevity continue to rise, the living benefit provided by LTCI will

become increasingly important. Studies estimate that "baby boomers", individuals born between 1946 and 1964, have a 70% chance of needing LTCI and indeed are the largest cohort of buyers today.

"RGA is continuing to focus on positioning and optimizing our LTCI practice for our clients' and the market's future. We want to help our clients as well as potential new entrants by enabling them to offer profitable products that meet current and future needs of consumers."

- Wayne Adams, Senior Vice President, U.S. Individual Health.



From left: Allyson Mock, Executive Director, Operations, U.S. Individual Health; Wayne Adams, Senior Vice President, U.S. Individual Health; Bruce Stahl, Vice President and Actuary, U.S. Individual Health.



*From left: Kathryn Cox, Vice President, Head of Business Development, U.S. Markets;
Paula Boswell-Beier, Senior Vice President, Chief Operations Officer, U.S. Markets.*

Non-traditional reinsurance, which includes asset-intensive and financial reinsurance, played an increasingly significant role within the U.S. Operations' operating results. RGA's portfolio of asset-intensive products, including fixed and variable annuities, universal life, and other life blocks, performed well in 2013 due to improved investment margins and strong equity performance. The returns on this business have exceeded expectations since inception. Financial reinsurance transactions within the U.S. market increased as clients sought capital and risk solutions to alleviate surplus strain and regulatory requirements. RGA executed several large, new XXX and AXXX transactions during the year. RGA is exploring U.S. longevity risk opportunities, especially in the pension buy-out market.

In the U.S. group market, RGA offered capacity and healthcare expertise to health plans, self-funded employers and new risk-taking organizations in an era of expanding risks and claim liabilities as a result of healthcare reform. RGA also continued to identify new ways to support its group life, accident and disability clients, introducing new value-added tools and services to an already-extensive list for both traditional product lines and in the expanding voluntary products market.

Within the U.S. market, long-term care reinsurance represents an increasingly significant business line for RGA as aging populations transition from acute to chronic diseases. In 2013, RGA supported insurance carriers by applying its extensive experience in risk mitigation to enhance their underwriting, pricing and claims management processes.

Global Financial Solutions

In addition to providing insurers around the world with traditional mortality protection, through RGA's Global Financial Solutions (GFS) team, RGA is able to provide capital and financial solutions to help them improve their capital efficiency and address reserve and solvency requirements. These abilities, combined with RGA's strong biometric expertise and close relationships with clients across the globe, put RGA in a unique position to offer broad, holistic solutions to the life insurance industry.

In 2013, RGA's GFS business, comprising financial reinsurance, asset-intensive reinsurance, and longevity reinsurance, exceeded operating income targets, with strong momentum demonstrated across all markets. By the end of 2013, RGA provided \$6.9 billion of statutory surplus through financial reinsurance transactions. Fund value related to asset-intensive reinsurance is \$14.5 billion and continues to generate

significant income. The GFS business provides both a growing source of income to RGA and risk diversification relative to RGA's other businesses.

Growth of customized risk and capital solutions to support U.S. clients increased significantly and activity also increased in key Asian and European markets, as more companies sought help with addressing regulatory changes and capital requirements, and in de-risking their portfolios through strategic business divestitures.

RGA completed several major fee-based transactions supporting traditional savings products in 2013. These and similar fee-based reinsurance transactions provide significant relief to clients' regulatory capital requirements, and return steady fee income to RGA over an established term.

In the U.K., RGA executed its first financial reinsurance transaction in

that market, to provide new business financing for an underwritten annuity provider. RGA entered the longevity market in the U.K. in 2008, and has reinsured approximately \$19 billion since then, with strong levels of activity expected in 2014.

Several large XXX and AXXX reserve financing transactions were completed during the year, supporting U.S. clients with reserve requirements and providing RGA with long-term income potential as underlying reserves grow.

RGA entered the stable value wrap market in 2012, recruiting an experienced team of market veterans to manage these types of contracts and their underlying investment risks. The business performed well in 2013, and more than doubled to \$4.6 billion on 41 contracts. RGA expanded its product coverage to include pooled funds and plans with money market options.



Gaston Nossiter, Senior Vice President, Business Development, Asia Pacific, Global Financial Solutions.



Paul Sauvé, Senior Vice President, EMEA, Global Financial Solutions.



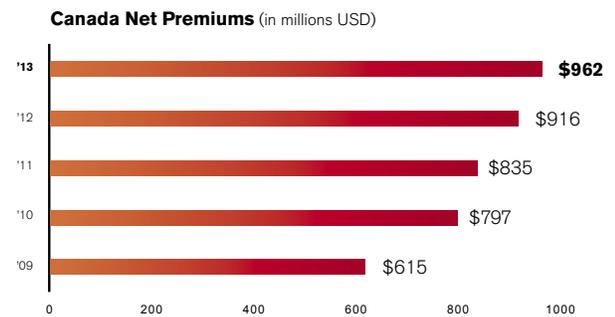
Cormac Galvin, Vice President, Business Development, United Kingdom and Ireland, Global Financial Solutions.

"2013 was a very good year for GFS. We saw strong execution in all of the regions we serve and in all of our product lines. The strategy we initiated years ago, to bring our expertise closer to our clients, is coming together nicely."

- David Boettcher, Executive Vice President and Chief Operating Officer, Global Financial Solutions.

Canada Operations

RGA's Canadian division (RGA Canada), which operates through its subsidiary, RGA Life Reinsurance Company of Canada, experienced a solid year in 2013. Revenues exceeded \$1 billion for the third consecutive year, at \$1.2 billion, representing an increase of 4% over the previous year (or 7% in original currency).



Premium income was \$962 million, up 5% from 2012 (or 8% in original currency). Pre-tax income was \$164 million, a decrease of 12% (or 9% in original currency) from a very strong 2012 result. For the seventh consecutive year, RGA Canada wrote the leading share of individual life recurring new business in this key market, maintaining its approximate one-third Canadian market share. RGA Canada's continued strong client relationships and excellent customer service at a competitive price have led to its position as a leader in the market and its growing success as it expands into related lines of business such as individual living benefits, group life and health, and longevity.

Despite a decline in life insurance cessions in Canada as companies retained more mortality risk, insurers continued to make widespread use of reinsurance in 2013, ceding an estimated 65% of all new life business, as measured by face amount. RGA Canada's new assumed individual life reinsurance volume was approximately C\$46 billion in 2013. The division sought to enhance the value of yearly renewable term (YRT) mortality reinsurance by promoting an innovative approach to lapse reinsurance, exploring the growing interest of insurers in ceding lapse risk through coinsurance. RGA Canada's new business volume and in-force business, which surpassed C\$400 billion in 2013, position the division for sustained premium growth, reflecting the long-term duration of the underlying Canadian individual life insurance products, paired with YRT reinsurance arrangements where premiums generally increase with age. In 2013, close to 70% of the division's premium base was individual life recurring premiums.

RGA Canada continued to focus on growth opportunities in individual living benefits, group life and health, and longevity products in 2013. RGA Canada's share of critical illness reinsurance, estimated at one-third of the market, supports more than 50% of the companies active in this sector. The division pursued opportunities to develop its longevity reinsurance business, hosting a longevity seminar for potential clients to discuss and promote RGA's leadership through an understanding of key industry issues and a global perspective on mortality trends.



From left: *Micheline Dionne, Senior Vice President, Chief Actuary; Ben Miclette, Vice President, Living Benefits; James Ciamarro, Assistant Vice President, Longevity; and Lucie Cossette, Director, Individual Life Claims.*

RGA #1 in Business Capability in Canada – NMG Consulting 2013 Study

In NMG Consulting's 2013 study of ceding companies, RGA Canada was ranked first overall, for the fifth consecutive time, on the Business Capability Index. The 2013 study also rated RGA Canada first across all key business segments including

individual life, individual living benefits, group life and health, and across the core functional areas of business development, underwriting and claims.

The group life and health team enhanced its growing presence in the market with successful Leaders' Forums for both claims and group underwriters. The voluntary benefits initiative, which began in 2012, continued through 2013 with targeted clients.

RGA Canada's underwriting team, which is central to the division's ongoing success in individual life reinsurance, processed more than 35,000 facultative applications in 2013. The underwriting team enhanced its visibility with clients by increasing support for living benefits, with an emphasis on growing capabilities to support disability products. RGA's underwriting manual continues to evolve and is well-positioned to support the full range of product offerings in the Canadian market. Value-added underwriting services including GULF, an RGA underwriting training program,

were piloted with two clients, as well as AURA[®], which offers Canadian clients an electronic underwriting solution to build efficiencies and share knowledge. The growing client interest in the analysis of underwriting data to support improved efficiency in risk selection aligns well with increased use of RGA Canada's research capabilities on client-focused initiatives.

In 2013, RGA Canada maintained its firm commitment to the growth and success of the insurance industry in Canada through participation and leadership roles across a number of industry bodies, including the Canadian Life and Health Insurance Association, the Canadian Institute of Actuaries, the Society of Actuaries and the International Actuarial Association.

Serving Multinational Insurers

RGA's Global Accounts team serves the often-complex needs of multinational life and health insurance clients.

Today, the global economic environment and evolving regulatory landscape present a number of challenges and opportunities for global insurers. In response, multinationals are striving to refocus on core businesses, pursue growth in emerging markets, optimize in-force business, shift product mix toward protection products, improve operational efficiency and increase controls.

Global Accounts helps multinational insurers achieve these goals, in part by combining its broad global perspective with the in-depth knowledge of RGA's local offices and subject matter experts. Together, they provide clients with the products and services that address both local and global needs. Throughout 2013, RGA worked with a number of multinational insurers on initiatives ranging from capital solutions to product development initiatives, including some listed below.

The Global Accounts team and its colleagues helped one multinational develop a capital solution that would reduce the client's local statutory margin volatility, while also providing the ability to upstream dividends to address home-country needs and take into account consolidated capital requirements. RGA also works with the local regulator and auditor to ensure every effort is made to give comfort and transparency to all stakeholders.

Global Accounts assists multinationals with product development initiatives that span multiple markets, by helping to improve product design and increase speed to market. The team also leverages RGA's global expertise to provide support in other areas, such as by helping clients better leverage existing distribution channels, grow through bancassurance, and by sharing best practices in underwriting and claims management. Its global perspective is also helpful to clients wishing to shift their product mix to protection business (mortality, critical illness, accident and health, long-term care).

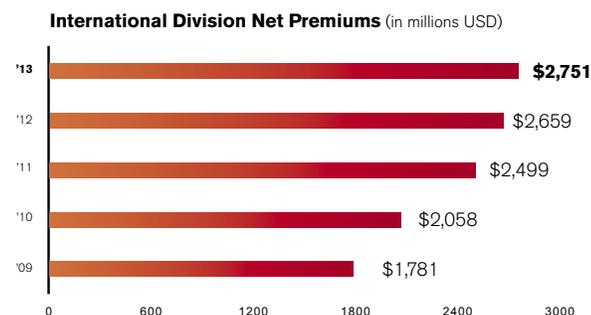
With the growing prominence of risk management and central oversight roles, many multinationals wish to establish global treaty clauses and partnership agreements. Global agreements can improve the ease of doing business, as local offices need not renegotiate terms case-by-case. In one example, Global Accounts worked with a major multinational to develop a global partnership agreement that now governs its overall relationship with RGA.

Through an in-depth understanding of RGA's clients and the markets in which they operate, Global Accounts helps multinational clients with their unique needs. It also provides a central point of contact to increase the ease of doing business with RGA.

"We want our clients to view us not only as a solution provider, but also as an essential long-term partner," said Paul Nitsou, Executive Vice President, Global Accounts. "By combining our global knowledge with the expertise of our local offices, we believe RGA can help our clients achieve their immediate and long-term goals."

International Operations

RGA's international operations reported \$1.1 trillion of life reinsurance in force in 2013, with net premiums rising 3% to \$2.8 billion. Through operations in Asia Pacific, Europe, India, Latin America, the Middle East, and South Africa, the RGA International division accounted for 33% of the company's net premiums in 2013.



Asia Pacific Operations

RGA's Asia Pacific operating segment, with offices in Australia, New Zealand, Japan, Hong Kong, Taiwan, South Korea, Malaysia, China and Singapore, serves countries throughout Asia. In 2013, the segment reported net premiums of \$1.4 billion and revenues of \$1.5 billion, increases of 5% and 3%, respectively, over 2012. Reinsurance products offered by RGA in the region include individual and group life reinsurance, living benefits (critical illness, disability income, longevity, health and long-term care) reinsurance, retakafu, superannuation, annuity reinsurance, and financial reinsurance.

Along with other reinsurers in this market, RGA **Australia** experienced a weak year in an industry that suffered poor financial results. Very poor experience in group total and permanent disability (TPD) lines, high retail lapses and poor disability claims experience across the Australian market, led to disappointing results in the life insurance market and material losses in the life reinsurance market in 2013.

Drawing on RGA's resources globally, RGA Australia conducted a successful project to investigate the underlying drivers in its experience and the material issues embedded in the industry's lump-sum disability products. The company assumed a thought-leadership role in reviewing the sustainability of the group disability market, and remains focused on stabilizing experience and generating sustainable product offerings. In that regard, RGA is devoting significant resources to the creation of dialogue and research that will lead to more-profitable life insurance products for the industry. In addition, substantial progress was made by the office in reviewing individual treaty profitability and, where appropriate, re-pricing certain individual business treaties, the effects of which are expected to emerge progressively over the next several years. In doing so, RGA used an open and transparent approach with clients aimed at improving both RGA's and its clients' profitability.

With many reinsurers suspending quoting in the group market and reduced insurance capacity in group tenders by cedants, the reinsurance marketplace is in a state of flux. RGA believes it is well-positioned to respond to the evolving needs in the market and to tailor more effective, sustainable solutions to manage price and risk.

Regulatory supervision of the industry through the Australian Prudential Regulatory Authority (APRA) was heightened in 2013, with implementation of a new capital framework, prompting cedants to review their capital deployment. Broad changes in regulatory capital standards were introduced in Australia in January 2013. Further regulatory changes are anticipated in 2014 to ensure that all risk issues are adequately documented and appropriately priced.

In New Zealand, insurers were largely spared the severe deterioration in claims experience seen by Australian companies. Lapse and income disability concerns were also not as apparent. RGA New Zealand worked closely with clients to educate and share ideas on premium structures and specialized underwritten products, developed new products that addressed affordability and lapse concerns within the market, and facilitated improved claims management for mental health and other medical issues through specialist providers.

Product Development in Asia: Innovation in Practice

RGA has achieved significant success supporting insurers in Asian markets through the development of new products to help them compete and thrive.

As Tony Cheng, Senior Vice President, Head of Asia, states, “Product development is on a different plane in Asia and clients seek a reinsurer that has a strong team of local professionals and that is able to combine their technical capabilities with strong practical and commercial solutions. Companies need to have exciting new products in their markets to meet the changing needs of their customers. RGA has the innovative culture and has invested in the right people to continually feed the distribution systems of our clients throughout all of Asia.”

In 2013, successful products developed by RGA included a staged cancer product launched in Korea, and a ‘bucket’ critical illness solution marketed in Hong Kong that provided early-stage critical illness coverage even after the occurrence of a late-stage event. RGA developed a cancer reimbursement product that reimburses various costs associated with the new forms of treatment of cancer as medical technology advances. RGA also developed the first Internet-issue term life product in Indonesia, and continued to expand its early-stage critical illness product offerings with launches in Indonesia, Malaysia and Singapore. The Asia offices’ successful development of living benefits products, with advances in critical illness and customized cancer products, have been eagerly embraced by insurers in these markets.

The process of product development differs by market, based on unique sets of capital, risk, regulatory, demographic, and other requirements. For example, in Korea, the thoroughness of the

regulatory process requires patience and persistence by product development teams, as new products may progress slowly through regulatory reviews. In Japan, while insurers have been active in product development for several years, competition is now increasing, as rapid deployment of new products in the market has become essential. In China, RGA will be taking what it has learned in many other markets to help insurers grow and develop in this burgeoning market.

In many markets, there is also immense pressure on social health systems as populations age, so these populations seek to pay premiums until retirement in products that also ensure they have coverage for life. In emerging markets the growing middle class is only now becoming able to afford the premiums to buy products that protect their new social economic status. RGA not only supports and assists its clients but, more importantly, contributes to the development of solutions to these social challenges.

RGA experts understand product design, premium structure, distribution channels, commission structures and how products will be received by local markets to satisfy customers’ needs. They bring nimbleness to the process, along with actuarial and underwriting prowess, innovation, and strategic and tactical strength. RGA’s global network provides it with a solid understanding of how and what is being sold around the world, which helps its experts align products and distribution channels to serve markets effectively.

“Success begets success – by creating strong product offerings that benefit growing consumer markets as well as insurers, RGA has become the ‘go-to’ firm in Asia for product development.”

– Allan O’Bryant, Executive Vice President and Head of Asia Markets.

RGA **Japan** posted a highly successful year in 2013, with net premiums increasing by 23% to \$171 million. RGA remained the leading facultative underwriter in Japan, processing a record number of cases.

As the Japanese economy improves, more insurers are seeking ways to raise capital to support future growth. RGA Japan completed several capital-motivated reinsurance transactions to serve their requirements, and expanded its license in 2013 to enable the office to provide a broader range of reinsurance solutions to the market.

Japanese insurers are increasingly interested in digitizing their policy issue process. RGA's leading e-underwriting platform, AURA, provides a cost-effective, easily deployed solution. In 2013, RGA doubled the number of AURA implementations in Japan, from four to eight, and expects continued expansion given its strong pipeline of prospects.

RGA **Korea** continued to leverage its underwriting expertise to contribute to business growth. The team reviewed more than 22,000 cases facultatively during the year. "Underwriting as a Business" initiatives led to several successful developments, including automatic underwriting rules consulting for the first online insurer in Korea, successful implementation of RGA's e-underwriting system, and the application of predictive modeling to enable insurers to increase sales via upsell/cross-sell initiatives.

One of the leading trends shaping the Korean market during 2013 was the resurgence of standalone cancer products. Following more than eight years of product development and regulatory reviews,



From left: Ray Jeon, Assistant Vice President, Business Development; Hannah Nam, Chief Customer Officer, Product Planning, Underwriting and Claims; Jason Zhang, Chief Pricing Actuary; and Michael Shin, Chief Executive Officer, RGA Reinsurance Company Korea Branch.

the first-ever severity-based cancer product for staged cancer, developed by RGA Korea, was granted product approval and launched in September. The product was recognized as an excellent insurance product by the Financial Supervisory Service in 2013. Complex, severity-based products formed a promising foundation for RGA Korea's leadership in this sector. In December, a scaled critical illness product was also granted approval by the Korean regulator, and was launched in January 2014.

In 2013, RGA **Taiwan** began to provide reinsurance support for whole life cancer and whole life critical illness annuities products, which are popular products within the Taiwanese market but have had limited reinsurance support in the past.

The office is working with a large life insurance company, and is using predictive modeling to identify potential clients who are more likely to purchase health products. If successful, the initiative will increase the closing rates for the product.

As the leading long-term health business reinsurer in Taiwan, RGA conducted several focus group studies with bank customers and bank financial advisers and a "Voice of the Channel" exercise with a large agency force to understand how to increase the sales of this product. RGA Taiwan completed an industry experience study for health products in 2013, the first conducted in the market, and provided its findings to the participating companies.

Development of the local insurance industry remained a priority. The Life Insurance Association (LIA) invited RGA to participate in the standardization of critical illness and long-term care definitions. RGA shared information with the regulator, the Taiwan Insurance Institute and life insurance companies on the topics of reinsurance and financial reinsurance regulatory changes in other markets to support their ongoing review of business initiatives in the reinsurance sector.

RGA **Hong Kong** and Southeast Asia posted strong results and launched a number of successful new product initiatives in 2013. These initiatives included an innovative limited-pay, multi-pay, multi-staged critical illness product in Hong Kong; a cancer reimbursement product in Hong Kong; and the first limited-pay critical illness product and a high-end medical product, both in Indonesia.

Critical illness and health insurance have become more important as Asian countries see an increase in diabetes and heart disease, and a rise in cancer, paradoxically in line with improving mortality. Given the strong savings culture of Hong Kong and Southeast

Asia, savings elements are often embedded in protection products, with a trend toward limited-premium-paying products. Despite the aging populations in some more-developed countries, there is still low awareness of the need for protection products for the senior market, such as long-term care, and companies are only beginning to develop solutions to penetrate the senior market.

The trend to diversify and expand distribution through banc-assurance continued in 2013; however, the traditional agency channel still dominates the protection business in Hong Kong and Southeast Asia. Sales of simple protection products through bancassurance and direct marketing channels were supported through a number of RGA-provided solutions, including simplified- and guaranteed-issue underwriting, electronic underwriting, and predictive modeling. More companies are considering implementing e-underwriting, not only to improve back-office efficiency, but also to support new business development, by enabling point-of-sales underwriting decisions in banks.

Malaysia Life Reinsurance Group Berhad (MLRe) conducts business with all Malaysian life insurance companies and delivers services to companies in neighboring countries. The business is a joint venture between RGA, which owns a 30% share, and the Life Insurance Association of Malaysia. In 2013, MLRe continued to lead the local life reinsurance sector, increasing gross premiums



From left: Andy Hui, Head of Business Development, Hong Kong and Singapore; Carmony Wong, Head of Underwriting Business Development, Asia, RGA Reinsurance Company Hong Kong Branch.

by 15% over the previous year to RM 264.2 million, and the operation's facultative case count rose to 14,266 cases processed.

Takaful is important in Muslim areas such as Malaysia, Indonesia and Southern Thailand, which prefer a Shariah-compliant and sanctioned method of providing financial protection. RGA established a services company in Labuan, Malaysia in 2009, to support insurers that wish to offer this product.

RGA BUSINESS LINE

International Health Reinsurance

The global health insurance market continues to expand, as middle-class cohorts are building rapidly in Asia, increasingly demanding more-comprehensive, high-quality healthcare. In mature economies, governments are turning to insurance companies to assist in the facilitation of the fast-growing elder cohort's healthcare needs.

These trends create opportunities for RGA to bring its proven capabilities in customized product development and value-added services to health insurers

around the world. With dedicated healthcare reinsurance professionals now located in several of the world's health insurance markets (Hong Kong, India, Italy, Mexico, South Africa, the U.A.E., and the U.K.), RGA provides insurers with competitive pricing, underwriting and claims management expertise, as well as in-depth knowledge and understanding of these markets.

During 2013, RGA supported clients seeking to build distinctive standalone private medical insurance, through the

development of several distinctive market-tailored health products for insurers, including a successful cancer-specific medical reimbursement product in Hong Kong. The international health team is also working closely with the health authority of Dubai on its planned rollout of compulsory health insurance for foreign nationals. Value-added services benefitting insurers included both broad and granular market analyses, key opportunity alignment studies, and experience analysis.

With the granting to RGA in 2013 of a preparatory license from the China Insurance Regulatory Commission for a branch office, RGA **China** is preparing to provide full services to this market later in 2014. RGA Reinsurance Company has maintained a presence in China since 2005 through its Beijing Representative Office.

Over the past decade, rapid and robust economic growth in this market, one of the world's most populous, has led to China becoming one of the strongest potential markets for life insurance. Per-capita incomes are rising, generating a growing middle

class with asset and income protection needs, and the fast-aging population will also generate a vibrant market for longevity protection. Regulatory improvements over the past few years in China's capital and risk standards and in bancassurance, as well as reforms in health and pension systems, have placed the country's insurance market environment on a stable footing for future growth.

RGA BUSINESS LINE

Group Reinsurance

RGA's group reinsurance business encompasses workplace and other group products offered to employer/employee groups and creditor or association business underwritten on a group basis. Products cover life, disability, medical, accident and critical illness lines, as well as catastrophe coverage.

In the U.S., healthcare reform was a significant factor in the employee benefits market during 2013 as employers, health plans and providers continued to prepare for implementation of the Affordable Care Act⁵ in 2014. In response to implementation of the Affordable Care Act, RGA continues to bring new products to the market to meet its clients' needs.

RGA is a leader in group life, disability and accident reinsurance in North America, including supporting carriers interested in offering ancillary voluntary worksite products, such as critical illness. In 2013, RGA introduced an online underwriting app, named Quest, to provide North American customers with immediate access to information and insights for group life, disability and accident reinsurance providers. Quest supplements RGA's already-extensive services to group life, disability and accident reinsurance clients, such as expanded publications, client educational seminars, and customized actuarial services that include quarterly earnings reports and predictive modeling. In addition, RGA conducted

more than 30 customer-directed market surveys for this sector across the globe in 2013.

Globally, RGA helped group clients take advantage of opportunities via established employer-provided benefits and in emerging voluntary benefits markets. RGA took a significant step toward greater efficiency and enhanced customer service during the year by expanding its proprietary group administrative system "Raptor" to Mexico, and initiating a similar installation in Australia.



"RGA's experience in healthcare claims and pricing was especially valuable to health plans and self-funded employers in a new environment of unlimited claim liability and expanded risks for Medicaid plans. In addition to risk-taking capacity, RGA clients benefited from the ROSE[®] Program, which helped health plan clients save \$17.5 million through multiple catastrophic case management services."

- Mike Emerson,
Executive Vice President, U.S. Group and Latin/South America.

⁵The Patient Protection and Affordable Care Act (PPACA), commonly called the Affordable Care Act, is a United States federal statute signed into law on March 23, 2010.

Europe, South Africa, Latin America, India and Middle East Operations

RGA's Europe, South Africa, Latin America, India and Middle East segment operates from offices in France, Germany, India, Ireland, Italy, Mexico, the Netherlands, Poland, South Africa, Spain, Turkey, the United Arab Emirates, and the United Kingdom. The segment reported net premiums of \$1.3 billion in 2013, a 2% increase over 2012, and revenues of \$1.4 billion, a 4% increase. Principal reinsurance products provided by the segment include individual and group life reinsurance, asset-intensive reinsurance, financial reinsurance, critical illness coverage, and longevity risk related to payout annuities.

RGA **U.K.** wrote nearly \$900 million of premiums in 2013, of which more than \$100 million was new business.

While economic conditions improved by the end of 2013 in the U.K., incomes remained stagnant and household finances were strained, leading to decreased demand for insurance. Many regulatory and legislative changes have affected all areas of the sector. Price competition in the primary market remains strong. In 2013, RGA U.K. maintained its position as the second-largest life and critical illness reinsurer in the market.

Product development created new opportunities for industry growth. In the U.K., disability income and income protection products drew little interest by consumers or insurers, as their generous benefits and complicated processes led to expensive premiums and low sales volumes. In 2013, working closely with a key client, RGA developed a short-term "sick pay" product that reduced the cost of cover, generating sales in a new area of the market.

Investment in technical research enables RGA to offer the most-accurate prices and advice to its clients. In 2013, the office commissioned a polling firm to produce one of the largest surveys ever of the health status of the British population, to improve underwriting and augment predictive modeling capabilities.

RGA U.K. entered the underwritten annuity market in 2007, and by the end of 2013, held a 30% share of the U.K. underwritten annuities reinsurance market. RGA assumes biometric risks of these products, and the company's underwriting manual and AURA e-underwriting engine help clients to generate electronic decisions on more than 90% of cases. In 2013, AURA produced quotations on more than 1.5 million underwritten annuity cases. Since entering the market, RGA has enabled clients to underwrite more than 77,000 manually underwritten annuity cases, when electronic decisions could not be offered.

The primary market for longevity swaps was active, with over \$24 billion of liabilities de-risked during the year. High levels of activity are expected to continue into 2014. RGA benefited from this activity in 2013, reinsuring liabilities with a present value of approximately \$5 billion in longevity swaps. Since entering the market in 2008, RGA has reinsured approximately \$19 billion in total.

In 2013, RGA U.K. executed its first financial reinsurance deal to provide new business financing for an underwritten annuity provider.

RGA **Spain** successfully developed a number of new products for its clients. New critical illness covers were launched with several insurers, while a simplified-issue product was also launched to comply with regulatory change under the Gender Directive, based on pricing factors other than gender.

An unfavorable macroeconomic environment persisted in Spain and Portugal in 2013, straining development of insurance activity, both in savings business and in risk protection. Credit life business, previously viewed as the primary driver of individual new business, suffered a significant drop, while group business remained highly competitive.

Concerns regarding the sustainability of public coverage, awareness in the population of the need to increase their current protection and private retirement pensions, and an anticipated new tax law that may include tax benefits for life products may contribute to growth for the private insurance market. For the first time in several years, however, the economic outlook shows a positive trend that may lead to the end of the economic recession.

In 2013, RGA **Netherlands** developed several new products with insurers and distributors, including specialized solutions for individual term life, whole life and critical illness reinsurance. The Dutch team also entered the pension market for group business, with RGA providing

RGA Automated Underwriting for Impaired Annuities

Among the many innovations RGA has developed to benefit insurers is its underwritten annuities solution for the U.K. market.

Though there is a strong appetite for annuities in the U.K. market, RGA saw that insurers there were struggling to assess and underwrite annuities for applicants with medical conditions.

Since RGA entered the impaired annuities market in 2008, the market has quadrupled in size. RGA now has an estimated 30% market share in the impaired annuities market in the U.K.

Having identified a business need, RGA U.K. quickly moved to develop an impaired annuity that could create opportunities for insurers. Because the overall design was a cooperative effort, with RGA's customers providing input, the end result more closely meets insurers' needs.

Annuity applicants with impairments or significant risk factors can receive quotes quickly, reducing to minutes an application process that had often taken weeks. 90% of applicants need not submit to medical underwriting. RGA's solution helps insurers assess, price and approve applications faster and more accurately.

Reducing the complexity and cost of underwriting an impaired annuity has enabled companies without medical underwriting teams to underwrite annuities, in a market currently growing by 25% annually. Insurers already in the market have captured additional market share. One RGA client has seen its market share grow from 0.7% to more than 15%.

RGA was first to market with automated, individual, granular underwriting rules for impaired annuities, taking a costly, complex process and reducing it, in many cases, to a straightforward "data in – decision out" proposition.

The solution had to be flexible. The ways companies sell annuities can vary a great deal, so RGA's solution provides a consistent experience and reliable results across a wide variety of input options. This Cloud-based, platform-agnostic solution supports traditional (paper-based) applications, agent-advised applications, and online, direct-to-consumer applications.

The system grows as it learns. RGA weighs the impaired annuities decisions against the mortality data gathered, then uses that data, plus emerging information about existing conditions, and builds the new information back into the system. RGA leverages the data to fine-tune the rules and to add coverable conditions as time passes.

The timing of this innovation was perfect. Automated underwriting technology and advanced rules development were maturing, just as the prevalence of impaired annuities was growing. RGA's automated underwriting of impaired annuities was an innovative solution at a critical moment of opportunity.

RGA Automated Underwriting for Impaired Annuities solution was recognized in the Innovation Showcase, published in the January 2014 issue of Best's Review.

mortality and disability products as a risk carrier. Both insurance companies and pension funds showed interest in capital-motivated solutions, and RGA provided insights on longevity and asset-intensive reinsurance with the industry, concentrating on the impact of Solvency II on direct writers preparing for regulatory changes.

RGA **Germany**, which serves all German-speaking countries through the Cologne branch office, made inroads with both domestic traditional life offices as well as local operations of large global insurers through collaborative product development supporting actuarial and risk management needs. Protection products, such as disability and long-term care reinsurance, promised additional opportunities for further development.

Regulatory reforms and continuing economic strain, challenges felt throughout the Eurozone, placed pressure on insurers and may force changes in the product and distribution landscape as they seek support via reinsurance and tailored financial solutions.

RGA operations in **Central and Eastern Europe** expanded the scope of products and services offered to clients in the region, ending 2013 with more than 60 treaties in force, serving multinational clients in 10 countries. Demand remained strong for traditional automatic and facultative life reinsurance, pricing research, market analysis and new product development. RGA was again recognized by NMG Consulting as one of the fastest-growing life reinsurers in Central and Eastern Europe, and continued to fulfill a significant role within the region by sharing its global knowledge and experience, introducing new life and health products to the market, and conducting actuarial and underwriting training for clients. Moreover, the office provided insights into newly arising distribution channels, direct marketing, bancassurance, and employee benefits.

RGA **France** advanced the use of reinsurance as an efficient capital management tool, developing customized solutions for several key clients in 2013 within very compressed time frames. RGA offers clients financial expertise and the ability to model complex financial risks, and has successfully capitalized on the realignment of the financial services industry and coming regulatory changes through these structured solutions.



From left: Philippe Busser, Business Developer, Catastrophe; Damien Migout, Business Developer, Marketing; David Dubois, Head of Business Development; and Julien Chartier, Business Developer, Marketing; RGA International Reinsurance Company Limited, Branch Office for France.

Under new rules and regulations, reinsurance is increasingly viewed as an efficient capital management tool for ceding companies that wish to mitigate risk and volatility. With Solvency II to become effective in 2016, the office is planning ahead to design solutions that will be effective under that regime.

RGA **Italy** posted strong results in 2013, despite the fact that the insurance market and economic environment remain strained. Within a continually changing regulatory environment, there is growing interest in capital management solutions providing surplus relief and cash. Underinsurance remains an issue, with priority placed on development of products tailored to local needs. Simplified-issue products sold through the bancassurance channel and living benefits solutions created by RGA helped insurers address the underinsurance challenge.

RGA enhanced its medical reimbursement group portfolio in Italy, providing individual dental products sold via bank and post office distribution channels.

Since being granted its regulatory license in 2011, RGA **Middle East** has become a strong presence in the region as a leading reinsurer known for its capacity, rating security and local accessibility, and as a provider of technical support and innovative solutions. The office currently serves 40 clients and continues to expand its reach throughout the region. RGA wrote a number of treaties in Saudi Arabia and Qatar in 2013, and also successfully implemented a financial reinsurance transaction. Facultative underwriting activity increased by 36% over 2012.

Global Acquisitions

Acquisitions remain an important component of RGA's growth and diversification strategy. The acquisition of blocks of run-off life insurance business tends to be unpredictable, and consequently is pursued opportunistically within RGA. In 2013, the Global

Acquisitions team identified and pursued numerous opportunities from various regions, evaluating those with greatest promise in terms of risks and rewards. Several were reviewed in conjunction with partners who brought complementary risk appetites and capabilities, to offer a

better solution for the seller. While no transactions were concluded during 2013, as competition for the acquisition of life blocks remained intense, RGA continues to evaluate opportunities with discipline and prudence, to support its long-term success.



Richard Leblanc, Senior Vice President, Global Acquisitions.



Gary Finkelstein, Senior Vice President, Global Acquisitions.

*"Our approach to acquisitions is very similar to our organic reinsurance business – comprehensively evaluate opportunities, be transparent on our view of the business' value, offer a fair price, and always interact in a manner that recognizes that signing the purchase agreement is just one stage of a long relationship," said **Richard Leblanc**, Senior Vice President, Global Acquisitions. "During 2013, we strengthened our capabilities, refined our processes, and are entering 2014 well-positioned and with even more determination to succeed."*

RGA focused on supporting its clients with several impending regulatory changes that have been announced within the region, including the Mandatory Health Insurance Law announced in Dubai, which will be implemented in a phased manner over the next several years.

RGA **India** continued to experience robust business flow and increased its client base in 2013. Product development for emerging sectors and new distribution channels remained critical to growth, as RGA introduced several innovative products to both life and non-life companies in India and Sri Lanka. Mortality results were better than anticipated, while morbidity results were concerning, reflecting industry competitiveness and medical trends in shorter-term health products.

RGA offered unique insights to clients in India through rigorous surveys. The office conducted a second industry-wide health survey on claims management, an inaugural survey on fraud in the life and health business, and its annual survey on the group business in India. RGA partnered with Indian clients to manage dramatic regulatory change in product design and risk-sharing frameworks, while preparing for further changes anticipated in 2014 related to proposed increases in foreign ownership of insurance companies, and to the potential requirement to establish a reinsurance branch in India.

In 2013, RGA **South Africa** maintained the strong momentum it has built over the past several years with another excellent performance, achieving more than 26% growth in overall premium income.

Facultative underwriting has been a primary focus and business driver, and RGA's South African underwriting team processed 22,951 facultative cases in 2013, an increase of 5% over 2012. Market research continued to be an important service to RGA clients in the region. RGA's bancassurance survey, released at the beginning of 2013, generated significant interest among clients, many of whom participated in strategic discussions following the survey's publication in an effort to facilitate improvements in this important distribution channel.

RGA **Latin America**, operating out of Mexico, supports not only life insurers in Mexico but also serves as a business hub to service insurers throughout the entire region. The full-service office is active in traditional group life, individual life and health reinsurance. As the region's economies stabilize and strengthen, the insurance markets continue to grow, and product development expertise and the ability to deliver a full suite of reinsurance options to local insurers become increasingly important.

Over the last several years, RGA Latin America has gradually expanded its footprint throughout Latin America. The company increased the number of markets it serves within the region, and is in the process of developing its presence in Brazil via the formation of an admitted company in São Paulo. RGA's Mexico office, which celebrated its 15th year of operations in 2013, has experienced steady growth over the years, with rising demand for its facultative underwriting, group reinsurance, and health reinsurance services.

Regulatory changes in Mexico and across Latin America are important to the region's future development. RGA remains actively involved supporting its clients who are adapting to evolving market landscapes, focusing particularly on Solvency II regulation in Mexico that is targeted for implementation in 2015.

RGA opened its newest operation in Istanbul in 2013 with the establishment of RGA Global Reinsurance Company Ltd. Turkey Liaison Office. During its first year of operation, RGA **Turkey** sought new ways to support clients in this market, including a Turkish translation of AURA, RGA's electronic underwriting platform. The office receives support from several other RGA operations in regard to pricing, underwriting and administration, thereby leveraging RGA's global expertise to the benefit of the Turkish market.

Over the past decade, the life insurance market in Turkey has changed dramatically, as protection business grew to dominate the market, overtaking savings life products. Distribution expanded to include bancassurance and other alternative distribution channels, with the majority of life products in Turkey currently sold through banks. Favorable demographics and completion of several key legislative processes enhancing the ability of citizens to save for retirement have positioned Turkey's life insurance market for strong, rapid growth.

Protection for Aging Populations

Aging populations are a reality across the globe, which creates both challenges and opportunities for insurers.

Scientific, technological and medical advances have done much to mitigate the dangers of overpopulation; however, the increased life expectancy and lower birth rates in many countries have led to problems associated with the ability to support rapidly aging populations. Around the world, populations now face the strain of economically difficult-to-support age structures, with too few young, working citizens to support the elderly and infirm sectors.

The sustainability of social safety nets and the availability of a labor force sufficient to support social services are increasingly strained as national populations age. Even at the individual family level, the burden placed on smaller families of adult children to support parents during ever-lengthening periods of dependency may become overwhelming. National public and private healthcare distribution systems will be challenged to meet their populations' healthcare needs, and the transition from the treatment of acute diseases to chronic conditions.

Governments often try to address the problem of aging populations via childbirth incentives or by encouraging immigration, which may provide some relief in regard to a country's 'population pyramid'; however, there still remains the problem of growing elderly needs, including everything from financial preparedness to independent living to acute or chronic healthcare. Governments, healthcare professionals, financial experts, insurers, special-interest groups and individuals all bear some responsibility for developing solutions to the problems of aging populations.

As they age, people hope to have secure, adequately funded retirement savings and individual protection insurance.

COLLABORATIVE SOLUTIONS

As the insurance industry increases its focus on understanding and responding to consumers' retirement and protection needs, regulatory frameworks may need to be adjusted to facilitate innovations that enhance older-age financial security, while still ensuring the fair treatment of customers and protecting the solvency of the insurance industry.

Meanwhile, the insurance industry can act as the engine of innovation, developing new products and services to protect the financial security of its customers, while governments and the insurance industry work together to provide consumer education and guidance to citizens on the need to prepare financially for retirement through saving, investing and careful planning.

Wealth protection is of growing interest and concern to aging populations; governments and the insurance industry can provide valuable assistance on this topic through education.

Government tax policy incentives and insurance company product features may also encourage behaviors to reduce burdens on social programs and future generations.

The private insurance industry plays a critical role in financing secure retirements. Governments and society benefit through reduced dependency on social safety nets, so government and insurance industry collaborations can lead to healthy and secure financial futures of the elderly for generations to come.

Working toward Better and Longer Lives

One example of the insurance industry's investment in medical research is The Longer Life Foundation, a partnership between RGA and Washington University School of Medicine. The Longer Life Foundation has been funding independent research projects on well-being and longevity in the elderly since its creation in 1998.

For more than 15 years, the Foundation has added substantially to the body of research that continues to increase lifespans and improve quality of life.

For more information, visit www.longerlife.org

LEADERSHIP

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Senior Executive Vice President and Chief Operating Officer



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President and Chief
Executive Officer,
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America, Incorporated

SELECTED CONSOLIDATED FINANCIAL AND OPERATING DATA

For the Years Ended December 31,
(in millions, except per share and operating data)

	2013	2012	2011	2010	2009
Income Statement Data					
Revenues:					
Net premiums	\$ 8,254.0	\$ 7,906.6	\$ 7,335.7	\$ 6,659.7	\$ 5,725.2
Investment income, net of related expenses	1,699.9	1,436.2	1,281.2	1,238.7	1,122.5
Investment related gains (losses), net:					
Other-than-temporary impairments on fixed maturity securities	(12.7)	(15.9)	(30.9)	(31.9)	(128.8)
Other-than-temporary impairments on fixed maturity securities transferred to (from) accumulated other comprehensive income	(0.2)	(7.6)	3.9	2.0	16.0
Other investment related gains (losses), net	76.9	277.6	(9.1)	241.9	146.9
Total investment related gains (losses), net	64.0	254.1	(36.1)	212.0	34.1
Other revenues	300.5	244.0	248.7	151.3	185.0
Total revenues	10,318.4	9,840.9	8,829.5	8,261.7	7,066.8
Benefits and expenses:					
Claims and other policy benefits	7,304.3	6,666.0	6,225.2	5,547.1	4,819.4
Interest credited	476.5	379.9	316.4	310.0	323.7
Policy acquisition costs and other insurance expenses	1,300.8	1,306.5	990.1	1,137.6	1,010.0
Other operating expenses	466.7	451.8	419.3	362.0	294.9
Interest expense	124.3	105.3	102.6	91.0	69.9
Collateral finance facility expense	10.5	12.2	12.4	7.8	8.3
Total benefits and expenses	9,683.1	8,921.7	8,066.0	7,455.5	6,526.2
Income before income taxes	635.3	919.2	763.5	806.2	540.6
Provision for income taxes	216.4	287.3	217.5	270.5	167.6
Net income	\$ 418.9	\$ 631.9	\$ 546.0	\$ 535.7	\$ 373.0
Earnings Per Share					
Basic earnings per share	\$ 5.82	\$ 8.57	\$ 7.42	\$ 7.32	\$ 5.12
Diluted earnings per share	\$ 5.78	\$ 8.52	\$ 7.37	\$ 7.17	\$ 5.09
Weighted average diluted shares, in thousands	72,461	74,153	74,108	74,694	73,327
Dividends per share on common stock	\$ 1.08	\$ 0.84	\$ 0.60	\$ 0.48	\$ 0.36
Balance Sheet Data					
Total investments	\$ 32,441.1	\$ 32,912.2	\$ 24,964.6	\$ 22,666.6	\$ 19,224.1
Total assets	39,674.5	40,360.4	31,634.0	28,670.2	24,905.8
Policy liabilities ⁽¹⁾	28,386.1	27,886.6	21,139.7	19,647.2	17,643.6
Short-term debt	—	—	—	200.0	—
Long-term debt	2,214.4	1,815.3	1,414.7	1,016.4	1,216.1
Collateral finance facility	484.8	652.0	652.0	850.0	850.0
Trust preferred securities	—	—	—	159.4	159.2
Total stockholders' equity	5,935.5	6,910.2	5,818.7	4,765.4	3,639.8
Total stockholders' equity per share	83.87	93.47	79.31	64.96	49.87
Operating Data (in billions)					
Assumed ordinary life reinsurance in force	\$ 2,889.9	\$ 2,927.6	\$ 2,664.4	\$ 2,540.3	\$ 2,325.1
Assumed new business production	370.4	426.6	428.9	327.6	321.0

⁽¹⁾ Policy liabilities include future policy benefits, interest-sensitive contract liabilities, and other policy claims and benefits.

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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.

RECONCILIATION OF CONSOLIDATED NET INCOME TO OPERATING INCOME

(Dollars and shares in thousands)

For the year ended December 31, 2013

	Amount	Diluted earnings per share
Net income	\$ 418,837	\$ 5.78
Capital losses, derivatives and other, net	95,150	
Change in fair value of embedded derivatives	(189,278)	
Deferred acquisition cost offset, net	63,966	
Gain on repurchase of collateral finance facility securities	(30,229)	
Total non-operating income (loss)	(60,391)	(0.83)
Operating income	\$ 358,446	\$ 4.95

Average diluted shares outstanding

72,461

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 strategies, earnings, revenues, income or loss, ratios, 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, that in turn could affect regulatory capital, (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, including ongoing uncertainties regarding the amount of United States sovereign debt and the credit ratings thereof, (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) action by regulators who have authority over our reinsurance operations in the jurisdictions in which we operate, (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 2013 Form 10-K.

RGAs 2013 Form 10-K is available for download via our website:

www.rgare.com/about/Pages/annual-report.aspx

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