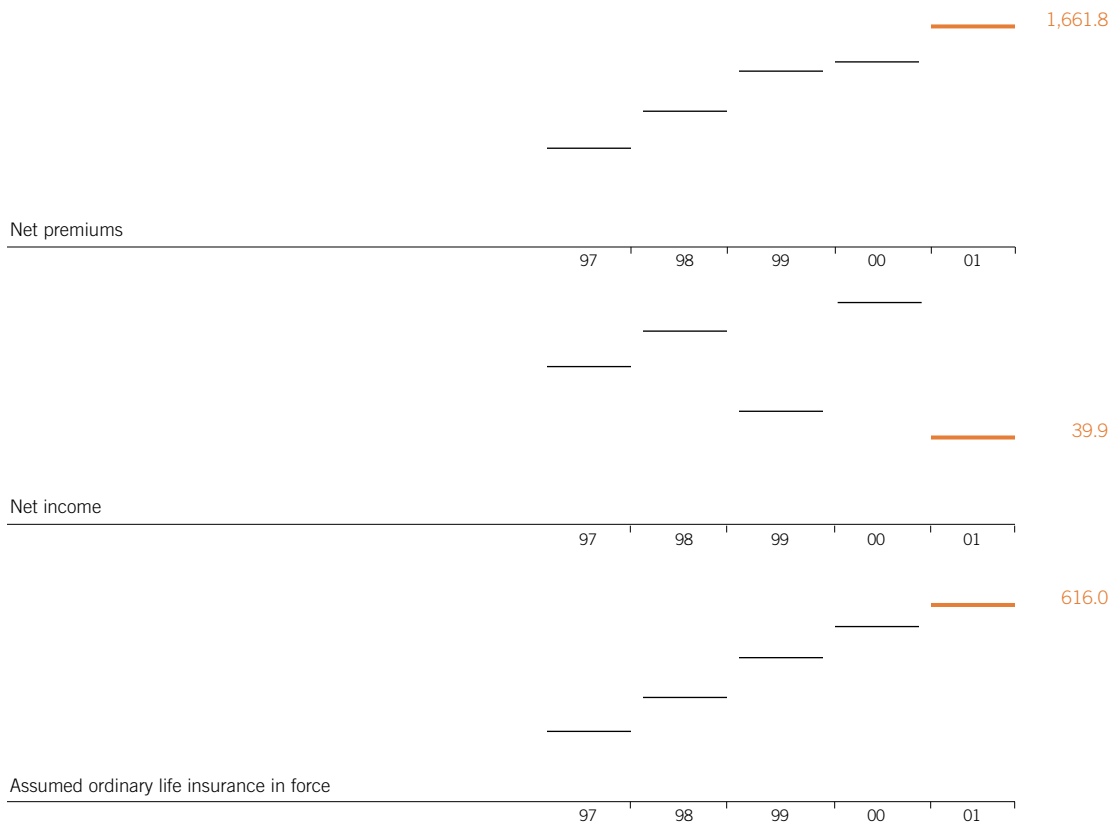




RGA[®]

Throughout human history, in art and in literature, the horizon has symbolized that which is constant, substantial, grounding
– in a word, sound.

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for the years ended December 31,	2001	2000	1999	1998	1997
Net premiums (in millions) ⁽¹⁾	\$ 1,661.8	1,404.1	1,315.6	1,016.4	744.8
Net income (in millions) ⁽¹⁾	39.9	105.8	53.0	89.7	72.6
Diluted earnings per share ⁽¹⁾⁽²⁾	0.80	2.12	1.15	2.08	1.89
Diluted operating earnings per share ⁽¹⁾⁽²⁾	1.75	2.55	2.21	2.04	1.89
Operating data (in billions)					
Assumed ordinary life insurance in force	\$ 616.0	545.9	446.9	330.6	227.3
Assumed new business production	171.1	161.1	164.9	125.0	75.9

⁽¹⁾ reflects results from continuing operations

⁽²⁾ per share information is adjusted for the three-for-two stock split paid on February 26, 1999



¹ :solid; substantial

With more than \$600 billion of life insurance in force and assets of nearly \$6.9 billion, RGA is a recognized leader in the global life reinsurance industry. We are headquartered in St. Louis, Missouri with subsidiary, representative, and branch offices in Argentina, Australia, Barbados, Canada, Hong Kong, Japan, Malaysia, Mexico, South Africa, Spain, Taiwan, and the United Kingdom. We provide risk management, risk transfer, facultative underwriting, product development and distribution, and financially motivated reinsurance to life insurance and financial services companies worldwide.

2. :that which is heard

What The Industry Is Saying

Standard & Poor's Insurance Rating Service
A. M. Best Company
Moody's Investors Service

AA (Very Strong)
A+ (Superior)
A1 (Good)

Ranked #1 for impaired life risks, 2001 FLASPÖHLER | REYES Reinsurance Survey
400 Best Big Companies in America, *Forbes* magazine, January 7, 2001

What Our Clients Are Saying "Their overall service is the best of my reinsurers." (2001 FLASPÖHLER | REYES Survey)









³. :seek to fathom or ascertain

RGA regularly conducts research to identify trends affecting mortality and related risks. We have a comprehensive database of mortality risk information, as well as thorough knowledge of regulatory requirements and actuarial valuation and capital standards. Our wide-ranging contacts in the financial services industry add to our knowledge base and afford us the ability to bring this specialized financial expertise to our clients.







4. :vibrations in the air

We have formed a new business unit, RGA Technology Partners, devoted exclusively to developing software solutions for the life insurance industry. In 2001, RGA Technology Partners introduced two new products, the Facultative Application Console and AURA. These automated tools simplify case processing and underwriting, reduce cost, and shorten turnaround time, enabling our client companies to function more efficiently and write more business. Developing new and better ways to serve our clients is an important part of our strategy to be drivers of change in the life insurance industry.





⁵. :of enduring character

Over the course of RGA's 28-year history, we have demonstrated a pattern of long-term stability and growth. Our strength and longevity are based on solid underpinnings of experience and innovation combined with sound business practices. We are resilient and have the ability to adapt to challenging conditions. We are confident in our market and steadfastly committed to our clients, shareholders and employees. We are in it for the long haul.



⁶ : *Obs.* a report; news; tidings

To Our Shareholders

We won't easily forget 2001. The terrorist attacks of September 11 caused terrible suffering and continue to change the world in ways we can't yet fully comprehend. As the shock and horror began to subside, people and organizations turned to the task of rebuilding their lives and businesses. The life insurance industry responded admirably, speeding up claims payments to victims and survivors and bearing the financial burden easily. We at RGA commend the manner in which our clients, the primary life insurers, carried out their obligations. The industry displayed considerable strength in difficult times. We extend our deepest condolences to our clients and business associates who suffered personal losses.

RGA's losses resulting from the attack stand at \$16.1 million. Our risk management programs limit the amount of risk we retain through ongoing retrocession and catastrophic coverage arrangements, and claims were well within the limits of our coverage. As a result, we were able to meet all of our obligations and remain a financially strong company.

Operational Review

Earnings for 2001 were below expectations. Mortality rates were higher than in prior years and while mortality fluctuations over short periods are part of our business, the fact that we had two difficult quarters this year was unexpected. Our analysis of claims pointed to lower returns on older business than we have historically achieved. That said, we expect future performance to fall in a range between the outstanding results of prior years and the relatively poorer results of 2001. The bulk of RGA's profits come from experience on U.S. assumed mortality risks.

At year-end, the macroeconomic turmoil in Argentina led to a need for RGA to strengthen reserves by \$35 million pre-tax on Argentine privatized pension (AFJP) reinsurance. Although we no longer write this business, the additional reserves are necessary to absorb claims development associated with the run-off of current treaties. All assets backing the reserves for this business are now held in the United States to further reduce exposure resulting from the ongoing volatility of the Argentine economy.

During 2001, company-wide premium growth was strong, with an increase of 18 percent over the prior year. This robust growth from both domestic and international operations continues the trend of recent years and speaks to the vibrancy of the life reinsurance market and the solid position of RGA. To support this growth, RGA raised \$225 million of additional capital late in 2001 in a manner that creates minimal share dilution in the short term. This capital will provide for continued growth as we move into 2002.

While 2001 results for U.S. operations were disappointing, development activity was strong. New business in the U.S. Division's core mortality segment approached the high levels of the previous year in spite of a competitive environment.

In financially motivated transactions, RGA continued to provide valued solutions and creative ideas to our clients and achieved satisfactory growth. Income before taxes increased 12.2 percent, and financial reinsurance from client companies, as measured by pre-tax surplus, was \$547.8 million in 2001, up from \$498.4 million in 2000. RGA also continues to lead in facultative life reinsurance. In 2001, this business grew nine percent in case count on a global basis, and 19 percent outside the U.S. We are one of the largest facultative writers in North America and a facultative leader worldwide. With more than 180,000 individual life applications processed, RGA's facultative business provides a substantial foundation for our operations and a long-term source of revenues.

RGA Canada enjoyed another successful year, building upon past accomplishments and producing good results. Reinsurance in force has more than doubled over a five-year period, to \$55.8 billion in 2001 from \$22.7 billion in 1996. Operating income before taxes increased three percent over the previous year. Results for RGA's Canadian segment, and international operations in general, were adversely affected by the strength of the U.S. dollar relative to local currency.

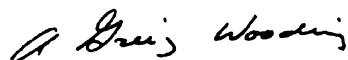
International operations in Asia Pacific, Europe and South Africa showed rapid growth and development in 2001. For the second consecutive year, revenues for the Asia Pacific Division exceeded \$100 million. These young operations have made great strides in a short period of time and are poised to deliver strong value to RGA in the coming years. On the other hand, RGA's premiums from Latin America continued to shrink in 2001 due to economic conditions in Argentina and our withdrawal from AFJP reinsurance.

Industry Trends

The life reinsurance industry continues to evolve. The expansion of first-dollar quota-share arrangements has spurred rapid growth and high levels of competition. Outsourcing mortality risk to the reinsurance market has now become routine and, taking the cost of capital into consideration, most direct writers find it advantageous to reinsure rather than retain mortality risk. We expect this trend to continue since it improves the efficiency of capital use in the overall industry. Today, direct insurers transfer an increasing proportion of mortality risk to reinsurers. RGA alone currently reinsures more than 10 million policies, and we actively work with our clients to help them adapt and prosper in a changing environment. Reinsurers have become true partners with direct insurers.

Sound

Difficult times distinguish great companies from merely good ones. Despite the challenges of 2001, we remain aware but undaunted. We stand ready to further our long-term record of growth and stability and we thank our clients, shareholders and employees for their partnership, support and hard work. Because of you, RGA continues to be financially strong and solidly reliable—in a word, sound.



A. Greig Woodring
President and Chief Executive Officer



United States Division

Two thousand one can be characterized as a year of ups-and-downs for the U.S. Division, RGA's largest operation. The Division saw a significant amount of assumed new reinsurance, which reached nearly \$100 billion, demonstrating strong development activity. Revenues, including those generated by RGA's U.S. Financial Markets team, increased 16 percent over 2000 to \$1.5 billion. The year also brought a more than 17 percent increase in premiums. Growth in premiums and revenues resulted from the Division's focus on four core areas of expertise: mortality risk transfer, facultative underwriting, financial reinsurance, and product development.

"Unfortunately, our results were offset by claims resulting from the events of September 11 as well as other higher-than-expected claims," explained Wayne Adams, Senior Vice President, U.S. Division. "Despite its negative impact on our 2001 results, the loss of life from a tragedy like September 11 is why life insurance and reinsurance companies like RGA exist. In honoring our commitments by promptly paying claims, we demonstrate an eagerness to serve our clients, and in turn, the public." In 2001, the division recorded a \$16.1 million pre-tax charge resulting from September 11, and pre-tax income totaled \$125.7 million, compared with \$167.2 million in 2000. "After rigorous examination, we don't believe our claims results imply a fundamental problem with how we price our business," stressed Adams. "We will continue to price carefully and selectively in order to reach our profit objectives."

Continuing RGA's commitment to reinventing reinsurance, RGA formed a new business unit, RGA Technology Partners, devoted to developing and implementing software solutions for the life insurance industry. The Division began marketing two of these solutions, both of which stem from RGA's considerable underwriting expertise. The Facultative Application Console allows direct insurers to enter applications with ease and instantly submit them to multiple reinsurers. The system is already installed and being used successfully at several of RGA's largest clients. RGA is also seeing early success with AURA (Automated Underwriting and Risk Analysis), an automated underwriting tool able to generate point-of-sale underwriting decisions.

RGA's U.S. facultative underwriting department once again excelled, reviewing more than 87,000 cases. "The number of cases we review and the corresponding large policy amounts clearly demonstrate why we believe—as do our clients¹—that we are the number one life reinsurer for impaired risk, not only in the United States but in the world," said Adams. "We will continue to strengthen our position in the U.S. marketplace as a leading facultative, mortality risk and product development reinsurer. Our solid relationships, financial strength, and concentrated life reinsurance focus will serve us well as the U.S. life insurance industry continues its trend of outsourcing mortality and related services."

¹ FLASPÖHLER|REYES, 2001 Life Reinsurance Marketing Opportunities Survey
 pictured left: Wayne Adams, Senior Vice President and Chief Marketing Officer, U.S. Division
 Julie Decker, Actuary, U.S. Division



RGA Financial Markets Division

Traditional risk transfer is only one of the ways RGA assists its clients in meeting financial objectives. In addition to reinsuring a wide range of life products, the Company helps life insurance companies tackle difficult capital-planning problems. To that end, in October of 2000, RGA acquired the 60 percent interest in RGA Financial Group that it did not already own. RGA Financial is an experienced team of actuarial and financial professionals who are recognized as leaders in the financial reinsurance industry. Shortly after the acquisition, RGA Financial Group merged with RGA's Financial Markets unit, assuming RGA's asset-intensive and distributor-oriented operations and the Financial Markets name.

RGA Financial Markets had its second-best year in history, meeting all its goals in the financial reinsurance segment of its business and besting the projections established when RGA purchased the remaining interest in RGA Financial Group. For this segment, pre-tax income increased more than 12 percent. At year-end, the amount of outstanding statutory financial reinsurance from client companies, as measured by pre-tax surplus, was \$547.8 million, up from \$498.4 million in 2000.

"RGA is the longest continuous player in the financial reinsurance market," said Frank Alvarez, Executive Vice President, RGA Financial Markets Division. "It is important to note that we were one of the first companies to stay abreast of all the regulatory changes affecting the market, and we continue to do this."

RGA Financial Markets often serves in a role similar to that of an investment banker by finding sources of capital for life insurance companies. This capital is used to support future growth, mergers and acquisitions, or to boost return-on-investment. "We provide efficient sources of capital through financial reinsurance transactions," added Alvarez. "We also create financial reinsurance products that provide companies with statutory capital and reduce risk-based capital while generating potential tax benefits."

RGA Financial Market's other segment, asset-intensive reinsurance, includes the reinsurance of annuities and corporate-owned life insurance. Pre-tax income for this segment increased in 2001 by more than 28 percent over the previous year. "Next year we plan to concentrate more on this segment and hope to make a splash with this business," remarked Alvarez. "In 2002, we also expect to expand our international efforts, working more with RGA operations outside the U.S." RGA Financial Markets expanded its Asian activity in 2001, playing off strengths of the Asia Pacific marketing team and building on RGA's credibility with the foreign operations of U.S.-based companies.

Given the current success of the Financial Markets Division, and the fact that life insurance companies are becoming more investor-conscious in a stock-oriented environment, RGA expects to provide increasing amounts of capacity to the many direct insurers who need it. In addition, as life reinsurance products evolve, leading to greater awareness among our clients of how they manage capital, taxes and other financial aspects of their business, RGA Financial Markets anticipates growing demand for its services.

*pictured left: Frank A. Alvarez, Executive Vice President, RGA Financial Markets Division
Larry Carson, Vice President and Actuary, RGA Financial Markets Division*

RGA Canada

RGA's second-largest operation, RGA Life Reinsurance Company of Canada, produces more than one-fifth of RGA's total operating income. In 2001, the Canadian segment's pre-tax operating profit increased three percent over 2000 to \$42.4 million. In original currency, pre-tax operating income increased by more than 12 percent. In addition, RGA Canada's life insurance in force grew to more than \$55.8 billion. This growth is not new to this Company; on a five-year compound basis, pre-tax operating profit has increased approximately 25 percent annually and life insurance in force has increased approximately 20 percent annually while expenses have grown less than ten percent per year.

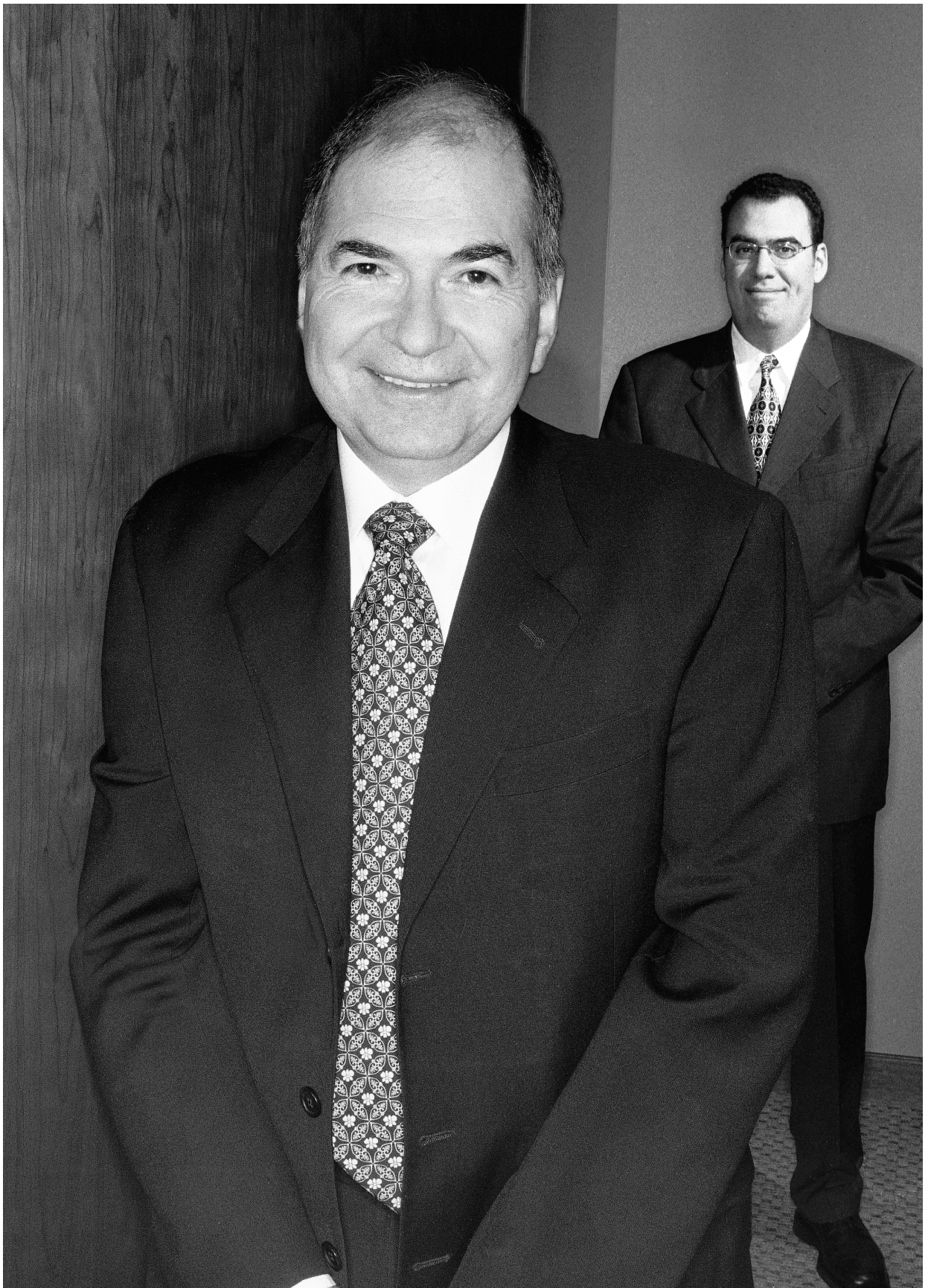
In addition to solid financial performance in 2001, RGA Canada succeeded in securing or re-securing business with some of the largest life companies in Canada after a period of tough market conditions. "We now have treaties with seven of the ten principal Canadian life players as well as with all five banks ceding life insurance risk in Canada," said André St-Amour, President and Chief Executive Officer, RGA Canada. "It is quite an accomplishment to be able to say that we now do business with 33 of the top 40 companies here."

RGA Canada's success can be attributed in part to its seasoned management team. This is recognized in the industry as evidenced by recent elections of RGA executives to the boards of several prominent industry organizations. St-Amour is Chair-Elect of the Canadian Life and Health Insurance Association and Dave Pelletier, RGA Canada's Executive Vice President, is currently President-Elect of the Canadian Institute of Actuaries. "We are successful because we focus on life-related reinsurance, and as such, are able to bring to our clients in-depth knowledge of policies relating to life insurance," remarked St-Amour.

In 2002, RGA Canada's growth will come primarily from traditional life reinsurance, facultative underwriting and capital-motivated reinsurance. "These areas provide the best growth opportunities for us in the coming years, with a relatively small contribution coming from ancillary products like critical illness and living benefits," said St-Amour. "As with all of our business, we will be prudent in our approach to accepting these risks." Another product RGA Canada hopes to advance is the new automated underwriting software system AURA. Currently, AURA is being implemented at one of Canada's leading banks.

"I'm pleased with the year's results," remarked St-Amour. "With AURA, we began offering new technology to the market. More importantly, we won some significant new treaties in the latter part of the year, which will enable us to continue to grow. We also reviewed more than 18,000 facultative applications, and met all of our financial objectives."

*pictured right: André St-Amour, President and Chief Executive Officer, RGA Life Reinsurance Company of Canada;
Executive Vice President and Chief International Officer, Reinsurance Group of America, Incorporated
Alain Neemeh, Executive Vice President, Operations and Chief Financial Officer, RGA Life Reinsurance Company of Canada*



Asia Pacific Division

The Asia Pacific Division exceeded revenue goals in 2001, producing \$126.7 million of revenue, up 25 percent from the prior year. Income before taxes reached \$3 million, an increase of \$1.8 million. In local currency, each of the Division's operating offices outperformed expectations. The Division also increased its facultative case count by 20 percent to more than 28,000 applications.

The Japan operation alone reviewed more than 8,000 facultative applications from 17 companies and received automatic reinsurance from seven companies, exceeding revenue and profit goals. In 2002, RGA plans to increase its Japanese staff to accommodate growth and position the company for a step-up in marketing activities. "We are adding personnel in every area of expertise," said Mish Nakazono, Vice President and Regional Director, Japan and Korea. "This will bring increased flexibility to our team and enable us to better serve our clients."

RGA Life Reinsurance Company of Australia Limited also turned in a sound performance in 2001, improving revenues by 56 percent and income before taxes by 28 percent over the previous year. "To have attained this position in the market after just six years in operation is a testament to the abilities and dedication of the Australia-based team as well as an affirmation of the strategic cornerstone of all RGA operations—customer service," said Brendan Galligan, Senior Vice President, Asia Pacific Division.

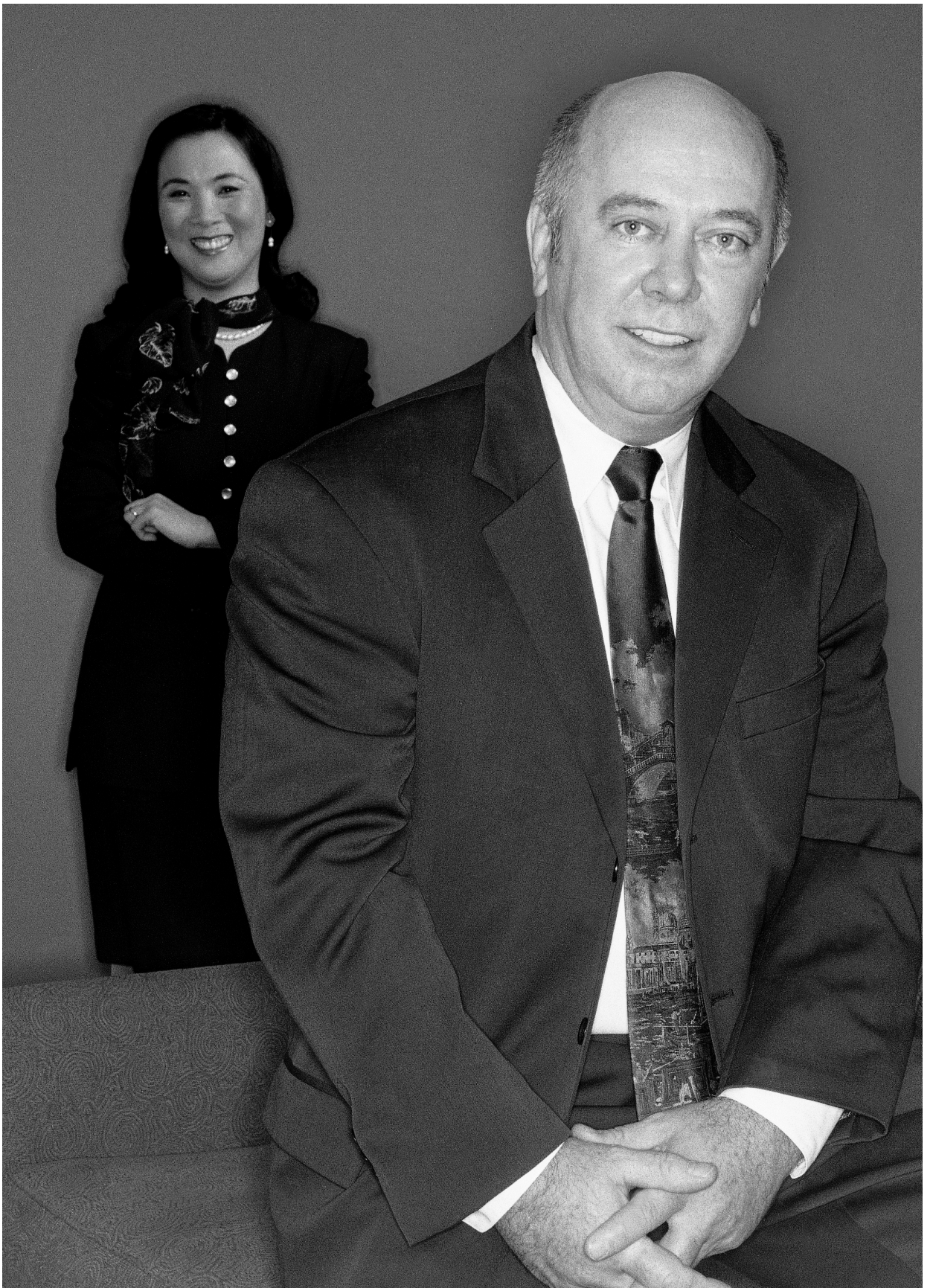
RGA's joint venture company Malaysian Life Re (MLRe) surpassed its goals for 2001. Premiums increased 144 percent and the joint venture returned to profitability after a prior year loss. During the year, the Company reviewed more than 4,000 facultative applications. "Being a joint venture gives us several advantages. As a local reinsurer, we have the accessibility to build strong client relationships," explained Marc Hooi, President and Chief Executive Officer, MLRe, "while partnering with RGA, a global expert in life underwriting, provides MLRe with the skill to manage underwriting more effectively than our competitors."

RGA's offices in Taiwan and Hong Kong also turned in strong performances. In Taiwan, RGA outperformed in top-line revenues, up 360 percent over 2000, and income before tax, up 215 percent. In Hong Kong, revenue increased 16 percent and pre-tax profit increased 44 percent. In addition, RGA Hong Kong saw its facultative business increase by 40 percent. "In past years, RGA was hurt by staff turnover," said Joseph Ip, Chief Executive Officer, RGA Representative Office - Hong Kong. "However, in 2001, we were able to boost the perception of RGA as a professional reinsurer with stable management and operations, and our results attest to that."

RGA is studying the possibility of offering services in Greater China by leveraging the strength, resources, and support of the Hong Kong and Taiwan offices. "This is important given the People's Republic of China's and Taiwan's accession to the World Trade Organization," said Galligan. "It would position us to serve both local and multinational clients who have a presence in all three Chinese markets."

RGA recently completed its study of the South Korean insurance market, and plans to open an office in Seoul in 2002. During 2001, RGA established a significant relationship with a major South Korean company. This, together with existing business relationships, forms the basis for RGA's success in the burgeoning Korean insurance industry. In Korea, RGA intends to acquire business by doing what it does best—offering competitive facultative underwriting, tailored traditional reinsurance, product development, innovative capital-motivated solutions, and industry-leading customer service.

*pictured right: Brendan Galligan, Senior Vice President, Asia Pacific Division
Lina Xu, Senior Actuarial Assistant, Asia Pacific Division*





Europe and South Africa, Market Development

RGA's operations in Europe and South Africa gained momentum in 2001 as the United Kingdom, Spain and South Africa business units exceeded their financial targets. Revenues for the Division increased \$61.2 million over 2000, reaching \$96.5 million. This increase came primarily from traditional life reinsurance and reinsurance of accelerated critical illness coverage. The latter is coverage that provides a benefit in the event of death or the onset of a pre-defined critical illness.

In 2001, primary goals for RGA Reinsurance U.K. Limited were to deepen existing relationships and build on the infrastructure of the U.K. office by enlarging its professional staff. "Not only did we achieve these goals, we also exceeded our premium targets," commented Paul Nitsou, Senior Vice President, Market Development Division. "The objective for 2002 is to build on these foundations and grow our client and product bases. We plan to maintain our focus on individual life and accelerated critical illness products while introducing innovative risk selection concepts to the market."

RGA Life Reinsurance Company of South Africa Limited contributed significantly to the Division's 2001 net premiums by reviewing more than 33,000 facultative applications, an increase of 25 percent over the previous year. "In addition to exceeding its facultative goal, the Company has established itself as a leading life reinsurer as well as the leading facultative reinsurer in South Africa," said Nitsou. "Although the numbers speak for themselves, RGA South Africa's good standing is also evidenced by recent survey results. In the T.W.I.G. SA survey, life insurers gave RGA the highest ratings compared to its competitors in the following categories: overall level of service; depth of technical expertise; innovative solutions; flexibility; marketing; client-focus; value-added service; and availability of senior management.¹ RGA has had a presence in South Africa for only three years. The team should be proud of the accomplishments it has achieved in such a short time."

Also relatively young, RGA's operation in Spain made huge strides in 2001. RGA's representative office in Spain contributed significantly to the Division's premiums through group and individual life reinsurance products. In addition to its aggressive marketing endeavors, which included academic seminars and other client-focused events, RGA Spain was chosen by ICEA (the Spanish insurance association) to host a conference entitled "Life Reinsurance Today." The conference focused on new trends in the use of reinsurance as an effective capital-management tool for life insurance companies. The success of these efforts is evidenced by the fact that RGA now has relationships with 20 of the leading life insurance companies in Spain.

In 2000, India ratified legislation permitting the establishment of private insurers with limited foreign ownership. In response, RGA began looking toward India in 2001. RGA established treaty relationships with two large companies there, and the Company plans to open a liaison office in Mumbai, India in 2002. Along with the benefit of working with established partners, India is attractive to RGA because there is low life insurance penetration in the country, and the popular view is that the life insurance market could stand at as many as 100-250 million potential insureds. Some of RGA's large multinational clients have already set up joint ventures in India. "Our objective in India, as in all markets we enter, is to grow organically and establish RGA as one of the top-tier life reinsurers in those markets," said Nitsou.

¹ T.W.I.G. SA, Research/Editorial, "The Life Reassurance Industry in South Africa," 2001
pictured left: Paul Nitsou, Executive Vice President, RGA International Corporation;
Senior Vice President, Europe and South Africa, Market Development
Andy Brauer, Accounting Manager, Europe and South Africa



Latin American Division

The year 2001 was a difficult one for the Latin American Division's reinsurance operations, with performance in its two major markets contrasting sharply. On one hand, RGA's Mexican operation surpassed all of its financial targets. On the other hand, results in Argentina were adversely affected by economic and political turmoil. Although RGA continued to make positive strides in Mexico in 2001, it was not enough to offset losses in Argentina.

Total reinsurance revenues decreased to \$26 million, due to a decline in reinsurance premiums from Argentina and losses incurred when assets from the Argentina investment portfolio were converted to U.S. dollars. The reinsurance segment reported a net loss of \$72 million before income taxes, primarily due to higher-than-expected claims from the Argentine privatized pension business that RGA ceased writing during the year and losses incurred on liquidation of the Argentine investment portfolio. The Company increased its reserves for this business by \$35 million in November and now backs all pension-related reserves with U.S. investments.

"The situation in Argentina is far from resolved," said Jaime Correa, Senior Vice President, Latin American Division. "The insurance market itself, as well as consumer ability to purchase life insurance, has been greatly affected by the economic crash."

Over the past several years, the Mexican economy has made huge strides; so much so that many economists believe Mexico is becoming an integral part of the North American economy. Economic and political stability in Mexico translates into consistent growth in the insurance sector, and this helped RGA surpass its goals in 2001. RGA's main objective in Mexico during the year was to continue to promote traditional reinsurance services while working with clients on more complex financially motivated transactions. In Mexico, RGA saw premium growth of 89 percent over 2000, while operating profits increased by 62 percent. In addition, RGA continued to solidify its reputation as the premier facultative reinsurer in the market.

In Mexico, RGA is focusing on traditional facultative and automatic reinsurance, product development activity, and capital- and tax-motivated reinsurance transactions. "RGA is practiced at the kinds of capital-motivated reinsurance transactions that other reinsurers are just beginning to analyze," said Correa. "This is good news for RGA, since our clients prefer working with a reinsurer which has 'been there before'."

RGA approaches 2002 with cautious optimism. "We expect that the Mexican insurance market will continue to grow at a steady rate, as foreign entities expand their operations there," remarked Correa. "Regrettably, Argentina paints a murkier picture. We will continue to monitor the situation closely."

*pictured left: Jaime Correa, Senior Vice President, Latin American Division
Manny Santos, Vice President & Chief Actuary, Latin American Division*





pictured left to right, previous page

*Graham S. Watson
Executive Vice President and Chief Marketing Officer,
Reinsurance Group of America, Incorporated;
President and Chief Executive Officer,
RGA International Corporation*

*Frank A. Alvarez
Executive Vice President,
RGA Financial Markets Division,
Reinsurance Group of America, Incorporated*

*Jack B. Lay
Executive Vice President and Chief Financial Officer,
Reinsurance Group of America, Incorporated*

*David B. Atkinson
Executive Vice President and Chief Operating Officer,
Reinsurance Group of America, Incorporated;
President and Chief Executive Officer,
RGA Reinsurance Company*

*A. Greig Woodring
President and Chief Executive Officer,
Reinsurance Group of America, Incorporated*

*Paul A. Schuster
Executive Vice President, U.S. Division,
Reinsurance Group of America, Incorporated*

*André St-Amour
Executive Vice President and Chief International Operating Officer,
Reinsurance Group of America, Incorporated;
President and Chief Executive Officer,
RGA Life Reinsurance Company of Canada*

FORWARD-LOOKING AND CAUTIONARY STATEMENTS

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

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

You are cautioned not to place undue reliance on the forward- looking statements, which speak only as of the date on which they are made. We do not undertake any obligations to update these forward-looking statements, even though our situation may change in the future. We qualify all of our forward-looking statements by these cautionary statements.

Forward-looking statements should be evaluated together with the many risks and uncertainties that affect our business, including those mentioned in this document and the cautionary statements described in the periodic reports we file with the SEC. For a discussion of these risks and uncertainties, which could cause actual results to differ materially from those contained in the forward-looking statements, you are advised to consult the sections named “Risk Factors” and “Cautionary Statement Regarding Forward-Looking Statements” contained in our prospectus dated December 3, 2001, filed with our prospectus supplements, each dated December 12, 2001, and filed with the SEC.

SELECTED FINANCIAL DATA

The selected financial data presented for, and as of the end of, each of the years in the five-year period ended December 31, 2001, have been prepared in accordance with accounting principals generally accepted in the United States of America for stock life insurance companies. The following data should be read in conjunction with the Consolidated Financial Statements and the Notes to the Consolidated Financial Statements. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

(in millions, except per share and operating data)

for the years ended December 31,	2001	2000	1999	1998	1997
<i>Income Statement Data</i>					
<i>Revenues</i>					
Net premiums	\$ 1,661.8	\$ 1,404.1	\$ 1,315.6	\$ 1,016.4	\$ 744.8
Investment income, net of related expenses	340.6	326.5	340.3	301.8	187.1
Realized investment (losses) gains, net	(68.4)	(28.7)	(75.3)	3.1	0.3
Other revenues	34.3	23.8	26.5	23.2	46.0
Total revenues	1,968.3	1,725.7	1,607.1	1,344.5	978.2
<i>Benefits and expenses</i>					
Claims and other policy benefits	1,376.8	1,103.6	1,067.1	797.9	569.1
Interest credited	111.7	104.8	153.1	153.2	92.3
Policy acquisition costs and other insurance expenses	304.2	243.5	218.3	188.5	148.1
Other operating expenses	91.3	81.2	65.5	57.3	47.9
Interest expense	18.1	17.6	11.0	8.8	7.8
Total benefits and expenses	1,902.1	1,550.7	1,515.0	1,205.7	865.2
Income from continuing operations before income taxes	66.2	175.0	92.1	138.8	113.0
Provision for income taxes	26.3	69.2	39.1	49.1	40.4
Income from continuing operations	39.9	105.8	53.0	89.7	72.6
<i>Discontinued operations</i>					
Loss from discontinued accident and health operations, net of income taxes	(6.9)	(28.1)	(12.1)	(27.6)	(18.0)
Net income	\$ 33.0	\$ 77.7	\$ 40.9	\$ 62.1	\$ 54.6

<i>for the years ended December 31,</i>	<i>2001</i>	<i>2000</i>	<i>1999</i>	<i>1998</i>	<i>1997</i>
<i>Basic Earnings Per Share</i>					
Continuing operations	\$ 0.81	\$ 2.14	\$ 1.16	\$ 2.11	\$ 1.91
Discontinued operations	\$ (0.14)	\$ (0.57)	\$ (0.27)	\$ (0.61)	\$ (0.47)
Net income	\$ 0.67	\$ 1.57	\$ 0.89	\$ 1.50	\$ 1.44
<i>Diluted Earnings Per Share</i>					
Continuing operations	\$ 0.80	\$ 2.12	\$ 1.15	\$ 2.08	\$ 1.89
Discontinued operations	\$ (0.14)	\$ (0.56)	\$ (0.27)	\$ (0.60)	\$ (0.47)
Net income	\$ 0.66	\$ 1.56	\$ 0.88	\$ 1.48	\$ 1.42
Weighted average diluted shares, in thousands	49,905	49,920	46,246	42,559	38,406
Dividends per share on common stock	\$ 0.24	\$ 0.24	\$ 0.22	\$ 0.17	\$ 0.15
<i>Balance Sheet Data</i>					
Total investments	\$5,088.4	\$4,560.2	\$3,811.9	\$5,129.6	\$3,634.0
Total assets	6,894.3	6,061.9	5,123.7	6,318.6	4,673.6
Policy liabilities	5,077.1	4,617.7	3,998.1	5,053.1	3,558.7
Total long-term debt	323.4	272.3	184.0	108.0	106.8
Stockholders' equity	1,005.6	862.9	732.9	748.5	499.3
Stockholders' equity per share	\$ 20.30	\$ 17.51	\$ 14.68	\$ 16.52	\$ 13.21
<i>Operating Data (in billions)</i>					
Assumed ordinary life reinsurance business in force	\$ 616.0	\$ 545.9	\$ 446.9	\$ 330.6	\$ 227.3
Assumed new business production	171.1	161.1	164.9	125.0	75.9

GENERAL

Reinsurance Group of America, Incorporated ("RGA") is an insurance holding company formed December 31, 1992. On December 31, 2001, Equity Intermediary Company, a Missouri holding company, directly owned approximately 48.7% of the outstanding shares of common stock of RGA. Equity Intermediary Company is a wholly owned subsidiary of General American, a Missouri life insurance company, which in turn is a wholly owned subsidiary of GenAmerica Financial Corporation ("GenAmerica"), a Missouri corporation. GenAmerica was acquired and became a wholly owned subsidiary of MetLife, a New York life insurance company, on January 6, 2000. On April 7, 2000, MetLife completed a demutualization and became a subsidiary of MetLife, Inc., a publicly traded company. As a result of MetLife's ownership of GenAmerica and its own direct investment in RGA, MetLife beneficially owns 58.4% of the outstanding shares of common stock of RGA at December 31, 2001.

The consolidated financial statements include the assets, liabilities, and results of operations of RGA; Reinsurance Company of Missouri, Incorporated ("RCM"), RGA Reinsurance Company (Barbados) Ltd. ("RGA Barbados"), RGA Life Reinsurance Company of Canada ("RGA Canada") and RGA Americas Reinsurance Company, Ltd. ("RGA Americas"), as well as several other subsidiaries and a joint venture, subject to an ownership position of greater than fifty percent (collectively, the "Company"). During 2000, the Company sold its interest in RGA Sudamerica, S.A., and its subsidiaries, and Benefit Resource Life Insurance Company (Bermuda) Ltd.

CRITICAL ACCOUNTING POLICIES

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

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

Costs of acquiring new business, which vary with and are primarily related to the production of new business, have been deferred to the extent that such costs are deemed recoverable from future premiums or gross profits. Such costs include commissions and allowances as well as certain costs of policy issuance and underwriting. The Company performs periodic tests to determine that the cost of business acquired remains recoverable, and the cumulative amortization is re-estimated and, if necessary, adjusted by a cumulative charge or credit to current operations.

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

The Company monitors its fixed maturity securities to determine impairments in value. In conjunction with its external investments manager, the Company evaluates factors such as the financial condition of the issuer, payment performance, market value, compliance with covenants, general market conditions, various other subjective factors, and the intent and ability to hold securities.

Differences in actual experience compared with the assumptions and estimates utilized in the justification of the recoverability of deferred acquisition costs or in establishing reserves for future policy benefits and claim liabilities can have a material impact on the Company's results of operations and financial condition.

RESULTS OF OPERATIONS

The Company derives revenues primarily from renewal premiums from existing reinsurance treaties, new business premiums from existing or new reinsurance treaties, income earned on invested assets, and fees earned on financial reinsurance.

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

Assumed insurance in force for the Company increased \$70.1 billion to \$616.0 billion at December 31, 2001. Assumed new business production for 2001 totaled \$171.1 billion compared to \$161.1 billion in 2000 and \$164.9 billion in 1999.

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

The Company's profitability primarily depends on the volume and amount of death claims incurred. While death claims are reasonably predictable over a period of many years, claims become less predictable over shorter periods and are subject to fluctuation from quarter to quarter and year to year. The Company has catastrophe insurance coverage issued by 2 insurers rated "A" or higher by A.M. Best as of December 31, 2001, that provides benefits of up to \$100 million per occurrence for claims involving three or more deaths in a single accident. The Company pays a deductible of \$1.5 million per occurrence and 20% of the first \$30 million of claims reported per occurrence. As a result of the September 11, 2001 terrorist attacks on the United States, the Company had received in excess of 300 claims totaling approximately \$33 million as of December 31, 2001. The Company expects to recover amounts in excess of its

deductible and retention under its catastrophe insurance coverages. As of December 31, 2001, the amount recoverable is expected to be approximately \$22 million. However, the Company believes it will take several more months before all claims are reported. This coverage is terminable annually in August with 90 days prior notice. The Company believes such catastrophe insurance coverage adequately protects it from risks associated with multiple deaths in a single accident of reinsured lives. Due to the events of September 11, many catastrophe insurance carriers have indicated that they will not renew coverage or will significantly change the level and type of coverage they will provide. It is also expected that the cost for catastrophe coverage will significantly increase. The Company can give no assurances that it will be able to obtain cost effective catastrophe coverage when its current policy expires in August 2002. Through December 31, 2000, the Company retained a maximum of \$2.5 million of coverage per individual life. Effective January 1, 2001, the Company increased its retention to \$4.0 million of coverage per individual life.

The Company has foreign currency risk on business conducted in foreign currencies to the extent that the exchange rates of the foreign currencies are subject to adverse change over time. Additionally, the Company is exposed to the economic and political risk associated with its net investment in foreign locations. The Company's operations in Canada transact business in Canadian dollars. The exchange rate from Canadian to U.S. currency was 0.6277, 0.6676, and 0.6876 at December 31, 2001, 2000, and 1999, respectively. The Company's Latin America operations primarily conduct business in Argentine and Mexican pesos.

Since 1991, the Argentine peso has been pegged to the U.S. dollar at a rate of one Argentine peso to one U.S. dollar. In early December 2001, restrictions were put in place that prohibited cash withdrawals above a certain amount and foreign money transfers with certain limited exceptions. While the legal exchange rate remained at one Argentine peso to one U.S. dollar, financial institutions were allowed to conduct only limited activity due to these restrictions, and currency exchange was effectively halted.

In January 2002, the Argentine government announced its intent to create a dual currency system with an official exchange rate of 1.4 Argentine pesos to one U.S. dollar for import and export transactions and a free floating rate for other transactions. On January 11, 2002, the Argentine peso began free floating against the U.S. dollar and closed at rates ranging from 1.6 to 1.7 Argentine pesos to one U.S. dollar. Since that time, the Argentine economy has remained volatile and the government has periodically suspended the free-floating exchange rates.

In an effort to reduce its exposure to this volatile situation, during 2001, the Company liquidated substantially all its Argentine based investment securities, resulting in pre-tax losses of \$27.0 million, and reinvested the proceeds into investment securities denominated in U.S. dollars. The Company's obligations under its insurance and reinsurance contracts continue to be denominated in Argentine pesos, which is the functional currency for this business. Those net contract liabilities totaled approximately 97.6 million Argentine pesos as of December 31, 2001. As a result, the devaluation of the Argentine peso has generated a net unrealized foreign currency gain of \$38.5 million, which has been reflected in accumulated other comprehensive income on the consolidated balance sheets as of December 31, 2001. The ongoing volatility of the exchange rate suggests that the Company's results for its Argentine business may be volatile going forward, particularly since the Company cannot reasonably predict the timing of its claim settlements and what the exchange rate will be at settlement. The Company does not expect the ongoing economic turmoil in Argentina, including the devaluation of the Argentine peso, to have additional negative impact on its Argentine policy liabilities. However, the Company cannot predict the impact on its ability to write new business in that market.

The business generated from the Asia Pacific region is primarily denominated in U.S. dollars, Australian dollars, and Japanese yen. Additionally, the Company reinsures business in other international currencies including the Great British pound sterling and South African rand.

Since December 31, 1998, the Company has formally reported its accident and health division as a discontinued operation. The accident and health business was placed into run-off, and all treaties were terminated at the earliest possible date. Notice was given to all cedants and retrocessionaires that all treaties were being cancelled at the expiration of their terms. The nature of the underlying risks is such that the claims may take several years to reach the reinsurers involved. Thus, the Company expects to pay claims out of existing reserves over a number of years as the level of business diminishes. During 2001, the accident and health division reported a net loss of \$6.9 million due to reserve increases related to the settlement of an arbitration for an amount in excess of the Company's reserves.

The Company has five main operational segments segregated primarily by geographic region: U.S., Canada, Latin America, Asia Pacific, and Europe & South Africa operations. The Asia Pacific, Latin America, and Europe & South Africa operational segments are presented herein as one reportable segment, Other International. The U.S. operations provide traditional life, asset-intensive, and financial reinsurance to domestic clients. Asset-intensive products primarily include reinsurance of corporate-owned life insurance and annuities. The Canada operations provide insurers with traditional reinsurance as well as creditor and critical illness products. The Latin America operations include traditional reinsurance, reinsurance of privatized pension products primarily in Argentina, which the Company ceased writing during 2001, and direct life insurance through a joint venture and subsidiaries in Chile and Argentina. The Company sold its Chilean interests during 2000. Asia Pacific operations provide primarily traditional life reinsurance and, to a lesser extent, financial reinsurance through RGA Reinsurance Company of Australia, Limited ("RGA Australia") and RGA Reinsurance Company ("RGA Reinsurance"). Europe & South Africa operations include traditional business from Europe and South Africa, in addition to other markets being developed by the Company. The operational segment results do not include the corporate investment activity, general corporate expenses, interest expense of RGA, and the provision for income tax expense (benefit). In addition, the Company's discontinued accident and health operations are not reflected in the continuing operations of the Company. The Company measures segment performance based on profit or loss from operations before income taxes.

Prior to September 29, 1999, the U.S. Operations reinsured funding agreements, an asset-intensive product from General American. Effective September 29, 1999, General American completed the recapture of the entire block of General American's funding agreement business reinsured by the Company. Prior to the recapture, the Company reinsured approximately 25% of General American's funding agreement business. Pursuant to the recapture transaction, the Company transferred all remaining liabilities related to the funding agreement business and an equivalent amount of assets to General American. In the third quarter of 1999, the Company transferred to General American approximately \$1.8 billion in market value of assets. Those assets, consisting primarily of investments in fixed maturity securities and cash, were transferred in satisfaction of \$1.8 billion in funding agreement liabilities. The Company incurred an after tax net capital loss of approximately \$33.2 million associated with the liquidation of investment securities and the transfer of assets to General American during the third quarter of 1999.

Consolidated income from continuing operations decreased 62.3% in 2001 to \$39.9 million and increased 99.4% in 2000 to \$105.8 million. Diluted earnings per share from continuing operations were \$0.80 for 2001 compared to \$2.12 for 2000 and \$1.15 for 1999. Earnings during these years were attributed primarily to the traditional reinsurance in the U.S. and Canada. Earnings during 2001 were adversely affected by the terrorist attacks of September 11, investment losses on sales and impairments of investment securities, the accrual of additional reserves to support the Company's Argentinean business, and higher than expected mortality results in the U.S. operations. Earnings in 1999 were affected by the investment losses incurred in connection with the recapture of the funding agreement business.

Consolidated investment income increased 4.3% during 2001 and decreased 4.0% during 2000. The increase in 2001 was affected by an increase in the invested asset base due to deposits on a new annuity coinsurance agreement in 2001 and positive cash flows from operations, offset, in part, by a drop in the invested asset yield due to a decline in prevailing interest rates and the write-off of accrued investment income associated with the write-down of impaired securities. The decrease during 2000 was affected by the reduction in invested assets related to the recapture of the funding agreement business by General American on September 29, 1999. The cost basis of invested assets increased by \$0.6 billion, or 13.0% in 2001 and increased \$0.6 billion, or 14.9% in 2000. The increase in the cost basis of invested assets during 2001 was primarily a result of proceeds from the Company's capital raising efforts in December 2001, in addition to the factors previously discussed. The increase in invested assets during 2000 was primarily a result of positive operating cash flows and new reinsurance transactions involving asset-intensive products. The average yield earned on investments was 6.79% in 2001, compared with 7.30% in 2000, and 7.10% in 1999. The average yield will vary from year to year depending on a number of variables, including prevailing interest rate fluctuations, changes in the mix of asset-intensive products, and yields related to funds withheld at interest. Investment income is allocated to the segments based upon average assets and related capital levels deemed appropriate to support the segment business volumes.

The consolidated provision for income taxes for continuing operations represented approximately 39.7%, 39.6%, and 42.4% of pre-tax income for 2001, 2000, and 1999, respectively. The effective tax rate for 2001 and 2000 was affected by realized capital losses domestically and operating losses from foreign subsidiaries for which deferred tax assets cannot be fully established. The Company calculated a tax benefit of \$3.7 million, \$15.1 million, and \$6.9 million related to the discontinued operations in 2001, 2000, and 1999, respectively. The effective tax rate on the discontinued operations was 35.0% in 2001 and 2000, and 36.0% in 1999.

Further discussion and analysis of the results for 2001 compared to 2000 and 1999 are presented by segment. Certain prior year amounts have been reclassified to conform to the current year presentation.

U.S. Operations (in thousands)

<i>for the year ended December 31, 2001</i>	<i>Traditional</i>	<i>Asset Intensive</i>	<i>Financial Reinsurance</i>	<i>Total U.S.</i>
<i>Revenues</i>				
Net premiums	\$1,219,674	\$ 3,248	\$ -	\$1,222,922
Investment income, net of related expenses	150,262	93,252	474	243,988
Realized investment gains (losses), net	(29,933)	1,193	-	(28,740)
Other revenues	2,232	2,379	25,958	30,569
Total revenues	1,342,235	100,072	26,432	1,468,739
<i>Benefits and expenses</i>				
Claims and other policy benefits	976,740	4,658	-	981,398
Interest credited	51,596	58,087	-	109,683
Policy acquisition costs and other insurance expenses	181,307	21,632	9,925	212,864
Other operating expenses	30,363	740	7,980	39,083
Total benefits and expenses	1,240,006	85,117	17,905	1,343,028
Income before income taxes	\$ 102,229	\$ 14,955	\$ 8,527	\$ 125,711

<i>for the year ended December 31, 2000</i>	<i>Traditional</i>	<i>Asset Intensive</i>	<i>Financial Reinsurance</i>	<i>Total U.S.</i>
<i>Revenues</i>				
Net premiums	\$1,036,656	\$ 2,216	\$ -	\$1,038,872
Investment income, net of related expenses	139,688	89,001	(37)	228,652
Realized investment losses, net	(12,206)	(1,066)	-	(13,272)
Other revenues	321	686	16,370	17,377
Total revenues	1,164,459	90,837	16,333	1,271,629
<i>Benefits and expenses</i>				
Claims and other policy benefits	793,494	(95)	-	793,399
Interest credited	47,445	55,006	-	102,451
Policy acquisition costs and other insurance expenses	150,347	23,446	5,457	179,250
Other operating expenses	25,244	802	3,274	29,320
Total benefits and expenses	1,016,530	79,159	8,731	1,104,420
Income before income taxes	\$ 147,929	\$ 11,678	\$ 7,602	\$ 167,209

U.S. Operations (in thousands)

<i>for the year ended December 31, 1999</i>	<i>Traditional</i>	<i>Asset Intensive</i>	<i>Financial Reinsurance</i>	<i>Total U.S.</i>
<i>Revenues</i>				
Net premiums	\$ 949,054	\$ 1,380	\$ -	\$ 950,434
Investment income, net of related expenses	125,745	124,713	-	250,458
Realized investment losses, net	(17,043)	(65,844)	-	(82,887)
Other revenues	(597)	12,655	13,180	25,238
Total revenues	1,057,159	72,904	13,180	1,143,243
<i>Benefits and expenses</i>				
Claims and other policy benefits	740,339	1,009	-	741,348
Interest credited	40,240	109,644	-	149,884
Policy acquisition costs and other insurance expenses	145,529	2,850	9,370	157,749
Other operating expenses	23,002	623	100	23,725
Total benefits and expenses	949,110	114,126	9,470	1,072,706
Income (loss) before income taxes	\$ 108,049	\$ (41,222)	\$ 3,710	\$ 70,537

During 2001, the U.S. operations segment was negatively impacted by the events of September 11th and higher than expected claims in its traditional business. Income before income taxes totaled \$125.7 million, compared with \$167.2 million in 2000 and \$70.5 million in 1999. The decrease in income for 2001 can primarily be attributed to lower investment yields, poor claim experience incurred in the first and fourth quarters, and the claims arising from the terrorist attacks of September 11, 2001. Management does not believe the claim results experienced in 2001 indicate a systemic pricing or profitability problem on our underlying business. The Company recorded a \$16.1 million pre-tax loss resulting from September 11th claims at the end of the third quarter, 2001. The Company believes its reinsurance programs, including its catastrophe coverage will limit its net losses to the amount reflected. However, the Company believes it will take several more months before all claims are reported. Results for 1999 include \$52.9 million in pre-tax investment losses associated with the recaptured funding agreement business. Net premium growth continued for the U.S. operations with premium increases of 17.7% and 9.3% in 2001 and 2000, respectively.

TRADITIONAL REINSURANCE

The U.S. traditional reinsurance sub-segment is the oldest and largest sub-segment of the Company. This sub-segment provides life reinsurance to domestic clients for a variety of life products through yearly renewable term agreements, coinsurance, and modified coinsurance arrangements. These reinsurance arrangements may be either facultative or automatic agreements. During 2001, production totaled \$99.5 billion face amount of new business, compared to \$115.7 billion in 2000 and \$121.3 billion in 1999. The decrease in 2001 and 2000 can be attributed to more inforce blocks of business being reinsured in 1999 compared to 2000 and 2001. This decrease was somewhat offset by continued strong production on new and existing treaties. Management believes industry consolidation, demutualizations, and the trend toward reinsuring mortality risks should continue to provide reinsurance opportunities.

Income before income taxes for U.S. traditional reinsurance decreased 30.9% in 2001 and increased 36.9% in 2000. The decrease in income for 2001 was primarily due to lower investment yields, and the poor claims experience in 2001, as well as the events of September 11th. The increase in income for 2000 was primarily due to premium growth, improved investment performance and favorable mortality experience.

Net premiums for U.S. traditional reinsurance rose 17.7% and 9.2% in 2001 and 2000, respectively. New premiums from facultative and automatic treaties and renewal premiums on existing blocks of business all contributed to continued growth. Premium levels are significantly influenced by large transactions and reporting practices of ceding companies and therefore can fluctuate from period to period.

Net investment income increased 7.6% and 11.1% in 2001 and 2000, respectively. This increase in both years was due to the continued growth of business in this sub-segment from facultative and automatic treaties, which resulted in an increase in the underlying invested asset base. The growth in investment income was somewhat offset by lower returns in its investment portfolio due to declining interest rates and the write-off of accrued interest on impaired investment securities.

Realized investment losses of approximately \$29.9 million were reported for 2001 compared to \$12.2 million in 2000 and \$17.0 million in 1999. Included in the net realized losses are the write-downs of fixed income securities along with capital losses associated with the sale of investments.

Claims and other policy benefits, as a percentage of net premiums, were 80.1%, 76.5%, and 78.0% in 2001, 2000, and 1999, respectively. The 2001 loss ratio, when adjusted for the claims of \$16.1 million related to the events of September 11, 2001, is reduced to 78.8%. Mortality results (death claims) during the first and fourth quarters of 2001 exceeded management expectations, primarily related to traditional business that has been on the books for many years. Analysis of claims activity does not indicate any particular pricing or profitability issues. The lower percentage in 2000 compared to 1999 is the result of generally positive mortality experience. Mortality is expected to fluctuate somewhat from period to period, but remains fairly constant over the long term.

Interest credited relates to amounts credited on the Company's cash value products in this segment, which have a significant mortality component. This amount fluctuates with the changes in cash surrender value and changes in interest crediting rates.

The amount of policy acquisition costs and other insurance expenses, as a percentage of net premiums, were 14.9%, 14.5%, and 15.3% in 2001, 2000, and 1999, respectively. These percentages fluctuate slightly due to variations in the mixture of business being written.

Other operating expenses, as a percentage of net premiums, were 2.5%, 2.4%, and 2.4% in 2001, 2000, and 1999, respectively. The increase was primarily due to increases in costs associated with the growth of the business.

ASSET-INTENSIVE REINSURANCE

The U.S. asset-intensive reinsurance sub-segment includes the reinsurance of annuities and corporate-owned life insurance. Most of these agreements are coinsurance or modified coinsurance of non-mortality risks such that the Company recognizes profits or losses primarily from the spread between the investment earnings and the interest credited on the underlying deposit liabilities. As of December 31, 2001, approximately 41.2%, or \$631.3 million of the invested assets associated with the Company's asset-intensive business were funds withheld at interest.

Income before income taxes increased in 2001 to \$15.0 million from \$11.7 million in 2000, a 28.1% increase over prior year. Contributing to this growth was a new coinsurance agreement of single premium deferred annuities, executed during the third quarter, with assets of approximately \$200 million as of December 31, 2001. The growth in revenue is offset, in part, by the growth in claims and other policy benefits, interest credited, and policy acquisition costs and other insurance expenses.

Income before income taxes increased significantly in 2000 as a result of funding agreement losses incurred in 1999. The funding agreement business in 1999 had a net loss before income taxes of approximately \$47.8 million, which included pre-tax investment losses of \$52.9 million. Excluding the impact of the funding agreements, income grew 77.3% in 2000, from \$6.6 million to \$11.7 million. The income growth was primarily attributable to a new coinsurance agreement on a block of single premium deferred annuities.

Total revenues, which is comprised primarily of investment income and realized investment gains (losses), increased 10.2% and 24.6% in 2001 and 2000, respectively. The increase in 2001 can be attributed to the new annuity coinsurance agreement in 2001 coupled with a higher asset base. The growth in 2001 was somewhat offset by lower investment income related to one specific annuity agreement. However, this reduction in investment income was mostly offset by a corresponding decrease in interest credited. The average asset-intensive investment balance was \$1.4 billion and \$1.2 billion for 2001 and 2000, respectively. The increase in total revenue in 2000 compared to 1999 can primarily be attributed to the realized losses incurred as a result of the liquidation and termination of the funding agreement business in 1999.

Interest credited increased 5.6% in 2001 and decreased 49.8% in 2000. Interest credited is primarily driven by investment income. The increase in 2001 is a result of growth in the asset base driven by new business. The decrease for 2000 can be attributed to the termination of the funding agreement business during 1999. Policy acquisition costs and other insurance expenses relate primarily to the commission payments and premium taxes (if applicable) on deposits received.

FINANCIAL REINSURANCE

The U.S. financial reinsurance sub-segment includes net fees earned on financial reinsurance agreements and the Company's investment in RGA Financial Group, L.L.C. ("RGA Financial Group"). Effective July 1, 2000, the Company increased its ownership of RGA Financial Group from 40% to 80%. The Company acquired the remaining 20% interest during the fourth quarter of 2000. The majority of the financial reinsurance transactions assumed by the Company are retroceded to other insurance companies. Financial reinsurance agreements represent low risk mortality business that the Company assumes and subsequently retrocedes with a net fee earned on the transaction. The fees earned from the assumption of the financial reinsurance contracts are reflected in other revenues, and the fees paid to retrocessionaires are reflected in policy acquisition costs and other insurance expenses.

Income before income taxes increased 12.2% and 104.9% in 2001 and 2000, respectively. The results in 2001 and 2000 can be primarily attributed to the increased ownership interest in RGA Financial Group coupled with higher amounts of financial reinsurance placed during the respective periods. At December 31, 2001, 2000, and 1999, the amount of outstanding statutory financial reinsurance assumed from client companies, as measured by pre-tax statutory surplus, was \$547.8 million, \$498.4 million, and \$310.0 million, respectively.

Canada Operations *(in thousands)*

<i>for the years ended December 31,</i>	<i>2001</i>	<i>2000</i>	<i>1999</i>
<i>Revenues</i>			
Net premiums	\$ 173,269	\$ 176,326	\$ 162,482
Investment income, net of related expenses	65,006	61,950	52,767
Realized investment gains (losses), net	9,148	(1,291)	5,923
Other revenues	201	318	(38)
Total revenues	247,624	237,303	221,134
<i>Benefits and expenses</i>			
Claims and other policy benefits	172,799	171,417	154,194
Interest credited	299	763	1,799
Policy acquisition costs and other insurance expenses	14,101	16,563	19,970
Other operating expenses	8,909	8,702	7,292
Total benefits and expenses	196,108	197,445	183,255
Income before income taxes	\$ 51,516	\$ 39,858	\$ 37,879

The Company conducts reinsurance business in Canada through RGA Canada. RGA Canada assists clients with capital management activity and mortality risk management and is primarily engaged in traditional individual life reinsurance, including preferred underwriting products, as well as creditor and critical illness products. The Canadian operation is one of the leading life reinsurers in Canada. RGA Canada's reinsurance inforce has more than doubled over a five-year period, to approximately \$55.8 billion in 2001 from approximately \$22.7 billion in 1996. At December 31, 2001, RGA Canada included most of the life insurance companies in Canada as clients.

Income before income taxes increased 29.2% in 2001 and 5.2% in 2000. Excluding net realized investment gains (losses), income before taxes increased by 3.0% in 2001 and 28.8% in 2000. In local currency, excluding net realized investment gains (losses), the increase was 12.1% and 31.1%. The increase in 2001 is driven by an increase in investment income of 4.9% and generally favorable mortality experience. The increase in 2000 was driven by a growth in premiums of 8.5%, an increase in investment income of 17.4% and favorable mortality experience.

Net premiums decreased by 1.7% to \$173.3 million in 2001 and increased 8.5% to \$176.3 million in 2000. In original currency, net premiums increased by 2.4% in 2001 and 9.1% in 2000. The decline in the strength of the Canadian dollar had an adverse effect of \$7.6 million or 4.2% on the amount of net premiums reported for 2001. The original currency premium growth in 2001 and 2000 resulted primarily from increasing renewal premiums and new business premiums. Business premium levels are significantly influenced by large transactions, mix of business, and reporting practices of ceding companies and therefore can fluctuate from period to period.

Net investment income increased by 4.9% and 17.4% during 2001 and 2000, respectively. Investment income is allocated to the segments based upon average assets and related capital levels deemed appropriate to support the segment business volumes. Investment performance varies with the composition of investments. The increase in investment income was mainly the result of an increase in the invested asset base offset by the effects of the change in the foreign exchange rate. For 2001 and 2000, the invested asset base growth was due to operating cash flows on traditional reinsurance, proceeds from capital contributions and interest on an increasing amount of funds withheld at interest related to an inforce block added in 1998. In 2001, the increase in the invested asset base was partially offset by a decline in interest rates. The average book yield on the Canadian investment portfolio decreased slightly to 6.97% for 2001 from 7.02% in 2000 and 6.97% in 1999.

Claims and other policy benefits, as a percentage of net premiums, were 99.7% of total 2001 net premiums compared to 97.2% in 2000 and 94.9% in 1999. The increased percentages experienced are primarily the result of several large inforce blocks assumed in 1998 and 1997. These blocks are mature blocks of level premium business in which mortality as a percentage of premiums is expected to be higher than the historical ratios and improve over time. The nature of level premium policies requires that the Company invest the amounts received in excess of mortality costs to fund claims in the later years. Claims and other policy benefits as a percentage of net premiums and investment income were 72.5% of total 2001 net premiums compared to 71.9% in 2000 and 71.6% in 1999. The Company expects mortality to fluctuate somewhat from period to period but believes it is fairly constant over longer periods of time. In addition, RGA Canada continues to monitor mortality trends to determine the appropriateness of reserve levels.

Policy acquisition costs and other insurance expenses as a percentage of net premiums totaled 8.1% in 2001, 9.4% in 2000, and 12.3% in 1999. The decrease in this ratio is primarily due to the changing mix of business to yearly renewable term from coinsurance agreements. These yearly renewable term agreements tend to have lower commission costs compared to coinsurance agreements.

Other operating expenses increased \$0.2 million in 2001 and \$1.4 million in 2000. The overall increase in operating expenses was attributed to planned increases in costs associated with the ongoing growth of the business.

Other International Operations (in thousands)

	<i>Asia Pacific</i>	<i>Latin America</i>	<i>Europe & South Africa</i>	<i>Total Other International</i>
<i>for the year ended December 31, 2001</i>				
<i>Revenues</i>				
Net premiums	\$ 119,702	\$ 51,069	\$ 94,800	\$ 265,571
Investment income, net of related expenses	3,935	14,684	1,536	20,155
Realized investment gains (losses), net	113	(32,619)	(137)	(32,643)
Other revenues	2,903	547	256	3,706
Total revenues	126,653	33,681	96,455	256,789
<i>Benefits and expenses</i>				
Claims and other policy benefits	75,595	87,581	59,429	222,605
Interest credited	-	1,730	-	1,730
Policy acquisition costs and other insurance expenses	36,103	14,395	26,753	77,251
Other operating expenses	11,081	9,072	10,555	30,708
Interest expense	867	-	681	1,548
Total benefits and expenses	123,646	112,778	97,418	333,842
Income (loss) before income taxes	\$ 3,007	\$ (79,097)	\$ (963)	\$ (77,053)

	<i>Asia Pacific</i>	<i>Latin America</i>	<i>Europe & South Africa</i>	<i>Total Other International</i>
<i>for the year ended December 31, 2000</i>				
<i>Revenues</i>				
Net premiums	\$ 94,282	\$ 64,897	\$ 29,690	\$ 188,869
Investment income, net of related expenses	4,628	19,782	2,056	26,466
Realized investment gains (losses), net	(191)	(9,099)	365	(8,925)
Other revenues	2,266	364	3,177	5,807
Total revenues	100,985	75,944	35,288	212,217
<i>Benefits and expenses</i>				
Claims and other policy benefits	56,377	62,205	20,151	138,733
Interest credited	-	1,568	-	1,568
Policy acquisition costs and other insurance expenses	32,484	7,772	7,473	47,729
Other operating expenses	9,939	10,934	9,542	30,415
Interest expense	980	-	502	1,482
Total benefits and expenses	99,780	82,479	37,668	219,927
Income (loss) before income taxes	\$ 1,205	\$ (6,535)	\$ (2,380)	\$ (7,710)

Other International Operations (in thousands)

	<i>Asia Pacific</i>	<i>Latin America</i>	<i>Europe & South Africa</i>	<i>Total Other International</i>
<i>for the year ended December 31, 1999</i>				
<i>Revenues</i>				
Net premiums	\$ 73,887	\$ 104,167	\$ 24,668	\$ 202,722
Investment income, net of related expenses	2,182	23,753	775	26,710
Realized investment gains (losses), net	(3)	95	101	193
Other revenues	1,263	(224)	105	1,144
Total revenues	77,329	127,791	25,649	230,769
<i>Benefits and expenses</i>				
Claims and other policy benefits	46,785	111,479	13,305	171,569
Interest credited	-	1,435	-	1,435
Policy acquisition costs and other insurance expenses	29,860	2,340	8,388	40,588
Other operating expenses	6,983	10,177	7,810	24,970
Interest expense	491	-	-	491
Total benefits and expenses	84,119	125,431	29,503	239,053
Income (loss) before income taxes	\$ (6,790)	\$ 2,360	\$ (3,854)	\$ (8,284)

During 2001, the Other International reportable segment generated business from reinsurance operations in the Asia Pacific and Latin American regions as well as Europe and South Africa. The Company conducts reinsurance business in the Asia Pacific region through branch operations in Hong Kong and representative offices in Japan and Taiwan. Business is also conducted through RGA Australia, a wholly owned subsidiary in Australia, and Malaysian Life Reinsurance Group Berhad ("MLRe"), a joint venture in Malaysia. The principal types of reinsurance provided in the region are life, critical care, superannuation, and financial reinsurance. Superannuation is the Australian government mandated compulsory retirement savings program. Superannuation funds accumulate retirement funds for employees, and in addition, offer life and disability insurance coverage.

The Company's Latin American operations include reinsurance and direct business written in the Latin American region. Historically, business for the segment has been generated from reinsurance through RGA Reinsurance and also through direct operations in Argentina and Chile. The Latin America reinsurance operations have derived revenue primarily from the reinsurance of privatized pension products in Argentina. Privatized pension reinsurance covers the life insurance as well as the total and permanent disability components of the pension program. The claims under that program are initially established as units of the underlying pension fund at the time at which they are filed. As such, the ultimate amounts of claims paid by the reinsurer under the program vary with the underlying fund performance of the related pension fund over the period in which the claims were adjudicated. In addition, the reinsurer is subject to the mortality and morbidity risks associated with the underlying plan participants. Effective in 2001, the Company ceased writing these types of treaties and is more actively marketing traditional individual life, credit, and group life reinsurance in the region. It is anticipated that the mix of business will continue to evolve in the upcoming years.

RGA formed General American Argentina Seguros de Vida S.A. ("GA Argentina") in 1994 to develop markets in Argentina. GA Argentina writes direct individual and group life products, and life insurance primarily related to group life and disability insurance for the Argentine privatized pension system. Effective July 1998, GA Argentina no longer entered into new contracts related to the privatized pension system, but continues to market individual universal life and group life products. Premiums for GA Argentina totaled \$7.8 million in 2001 and the Company's net investment was \$12.5 million as of December 31, 2001. During 2001, with the unstable economic conditions in Argentina, opportunities for growth have been limited, and the Company does not expect growth to be meaningful in the foreseeable future.

In 1993, the Company entered into a joint venture in Chile to form BHIFAmerica Seguros de Vida, S.A. ("BHIFAmerica"). This company was a direct life insurer whose primary source of premium was generated from single premium immediate annuities in addition to other lines including credit, individual, and group life. During 1996, in an effort to support the growth of this business and develop additional reinsurance opportunities in Chile, the Company formed RGA Reinsurance Company Chile, S.A. ("RGA Chile"), a wholly-owned reinsurance company licensed to assume life reinsurance in Chile. During April 2000, the Company sold its interest in all of its Chilean subsidiaries: RGA Sudamerica, S.A., RGA Reinsurance Company Chile, S.A. and BHIFAmerica. The Company received approximately \$26.5 million in proceeds and recorded a loss on the sale of approximately \$8.6 million, primarily consisting of the realization of accumulated foreign currency depreciation on the Company's net investment.

The Europe & South Africa sub-segment primarily includes business received from reinsurance clients located in Europe and South Africa. The principal type of reinsurance provided through this segment has been life reinsurance for a variety of life products through yearly renewable term and coinsurance agreements and reinsurance of critical illness coverage. These agreements may be either facultative or automatic agreements covering primarily individual risks and in some markets group risks.

Loss before income taxes for the Other International segment totaled \$77.1 million for 2001, compared to losses of \$7.7 million and \$8.3 million for 2000 and 1999, respectively. The increase in losses for 2001 was primarily attributable to poor performance in Argentina relating to higher than expected claims for privatized pension reinsurance, an increase of reserves by \$35.0 million on a pre-tax basis related to this business during the fourth quarter, and realized losses of \$27.0 million related to investment security sales in the Argentine portfolio. A majority of those losses occurred in the third quarter of 2001 when the Company liquidated all remaining Argentine investment securities supporting the reinsurance operations and invested in U.S. dollar-denominated securities due to its concern over the stability of the Argentine peso, which is the functional currency of this sub-segment.

Since 1991, the Argentine peso has been pegged to the U.S. dollar at a rate of one Argentine peso to one U.S. dollar. In early December 2001, restrictions were put in place that prohibited cash withdrawals above a certain amount and foreign money transfers with certain limited exceptions. While the legal exchange rate remained at one Argentine peso to one U.S. dollar, financial institutions were allowed to conduct only limited activity due to these restrictions, and currency exchange was effectively halted. In January 2002, the Argentine government announced its intent to create a dual currency system with an official exchange rate of 1.4 Argentine pesos to one U.S. dollar for import and export transactions and a free floating rate for other transactions. On January 11, 2002, the Argentine peso began free floating against the U.S. dollar and closed at rates ranging from 1.6 to 1.7 Argentine pesos to one U.S. dollar. Since that time, the Argentine economy has remained volatile and the government has periodically suspended the free-floating exchange rates.

Asia Pacific reported income before income taxes of \$3.0 million for 2001, an increase of \$1.8 million compared to 2000, a result of improved persistency and an increase in premium volume during 2001. The decrease in Other International losses reported for 2000 was primarily due to favorable mortality results, additional premium volume, and a full year of experience from a large financial reinsurance transaction executed at the end of 1999 in the Asia Pacific sub-segment, offset, in part, by the sale of the Chilean operations in Latin America.

Net premiums increased 40.6%, to \$265.6 million in 2001 and decreased 6.8%, to \$188.9 million, in 2000. The increase during 2001 was primarily the result of renewal premiums from existing blocks of business, new business premiums from facultative and automatic treaties and several large blocks of business, and premiums associated with accelerated critical illness coverage in Asia Pacific and Europe & South Africa. Accelerated critical illness coverage provides a benefit in the event of a death from or the diagnosis of a defined critical illness. Premiums earned during 2001 from this coverage totaled \$43.3 million for Asia Pacific and Europe & South Africa compared to \$9.8 million in 2000. Increases in net premiums were partially offset by a decrease in privatized pension business in Argentina and a decrease in premiums related to the sale of the Chilean operations. Premiums from other sources included the development of new business opportunities in Mexico and Argentina, however current economic instability in Argentina may have a negative impact on future growth in this market. The Company's operation in South Africa also contributed to the 2001 net premium growth mainly through the facultative market as well as the Company's representative office in Spain through reinsuring both individual and group products. Premium levels are significantly influenced by large transactions and reporting practices of ceding companies and therefore can fluctuate from period to period.

Net investment income decreased \$6.3 million or 23.8% in 2001 and was relatively flat for 2000 and 1999. The decrease was primarily attributable to a smaller invested asset base resulting from the sale of the Chilean operations. However, the decrease was partially offset with an increase related to higher yields on the underlying Argentine investment portfolio. These Argentine based bond investments supporting the Latin America reinsurance business were sold during 2001 to reduce the Company's exposure to the volatile Argentine economy and the proceeds were reinvested in U.S. based securities which have lower yields. In addition, investment income and realized investment gains and losses are allocated to the various operating segments based on average assets and related capital levels deemed appropriate to support the segment business volumes. Investment performance varies with the composition of investments and the relative allocation of capital to the operating segments. Other revenue during 2001 and 2000 predominantly represented profit and risk fees associated with financial reinsurance transactions in Taiwan and Japan. The Taiwanese treaty was commenced in late 1999, with a full year in 2001 and 2000 versus a partial year in 1999. A Japanese financial reinsurance treaty was discontinued in early 1999, reducing the fees earned for 1999. Fees paid to retrocessionaires that were included in policy acquisition costs and other insurance expenses partially offset these fees earned for these years.

Claims and other policy benefits as a percentage of net premiums totaled 83.8%, 73.5% and 84.6% for 2001, 2000 and 1999, respectively. The increase in 2001 is primarily related to an increase in reserves for the privatized pension business in Argentina during the fourth quarter of 2001. The decrease in 2000 was due, in part, to adverse experience on Japanese business during 1999 in the Asia Pacific sub-segment. Mortality may fluctuate somewhat from period to period, but is expected to be fairly constant over longer periods of time. The Company monitors mortality trends to evaluate the appropriateness of reserve levels and adjusts the reserve levels on a periodic basis. During 2001, the Company ceased renewal of reinsurance treaties associated with privatized pension contracts in Argentina because of adverse experience on this business, as several aspects of the pension fund claims flow did not develop as was

contemplated when the reinsurance programs were initially priced, and to focus on other traditional opportunities in the region. Although premiums will continue to decline, it is estimated that claims for the privatized pension business will continue to be paid over the next several years. The Company regularly evaluates the reserve adequacy on these treaties, and increased reserves by pre-tax \$35.0 million during the fourth quarter of 2001. It is expected that these reserves are necessary to absorb additional claims development associated with the run-off of the treaties. As the underlying reserves for the privatized pension business are in Argentine pesos, the functional currency of this sub-segment, the devaluation of the peso during 2002 is not expected to have an immediate impact to earnings until actual claims settlement or adjustments to the underlying peso reserves occur. The impact of fluctuating exchange rates will continue to be closely monitored by the Company's management and is expected to be volatile over the near term. Interest credited represents amounts credited on Mexican and Argentine universal life products.

Policy acquisition costs and other insurance expenses as a percentage of net premiums represented 29.1%, 25.3%, and 20.0% for 2001, 2000, and 1999, respectively. The percentages fluctuate due to timing of client company reporting and variations in the mixture of business being reinsured. During 2001 and 2000, the Europe & South Africa segment experienced an increased amount of new business with higher allowances, particularly in the United Kingdom, compared to 1999. Other operating expenses were relatively flat for 2001 and increased 21.8% during 2000. As a percentage of premiums, other operating expenses decreased to 11.6% in 2001 and increased to 16.1% in 2000 from 12.3% in 1999. The Company believes that sustained growth in premiums should lessen the burden of start-up expenses and expansion costs over time.

CORPORATE AND OTHER

Corporate activity generally represents investment income on invested assets not allocated to support segment operations, undeployed proceeds from the Company's capital raising efforts, unallocated realized capital gains or losses, corporate expenses that include unallocated overhead and executive costs, and interest expense related to the \$225.0 million, 5.75% mandatorily redeemable trust preferred securities issued by a wholly-owned subsidiary in 2001 ("Preferred Securities"), the \$200.0 million, 6.75% Senior Notes issued in 2001 ("2001 Senior Notes"), borrowings under the Company's \$140 million credit agreement executed during 2000 (the "U.S. Credit Agreement"), a \$75.0 million term loan note with a subsidiary of MetLife ("MetLife Note") issued and terminated in 2001 and the \$100.0 million 7.25% Senior Notes ("Senior Notes") issued in 1996.

Corporate revenues decreased \$9.5 million in 2001 and \$7.4 million in 2000, primarily a result of unallocated investment losses associated with the sale or impairment of investment securities. Corporate unallocated other operating expenses were less than one percent of consolidated premiums in 2001, 2000 and 1999. Corporate interest expense was \$16.5 million in 2001, compared to \$16.1 million in 2000 and \$10.5 million in 1999. The moderate increase in 2001 compared to 2000 was affected by increased weighted average borrowings outstanding, partially offset by a decrease in the interest rate on those borrowings. The increase in 2000 compared to 1999 was primarily affected by an increase in the weighted average borrowings outstanding. Management expects corporate interest expense to increase significantly in 2002 due to the addition of the Preferred Securities (See Note 17, "Issuance of Trust Piers Units," of the Notes to Consolidated Financial Statements) and the 2011 Senior Notes, the proceeds of which were used to pay down a balance of \$120 million on its U.S. Credit Agreement and to prepay and terminate the \$75 million term loan with MetLife Credit Corp. Interest rates on the U.S. Credit Agreement and MetLife Note ranged from 2.6% to 7.1% in 2001. The Company views its long-term debt at its current level as an integral and ongoing part of its capital structure, and therefore felt it appropriate to convert its shorter-term borrowings under its U.S. Credit Agreement into longer-term capital.

DISCONTINUED OPERATIONS

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

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

The reinsurance markets for several accident and health risks, most notably involving workers' compensation carve-out and personal accident business, have been quite volatile over the past several years. In particular, certain programs are alleged to have been inappropriately underwritten by third party managers, and some of the reinsurers and retrocessionaires involved have alleged material misrepresentation and non-disclosures by the underwriting managers. As a result, there have been a significant number of claims for rescission, arbitration, and litigation among a number of the parties involved. This has had the effect of significantly slowing the reporting of claims between parties, as the various outcomes of a series of arbitrations and similar actions affects the extent to which higher level reinsurers and retrocessionaires may ultimately have exposure to claims.

While RGA did not underwrite workers' compensation carve-out business directly, it did offer certain high level common account coverages to other reinsurers and retrocessionaires. The Company continues to investigate to determine if any material indirect claims exposures arise from workers' compensation carve-out or personal accident plans through pool participations or high-level common account retrocessional coverage. To date, no such material exposures have been identified. If any material exposure is identified at some point in the future, based upon the experience of others involved in these markets, any exposures will potentially be subject to claims for rescission, arbitration, or litigation. Thus, resolution of any disputes will likely take several years. In any event, it is management's opinion that future developments, if any, will not materially adversely affect the Company's financial position.

As of January 31, 2002, the Company is a party to arbitrations that involve four separate medical reinsurance arrangements. The Company expects two of these arbitrations to be completed during 2002 and 2003. The other two medical reinsurance arbitrations have only recently been instituted and no final hearing date has been set. Also, there are two arbitrations under way relative to the Company's portfolio of personal accident business. Both of these personal accident reinsurance arbitrations have only recently been instituted and no final hearing date has been set. Finally, there is one recent lawsuit in progress involving aviation bodily injury carve-out reinsurance coverage in which no final hearing date has been set.

Since April of 2000, RGA Reinsurance has been involved in a dispute with a ceding company involving certain quota share reinsurance agreements covering first dollar medical insurance policies in the discontinued accident and health business. The dispute was subsequently referred to an arbitration panel pursuant to the terms of these reinsurance agreements. In the fourth quarter of 2001, the arbitration panel issued its final award, which required RGA Reinsurance to make a payment to the ceding company. RGA Reinsurance incurred a charge, after utilization of existing reserves, of approximately \$10.0 million on a pre-tax basis in the fourth quarter of 2001.

The calculation of the claim reserve liability for the entire portfolio of accident and health business requires management to make estimates and assumptions that affect the reported claim reserve levels. The reserve balance as of December 31, 2001 and 2000 was \$55.3 million and \$89.1 million, respectively. Management must make estimates and assumptions based on historical loss experience, changes in the nature of the business, anticipated outcomes of claim disputes and claims for rescission, and projected future premium run-off, all of which may affect the level of the claim reserve liability. Due to the significant uncertainty associated with the run-off of this business, net income in future periods could be affected positively or negatively. The consolidated statements of income for all periods presented reflect this line of business as a discontinued operation. Revenues associated with discontinued operations, which are not reported on a gross basis in the Company's consolidated statements of income, totaled \$3.0 million, \$23.7 million, and \$113.6 million for 2001, 2000, and 1999.

LIQUIDITY AND CAPITAL RESOURCES

RGA is a holding company whose primary uses of liquidity include, but are not limited to, the immediate capital needs of its operating companies associated with the Company's primary businesses, dividends paid by RGA to its shareholders, interest payments on its senior indebtedness and junior subordinated notes (See Notes 16, "Long-Term Debt," and 17, "Issuance of Trust Piers Units," of the Notes to Consolidated Financial Statements), and repurchases of RGA common stock under a board of director approved plan. The primary sources of RGA's liquidity include proceeds from its capital raising efforts, interest income on undeployed corporate investments, interest income received on surplus notes with RGA Reinsurance and RCM, and dividends from operating subsidiaries. As the Company continues its expansion efforts, RGA will continue to be dependent on these sources of liquidity.

RGA Reinsurance is subject to statutory provisions that restrict the payment of dividends. It may not pay dividends in any 12-month period in excess of the greater of the prior year's statutory operating income or 10% of capital and surplus at the preceding year-end, without regulatory approval. Pursuant to this calculation, RGA Reinsurance's allowable dividend without prior approval for 2002 would be \$54.1 million. However, the applicable statutory provisions only permit an insurer to pay a shareholder dividend from unassigned surplus. As of December 31, 2001, RGA Reinsurance had unassigned surplus of \$51.7 million. Any dividends paid by RGA Reinsurance would be paid to RCM, its parent company, which in turn has restrictions related to its ability to pay dividends to RGA. The assets of RCM consist primarily of its investment in RGA Reinsurance. As of January 1, 2002, RCM could pay a maximum dividend to RGA equal to its unassigned surplus, approximately \$19.3 million. The maximum amount available for dividends by RGA Canada under the Canadian Minimum Continuing Capital and Surplus Requirements ("MCCSR") is \$50.6 million. Dividend payments from other subsidiaries are subject to regulations in the country of domicile.

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

RGA has repurchased shares in the open market in the past primarily to satisfy obligations under its stock option program. Currently, the board of directors has approved a repurchase program authorizing RGA to purchase up to \$50 million of its shares of stock, as conditions warrant. As of December 31, 2001, RGA had not repurchased any shares under the program. RGA purchased approximately 0.7 million shares of treasury stock in 2000 at an aggregate cost of \$20.0 million. No shares were repurchased in 1999.

Historically, RGA has paid quarterly dividends ranging from \$0.027 per share in 1993 to \$0.06 per share in 2001. All future payments of dividends are at the discretion of the Company's Board of Directors and will depend on the Company's earnings, capital requirements, insurance regulatory conditions, operating conditions, and such other factors as the Board of Directors may deem relevant. The amount of dividends that the Company can pay will depend in part on the operations of its reinsurance subsidiaries.

Certain of the Company's debt agreements contain financial covenant restrictions related to, among others, liens, the issuance and disposition of stock of restricted subsidiaries, minimum requirements of net worth ranging from \$600 million to \$700 million, and minimum rating requirements. A material ongoing covenant default could require immediate payment of the amount due, including principal, under the various agreements. Additionally, the Company's debt agreements contain cross-default covenants, which would make outstanding borrowings immediately payable in the event of a material uncured covenant default under any of the agreements including, but not limited to, non-payment of indebtedness when due for amounts greater than \$10 million or \$25 million depending on the agreement, bankruptcy proceeding, and any event which results in the acceleration of the maturity of indebtedness. The facility fee and interest rate for the Company's credit facilities is based on its senior long-term debt ratings. A decrease in those ratings could result in an increase in costs for the credit facilities. As of December 31, 2001, the Company had \$323.4 million in outstanding borrowings under its debt agreements and was in compliance with all covenants under those agreements. Of that amount, approximately \$24.2 million is subject to immediate payment upon a downgrade of the Company's senior long-term debt rating, unless a waiver is obtained from the lenders. The ability of the Company to make debt principal and interest payments depends primarily on the earnings and surplus of subsidiaries, investment earnings on undeployed capital proceeds, and the Company's ability to raise additional funds.

In December 2001, RGA, through its wholly owned subsidiary trust, issued \$225.0 million in Preferred Income Redeemable Securities ("PIERS") Units. See Notes 2, "Summary of Significant Accounting Policies," and 17, "Issuance of Trust Piers Units," of the Notes to Consolidated Financial Statements for additional information on the terms of the PIERS units. Each PIERS unit consists of a preferred security with a face value of \$50 and a stated maturity of March 18, 2051 and a warrant to purchase 1.2508 shares of RGA stock at an exercise price of \$50. The warrant expires on December 15, 2050. The holders of the PIERS units have the ability to exercise their warrant for stock at any time and require RGA to payoff the preferred security. Because the exercise price of the warrant to be received from the holder is equal to the amount to be paid for the preferred security, there is no net cash required on RGA's part.

The Company expects consolidated interest expense to increase significantly in 2002 due to the addition of the \$225.0 million face amount, 5.75% trust preferred securities issued by RGA Capital Trust I and the interest expense associated with its \$200.0 million 6.75% Senior Notes due 2011, the proceeds of which were used to pay down a balance of \$120 million on its U.S. revolving credit facility and to prepay and terminate the \$75.0 million term loan with MetLife Credit Corp. Interest rates on the U.S. revolving credit facility and \$75.0 million term loan ranged from 2.6% to 7.1% in 2001. As of December 31, 2001, the average interest rate on long-term debt outstanding was 6.75%.

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

REINSURANCE OPERATIONS

The Company's principal cash inflows from its reinsurance operations are life insurance premiums and deposit funds received from ceding companies. The primary liquidity concerns with respect to these cash flows is early recapture of the reinsurance contract by the ceding company. Reinsurance agreements, whether facultative or automatic, may provide for recapture rights on the part of the ceding company. Recapture rights permit the ceding company to reassume all or a portion of the risk formerly ceded to the reinsurer after an agreed-upon period of time (generally 10 years) or in some cases due to changes in the financial condition or ratings of the reinsurer. Recapture of business previously ceded does not affect premiums ceded prior to the recapture of such business, but would reduce premiums in subsequent periods. Additionally, some treaties give the ceding company the right to request the Company to place assets in trust for their benefit to support their reserve credits, in the event of a downgrade of the Company's ratings to specified levels. As of December 31, 2001, these treaties had approximately \$246.7 million in reserves. Assets placed in trust continue to be owned by the Company, but their use is restricted based on the terms of the trust agreement. Securities with an amortized cost of \$396.8 million were held in trust in Canada at December 31, 2001 to satisfy collateral requirements for reinsurance business. Additionally, securities with an amortized cost of \$820.9 million, as of December 31, 2001, were held in trust to satisfy collateral requirements of certain other reinsurance treaties. Under certain conditions, RGA may be obligated to move reinsurance from one RGA subsidiary company to another RGA subsidiary or make payments under the treaty. These conditions generally include unusual or remote circumstances, such as change in control, insolvency, nonperformance under a treaty, or loss of reinsurance license of such subsidiary.

The Company's principal cash inflows from its investing activities results from investment income, maturity and sales of invested assets, and repayments of principal. The primary liquidity concern with respect to these cash inflows relates to the risk of default by debtors and interest rate volatility. The Company manages these risks very closely. See — Investments and —Interest Rate Risk below.

Additional sources of liquidity to meet unexpected cash outflows in excess of operating cash flows include selling short-term investments or fixed maturity securities and drawing additional funds under existing credit facilities, under which the Company had availability of \$155.8 million as of December 31, 2001.

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

The Company's net cash flows from operating activities for the years ended December 31, 2001, 2000, and 1999, were \$243.9 million, \$192.8 million, and \$277.7 million, respectively. Cash flows from operating activities are affected by the timing of premiums received, claims paid, and working capital changes. The Company believes the short-term cash requirements of its business operations will be sufficiently met by the positive cash flows generated. Additionally, the Company maintains a very high quality fixed maturity portfolio with good liquidity characteristics. These securities are available for sale and can be easily sold to meet the Company's obligations, if necessary.

The following table displays the Company's contractual obligations, which primarily consist of the payment of outstanding debt upon maturity and leases.

<i>(in millions)</i>	<i>Payment Due by Period</i>			
	<i>Total</i>	<i>1-3 Years</i>	<i>4-5 Years</i>	<i>After 5 Years</i>
Long-Term Debt	\$ 323.4	\$ -	\$ 123.6	\$ 199.8
Operating Leases	31.9	12.5	7.4	12.0
Trust Preferred Securities of Subsidiary	225.0	-	-	225.0
Total	\$ 580.3	\$ 12.5	\$ 131.0	\$ 436.8

The Company has obtained letters of credit in favor of various affiliated and unaffiliated insurance companies from which the Company assumes business. This allows the ceding company to take statutory reserve credits. The letters of credit issued by banks represent a guarantee of performance under the reinsurance agreements. At December 31, 2001, there were approximately \$33.8 million of outstanding bank letters of credit in favor of unaffiliated entities and \$4.0 million in favor of entities affiliated with the Company. Additionally, the Company utilizes letters of credit to secure reserve credits when it retrocedes business to its offshore subsidiaries, including RGA Americas, RGA Barbados, and Triad Re, Ltd. As of December 31, 2001, \$338.1 million in letters of credit

from various banks were outstanding between the various subsidiaries of the Company. Fees associated with letters of credit are not fixed and are based on the Company's ratings and the general availability of these instruments in the marketplace. The Company has direct policies and reinsurance agreements in addition to certain investment, advisory, and administrative contracts with affiliated entities (See Note 12, "Related Party Transactions," of the Notes to Consolidated Financial Statements).

Net cash provided by (used in) investing activities was \$(576.4) million, \$(712.5) million, and \$1,341.8 million in 2001, 2000, and 1999, respectively. Changes in cash provided by investing activities primarily relate to the management of the Company's investment portfolios and the investment of excess capital generated by operating and financing activities. The \$1.3 billion source of cash in 1999 primarily relates to the transfer of investment assets to satisfy funding agreement liabilities that were recaptured (See Note 5, "Significant Transactions - Recapture Transaction," of the Notes to Consolidated Financial Statements).

Net cash provided by (used in) financing activities was \$487.9 million, \$565.5 million, and \$(1,611.4) million in 2001, 2000, and 1999, respectively. Changes in cash provided by investing activities primarily relate to the issuance of equity or debt securities, borrowings or payments under the Company's existing credit agreements, treasury stock activity, and excess deposits or withdrawals under investment type contracts. The \$1.6 billion use of cash in 1999 primarily relates to the recapture of deposits on funding agreement business.

The Company's asset-intensive products are primarily supported by investments in fixed maturity securities. Investment guidelines are established to structure the investment portfolio based upon the type, duration and behavior of products in the liability portfolio so as to achieve targeted levels of profitability. The Company manages the asset-intensive business to provide a targeted spread between the interest rate earned on investments and the interest rate credited to the underlying interest sensitive contract liabilities. The Company periodically reviews models projecting different interest rate scenarios and their impact on profitability. One of the Company's asset-intensive agreements reinsures a market value adjusted annuity product on a modified coinsurance basis. Pursuant to the terms of this reinsurance agreement, the ceding company withholds the annuity liabilities and funds supporting the liabilities. The underlying product reinsured provides the contract holder with a minimum return guarantee over the life of the product. The Company shares in this guarantee pursuant to the reinsurance agreement. The ceding company manages the underlying investment portfolio. The risk to RGA is that the return on the investment portfolio is not sufficient to satisfy the minimum guarantee. This investment risk is mitigated through the Company's participation in establishing investment guidelines and through management's regular monitoring of the underlying investment performance. As of December 31, 2001, funds withheld at interest totaled \$631.3 million for the Company's asset-intensive products.

Effective December 31, 1993, the National Association of Insurance Commissioners ("NAIC") adopted risk-based capital ("RBC") statutory requirements for U.S.-based life insurance companies. These requirements measure statutory capital and surplus needs based on the risks associated with a company's mix of products and investment portfolio. At December 31, 2001, statutory capital and surplus of RGA Reinsurance and RCM exceeded all RBC thresholds and RGA Canada's capital levels exceeded any MCCR requirements. All of the Company's insurance operating subsidiaries exceed the minimum capital requirements in their respective jurisdiction.

INVESTMENTS

All investments made by RGA and its subsidiaries conform to the qualitative and quantitative limits prescribed by the applicable jurisdiction's insurance laws and regulations. In addition, their respective Boards of Directors regularly review the investment portfolios of the international subsidiaries. The RGA Board of Directors also reviews all material investment portfolios. The Company's investment strategy is to maintain a predominantly investment-grade, fixed maturity portfolio, to provide adequate liquidity for expected reinsurance obligations, and to maximize total return through prudent asset management. The Company's asset/liability duration matching differs between the U.S. and Canada operating segments. The target duration for U.S. portfolios, which are segmented along product lines, range between four and seven years. Based on Canadian reserve requirements, a portion of the Canadian liabilities is strictly matched with long duration Canadian assets, with the remaining assets invested to maximize the total rate of return, given the characteristics of the corresponding liabilities and Company liquidity needs. The Company's earned yield on invested assets was 6.79% in 2001, compared with 7.30% in 2000, and 7.10% in 1999.

The Company's fixed maturity securities are invested primarily in commercial and industrial bonds, public utilities, Canadian government securities, and mortgage and asset-backed securities. As of December 31, 2001, more than 94% of the Company's consolidated investment portfolio of fixed maturity securities was investment-grade. Important factors in the selection of investments include diversification, quality, yield, total rate of return potential, and call protection. The relative importance of these factors is determined by market conditions and the underlying product or portfolio characteristics. Cash equivalents are invested in high-grade money market instruments. The largest asset class in which fixed maturities were invested was in commercial and industrial bonds, which represented approximately 16.6% of total investments as of December 31, 2001, a decrease from 23.3% of total investments as of December 31, 2000. A majority of these securities were classified as corporate securities, with an average Standard and Poor's rating of A at December 31, 2001. The Company owns floating rate securities that represent approximately 3.3% of total investments at December 31, 2001, compared to 4.7% at December 31, 2000. These investments may have a higher degree of income variability than the other fixed income holdings in the portfolio due to the floating rate nature of the interest payments.

Within the fixed maturity security portfolio, the Company holds approximately \$244.7 million in asset-backed securities at December 31, 2001, which include credit card and automobile receivables, home equity loans and collateralized bond obligations. The Company's asset-backed securities are primarily floating rate securities and are diversified by issuer. Approximately 50.4%, or \$123.3 million are collateralized bond obligations. In addition to the risks associated with floating rate securities, principal risks in holding asset-backed securities are structural, credit and capital market risks. Structural risks include the securities priority in the issuer's capital structure, the adequacy of and ability to realize proceeds from collateral, and the potential for prepayments. Credit risks include consumer or corporate credits such as credit card holders, equipment lessees, and corporate obligors. Capital market risks include general level of interest rates and the liquidity for these securities in the market place. These factors were the primary driver behind other than temporary write-downs of \$43.4 million, \$10.1 million, and \$15.4 million in 2001, 2000, and 1999, respectively.

The Company monitors its fixed maturity securities to determine impairments in value. In conjunction with its external investments manager, the Company evaluates factors such as:

- * Financial condition of the issuer
- * Payment performance
- * Market value
- * Compliance with covenants
- * General market conditions
- * Various other subjective factors
- * Intent and ability to hold securities

As a result of the evaluation, securities deemed to be impaired, either on a temporary or other than temporary basis, are placed on the Company's watch list. As of December 31, 2001, the Company had approximately \$71.5 million in market value of securities on its watch list. Securities, based on management's judgment, with an other than temporary impairment in value are written down to management's estimate of net realizable value.

For agreements written on a modified coinsurance basis and certain agreements written on a coinsurance basis, assets equal to the net statutory reserves are withheld and legally owned and managed by the ceding company and are reflected as funds withheld at interest on RGA's balance sheet. In the event of a ceding company's insolvency, RGA would need to assert a claim on the assets supporting its reserve liabilities. However, the risk of loss to RGA is mitigated by its ability to offset amounts it owes the ceding company for claims or allowances with amounts owed to RGA from the ceding company. Interest accrues to these assets at rates defined by the treaty terms. The Company is subject to the investment performance on the withheld assets, although it does not control them. To mitigate this risk, the Company helps set the investment guidelines followed by the ceding company and monitors compliance. Funds withheld at interest comprised approximately 22.5% and 20.6% of the Company's investments as of December 31, 2001 and 2000, respectively.

Policy loans comprised approximately 15.2% and 15.5% of the Company's investments as of December 31, 2001 and 2000, respectively. These policy loans present no credit risk because the amount of the loan cannot exceed the obligation due the ceding company upon the death of the insured or surrender of the underlying policy. The provisions of the treaties in force and the underlying policies determine the policy loan interest rates. Because policy loans represent premature distributions of policy liabilities, they have the effect of reducing future disintermediation risk. In addition, the Company earns a spread between the interest rate earned on policy loans and the interest rate credited to corresponding liabilities.

Mortgage loans represented approximately 3.2% and 2.8% of the Company's investments as of December 31, 2001 and 2000, respectively. As of December 31, 2001, all mortgages are U.S.-based. The Company invests primarily in mortgages on commercial offices and retail locations. The Company's mortgage loans generally range in size from \$0.3 million to \$10.3 million, with the average mortgage loan investment as of December 31, 2001, totaling approximately \$3.4 million. The mortgage loan portfolio was diversified by geographic region and property type as discussed further in Note 6 of the Notes to Consolidated Financial Statements.

The Company utilizes derivative financial instruments on a very limited basis, primarily to improve the management of the investment-related risks on a small portfolio of equity-indexed annuities. The Company uses both exchange-traded and customized, over-the-counter derivative financial instruments. RGA Reinsurance has established minimum credit quality standards for counterparties and seeks to obtain collateral or other credit supports. The Company limits its total financial exposure to counterparties. The Company's use of derivative financial instruments historically has not been significant to its financial position.

As of December 31, 2001, the invested assets of RGA, RCM, RGA Reinsurance, RGA Barbados, Australian Holdings, and RGA Canada are primarily managed by a third-party, however, the Company's chief investment officer has the primary responsibility for the day to day oversight of all the Company's investments.

MARKET RISK

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

INTEREST RATE RISK

This risk arises from many of the Company's primary activities, as the Company invests substantial funds in interest-sensitive assets and also has certain interest-sensitive contract liabilities. The Company manages interest rate risk and credit risk to maximize the return on the Company's capital effectively and to preserve the value created by its business operations. As such, certain management monitoring processes are designed to minimize the impact of sudden and sustained changes in interest rates on fair value, cash flows, and net interest income.

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

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

Interest rate sensitivity analysis is used to measure the Company's interest rate price risk by computing estimated changes in fair value of fixed rate assets and liabilities in the event of a hypothetical 10% change (increase or decrease) in market interest rates. The Company does not have fixed-rate instruments classified as trading securities. The Company's projected loss in fair value of financial instruments in the event of a 10% change (increase or decrease) in market interest rates at its fiscal years ended December 31, 2001 and 2000 was \$61.0 million and \$86.7 million, respectively.

The calculation of fair value is based on the net present value of estimated discounted cash flows expected over the life of the market risk sensitive instruments, using market prepayment assumptions and market rates of interest provided by independent broker quotations and other public sources as of December 31, 2001, with adjustments made to reflect the shift in the treasury yield curve as appropriate.

At December 31, 2001, the Company's estimated changes in fair value were within the targets outlined in the Company's investment policy.

Interest rate sensitivity analysis is also used to measure the Company's interest rate cash flow risk by computing estimated changes in the cash flows expected in the near term attributable to floating rate assets and liabilities in the event of a range of assumed changes in market interest rates. This analysis assesses the risk of loss in cash flows in the near term in market risk sensitive floating rate instruments in the event of a hypothetical 10% change (increase or decrease) in market interest rates. The Company does not have variable-rate instruments classified as trading securities. The Company's projected decrease in cash flows in the near term associated with floating-rate instruments in the event of a 10% change (increase or decrease) in market interest rates at its fiscal year ended December 31, 2001 and 2000 was \$6.0 million and \$1.3 million, respectively.

The cash flows from coupon payments move in the same direction as interest rates for the Company's floating rate instruments. The volatility in mortgage prepayments partially offsets the cash flows from interest. At December 31, 2001, the Company's estimated changes in cash flows were within the targets outlined in the Company's investment policy.

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

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

FOREIGN CURRENCY RISK

The Company is subject to foreign currency translation, transaction, and net income exposure. The Company generally does not hedge the foreign currency translation exposure related to its investment in foreign subsidiaries as it views these investments to be long-term. Translation differences resulting from translating foreign subsidiary balances to U.S. dollars are reflected in equity. The Company generally does not hedge the foreign currency exposure of its subsidiaries transacting business in currencies other than their functional currency (transaction exposure). The majority of the Company's foreign currency transactions are denominated in Australian dollars, Argentine pesos, Canadian dollars, and Great British pounds. Currently, the Company believes its foreign currency transaction exposure, with the possible exception of its Argentine peso exposure, to be immaterial to the consolidated results of operations. In an effort to reduce its exposure to the Argentine peso, during 2001, the Company liquidated substantially all its Argentine based investment securities and reinvested the proceeds into investment securities denominated in U.S. dollars. The Company's obligations under its insurance and reinsurance contracts continue to be denominated in Argentine pesos, which is the functional currency for this subsegment. Those net contract liabilities totaled approximately 97.6 million Argentine pesos as of December 31, 2001. As a result, the devaluation of the Argentine peso has generated a net unrealized foreign currency gain of \$38.5 million, which has been reflected in accumulated other comprehensive income on the consolidated balance sheet as of December 31, 2001. The Company does not expect the ongoing economic turmoil in Argentina, including the devaluation of the Argentine peso, to have additional negative impact on its Argentine policy liabilities, however, because the Company cannot reasonably predict the timing of its claim settlements and what the exchange rate will be at settlement, reported results may be volatile in the future. Additionally, the Company cannot predict the impact on its ability to write new business in that market. Net income exposure that may result from the strengthening of the U.S. dollar to foreign currencies will adversely affect results of operations since the income earned in the foreign currencies is worth less in U.S. dollars. When evaluating investments in foreign countries, the Company considers the stability of the political and currency environment. Devaluation of the currency after an investment decision has been made will affect the value of the investment when translated to U.S. dollars for financial reporting purposes.

INFLATION

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

NEW ACCOUNTING STANDARDS

In July 2001, the SEC issued Staff Accounting Bulletin No. 102 - Selected Loan Loss Allowance Methodology and Documentation Issues ("SAB 102"), expressing certain of the staff's views on the development, documentation, and application of a systematic methodology as required by Financial Reporting Release No. 28 for determining allowances for loan and lease losses in accordance with generally accepted accounting principles. In particular, the guidance focuses on the documentation the staff normally would expect registrants to prepare and maintain in support of their allowances for loan losses. The Company believes its mortgage loan loss allowance policies and procedures are in compliance with SAB 102.

Also in July 2001, the Financial Accounting Standards Board (“FASB”) issued Statement of Financial Accounting Standards (“SFAS”) No. 141 “Business Combinations” and SFAS No. 142 “Goodwill and Other Intangible Assets.” SFAS No. 141 requires business combinations initiated after June 30, 2001 to be accounted for using the purchase method of accounting, and broadens the criteria for recording intangible assets separate from goodwill. Recorded goodwill and intangibles will be evaluated against these new criteria and may result in certain intangibles being subsumed into goodwill, or alternatively, amounts initially recorded as goodwill may be separately identified and recognized apart from goodwill. SFAS No. 142 requires the use of a non-amortization approach to account for purchased goodwill and certain intangibles. Under a non-amortization approach, goodwill and certain intangibles will not be amortized into results of operations, but instead would be reviewed for impairment and written down and charged to results of operations only in the periods in which the recorded value of goodwill and certain intangibles is more than its fair value. The Company will adopt the provisions of each statement, which apply to goodwill and intangible assets acquired prior to June 30, 2001, on January 1, 2002. Based on its preliminary assessment during the first quarter of 2002, the Company does not currently expect a significant adjustment related to the adoption of these accounting standards; however, impairment reviews subsequent to the initial adoption date may result in future write-downs.

In June 2000, FASB issued SFAS No. 138, “Accounting for Certain Derivative Instruments and Certain Hedging Activities — an Amendment of FASB Statement No. 133”. This Statement addresses a limited number of issues causing implementation difficulties for numerous entities that apply SFAS 133. SFAS No. 133 requires companies to record derivatives on the balance sheet as assets or liabilities, measured at fair value. It also requires that gains or losses resulting from changes in the values of those derivatives be reported depending on the use of the derivative and whether it qualifies for hedge accounting. The Company adopted SFAS No. 138 as of January 1, 2001, resulting in an after-tax loss included in the first quarter of 2001 of \$0.5 million, substantially all of which related to embedded derivatives on a specific market value annuity product. The Company has a variety of reasons to use derivative instruments, such as to attempt to protect the Company against possible changes in the market value of its investment portfolio as a result of interest rate changes and to manage the portfolio’s effective yield, maturity, and duration. The Company does not invest in derivatives for speculative purposes. The Company may use both exchange-traded and customized over-the-counter derivative financial instruments. The Company’s use of derivatives historically has not been significant to its financial position.

The Company prepares its statutory financial statements in conformity with accounting practices prescribed or permitted by the State of Missouri. Beginning in 2001, the State of Missouri required that insurance companies domiciled in the State of Missouri prepare their statutory basis financial statements in accordance with the National Association of Insurance Commissioners (“NAIC”) Accounting Practices and Procedures manual - Version effective March 2001 subject to any deviations prescribed or permitted by the State of Missouri insurance commissioner. Accounting changes adopted to conform to the provisions of the NAIC Accounting Practices and Procedures manual - Version effective March 2001 are reported as changes in accounting principles. The cumulative effect of changes in accounting principles is reported as an adjustment to unassigned funds (surplus) in the period of the change in accounting principle. The Company recorded an immaterial positive adjustment to statutory surplus in 2001 as a result of implementing the new standards.

<i>December 31,</i> <i>(in thousands)</i>	<i>2001</i>	<i>2000</i>
<i>Assets</i>		
Fixed maturity securities available for sale, at fair value	\$ 2,768,285	\$ 2,692,840
Mortgage loans on real estate	163,948	128,111
Policy loans	774,660	706,877
Funds withheld at interest	1,142,643	938,362
Short-term investments	140,573	68,735
Other invested assets	98,315	25,233
Total investments	5,088,424	4,560,158
Cash and cash equivalents	226,670	70,797
Accrued investment income	30,454	37,555
Premiums receivable	161,436	226,365
Reinsurance ceded receivables	410,947	296,368
Deferred policy acquisition costs	800,319	621,475
Other reinsurance balances	146,427	202,158
Other assets	29,668	46,984
Total assets	\$ 6,894,345	\$ 6,061,860
<i>Liabilities and Stockholders' Equity</i>		
Future policy benefits	\$ 2,101,777	\$ 1,912,834
Interest sensitive contract liabilities	2,325,264	2,149,417
Other policy claims and benefits	650,082	555,423
Other reinsurance balances	47,687	69,343
Deferred income taxes	162,092	170,905
Other liabilities	120,374	68,758
Long-term debt	323,396	272,257
Company-obligated mandatorily redeemable preferred securities of subsidiary trust holding solely junior subordinated debentures of the Company	158,085	-
Total liabilities	5,888,757	5,198,937
Commitments and contingent liabilities (Note 15)	-	-
<i>Stockholders' Equity:</i>		
Preferred stock (par value \$.01 per share; 10,000,000 shares authorized, no shares issued or outstanding)	-	-
Common stock (par value \$.01 per share; 75,000,000 shares authorized, 51,053,273 shares issued at December 31, 2001 and 2000)	511	511
Warrants	66,915	-
Additional paid-in-capital	611,806	611,349
Retained earnings	369,349	348,158
<i>Accumulated other comprehensive loss:</i>		
Accumulated currency translation adjustment, net of income taxes	(6,088)	(15,867)
Unrealized depreciation of securities, net of income taxes	(87)	(42,004)
Total stockholders' equity before treasury stock	1,042,406	902,147
Less treasury shares held of 1,526,730 and 1,759,715 at cost at December 31, 2001 and 2000, respectively	(36,818)	(39,224)
Total stockholders' equity	1,005,588	862,923
Total liabilities and stockholders' equity	\$ 6,894,345	\$ 6,061,860

See accompanying notes to consolidated financial statements.

<i>December 31,</i> <i>(in thousands except per share data)</i>	<i>2001</i>	<i>2000</i>	<i>1999</i>
<i>Revenues</i>			
Net premiums	\$ 1,661,762	\$ 1,404,066	\$ 1,315,638
Investment income, net of related expenses	340,559	326,505	340,280
Realized investment losses, net	(68,431)	(28,651)	(75,308)
Other revenues	34,394	23,815	26,472
Total revenues	1,968,284	1,725,735	1,607,082
<i>Benefits and expenses</i>			
Claims and other policy benefits	1,376,802	1,103,548	1,067,111
Interest credited	111,712	104,782	153,118
Policy acquisition costs and other insurance expenses	304,217	243,542	218,314
Other operating expenses	91,306	81,209	65,415
Interest expense	18,097	17,596	11,020
Total benefits and expenses	1,902,134	1,550,677	1,514,978
Income from continuing operations before income taxes	66,150	175,058	92,104
Provision for income taxes	26,249	69,271	39,059
Income from continuing operations	39,901	105,787	53,045
Discontinued operations:			
Loss from discontinued accident and health operations, net of income taxes	(6,855)	(28,118)	(12,187)
Net income	\$ 33,046	\$ 77,669	\$ 40,858
<i>Earnings per share from continuing operations</i>			
Basic earnings per share	\$ 0.81	\$ 2.14	\$ 1.16
Diluted earnings per share	\$ 0.80	\$ 2.12	\$ 1.15
<i>Earnings per share from net income</i>			
Basic earnings per share	\$ 0.67	\$ 1.57	\$ 0.89
Diluted earnings per share	\$ 0.66	\$ 1.56	\$ 0.88
Weighted average number of diluted shares outstanding	49,905	49,920	46,246

See accompanying notes to consolidated financial statements.

<i>(in thousands)</i>	<i>Preferred Stock</i>	<i>Common Stock</i>	<i>Non-Voting Common Stock</i>	<i>Warrants</i>
Balance, January 1, 1999	\$ -	\$ 392	\$ 74	\$ -
Comprehensive loss				
Net income				
Other comprehensive loss, net of income tax				
Currency translation adjustments				
Unrealized investment losses, net of related offsets and reclassification adjustment				
Other comprehensive loss				
Comprehensive loss				
Dividends to stockholders				
Conversion of non-voting into voting stock		72	(74)	
MetLife private placement		47		
Reissuance of treasury stock				
Balance, December 31, 1999	-	511	-	-
Comprehensive income				
Net income				
Other comprehensive income, net of income tax				
Currency translation adjustments				
Unrealized investment gains, net of related offsets and reclassification adjustment				
Other comprehensive income				
Comprehensive income				
Dividends to stockholders				
Purchase of treasury stock				
Reissuance of treasury stock				
Balance, December 31, 2000	-	511	-	-
Comprehensive income				
Net income				
Other comprehensive income, net of income tax				
Currency translation adjustments				
Unrealized investment gains, net of related offsets and reclassification adjustment				
Other comprehensive income				
Comprehensive income				
Dividends to stockholders				
Issuance of warrants				66,915
Reissuance of treasury stock				
Balance, December 31, 2001	\$ -	\$ 511	\$ -	\$ 66,915

See accompanying notes to consolidated financial statements.

<i>Additional Paid In Capital</i>	<i>Retained Earnings</i>	<i>Comprehensive Income (Loss)</i>	<i>Accumulated Other Comprehensive Income (Loss)</i>	<i>Treasury Stock</i>	<i>Total</i>
\$ 486,669	\$ 251,512		\$ 30,305	\$ (20,475)	\$ 748,477
	40,858	\$ 40,858			40,858
		5,059			5,059
		(176,614)			(176,614)
		(171,555)	(171,555)		
	(9,981)	\$ (130,697)			(9,981)
(655)					(657)
124,873					124,920
129				757	886
611,016	282,389		(141,250)	(19,718)	732,948
	77,669	\$ 77,669			77,669
		(5,958)			(5,958)
		89,337			89,337
		83,379	83,379		
	(11,900)	\$ 161,048			(11,900)
				(20,000)	(20,000)
333				494	827
611,349	348,158		(57,871)	(39,224)	862,923
	33,046	\$ 33,046			33,046
		9,779			9,779
		41,917			41,917
		51,696	51,696		
	(11,855)	\$ 84,742			(11,855)
					66,915
457				2,406	2,863
\$ 611,806	\$ 369,349		\$ (6,175)	\$ (36,818)	\$ 1,005,588

<i>December 31, (in thousands)</i>	<i>2001</i>	<i>2000</i>	<i>1999</i>
<i>Cash flows from operating activities</i>			
Net income	\$ 33,046	\$ 77,669	\$ 40,858
Adjustments to reconcile net income to net cash provided by operating activities			
Change in:			
Accrued investment income	7,101	(379)	25,288
Premiums receivable	64,929	68,407	(121,032)
Deferred policy acquisition costs	(180,110)	(154,229)	(112,085)
Reinsurance ceded balances	(114,579)	(908)	(35,914)
Future policy benefits, other policy claims and benefits, and other reinsurance balances	357,840	188,595	383,672
Deferred income taxes	(32,901)	57,210	48,013
Other assets and other liabilities	70,139	(24,958)	(2,490)
Amortization of net investment discounts, goodwill, and other	(38,985)	(35,884)	(26,692)
Realized investment losses, net	68,431	28,651	75,308
Other, net	9,020	(11,375)	2,775
Net cash provided by operating activities	243,931	192,799	277,701
<i>Cash flows from investing activities</i>			
Proceeds from sale of subsidiaries	-	26,509	-
Purchase of business - net of cash received	-	(21,850)	-
Sales of fixed maturity securities - available for sale	1,129,263	576,240	2,873,723
Sales of mortgage loans on real estate	-	-	8,136
Maturities of fixed maturity securities - available for sale	12,410	20,153	6,204
Purchases of fixed maturity securities - available for sale	(1,211,104)	(1,352,647)	(1,369,576)
Cash invested in mortgage loans on real estate	(51,050)	(21,951)	(50,300)
Cash invested in policy loans	(67,784)	(63,812)	(146,177)
Cash invested in funds withheld at interest	(257,101)	(64,394)	(73,684)
Principal payments on mortgage loans on real estate	15,376	9,525	24,378
Principal payments on policy loans	1	16,997	4,475
Change in short-term investments and other invested assets	(146,388)	162,746	64,644
Net cash (used in) provided by investing activities	(576,377)	(712,484)	1,341,823
<i>Cash flows from financing activities</i>			
Dividends to stockholders	(11,855)	(11,900)	(9,981)
Proceeds from stock offering	-	-	124,920
Proceeds from PERS units offering, net	217,340	-	-
Debt issuance and borrowings under credit agreements, net	49,029	88,303	75,000
Purchase of treasury stock	-	(20,000)	-
Exercise of stock options	4,684	827	886
Exchange of voting for non-voting shares	-	-	(657)
Excess deposits (withdrawals) on universal life and other investment type policies and contracts	228,667	508,259	(1,801,601)
Net cash provided by (used in) financing activities	487,865	565,489	(1,611,433)
Effect of exchange rate changes	454	677	259
Change in cash and cash equivalents	155,873	46,481	8,350
Cash and cash equivalents, beginning of year	70,797	24,316	15,966
Cash and cash equivalents, end of year	\$ 226,670	\$ 70,797	\$ 24,316

See accompanying notes to consolidated financial statements.

NOTE 1 ORGANIZATION

Reinsurance Group of America, Incorporated (“RGA”) is an insurance holding company formed December 31, 1992. On December 31, 2001, Equity Intermediary Company, a Missouri holding company, directly owned approximately 48.7% of the outstanding shares of common stock of RGA. Equity Intermediary Company is a wholly owned subsidiary of General American Life Insurance Company (“General American”), a Missouri life insurance company, which in turn is a wholly owned subsidiary of GenAmerica Financial Corporation (“GenAmerica”), a Missouri corporation. GenAmerica was acquired and became a wholly owned subsidiary of Metropolitan Life Insurance Company (“MetLife”), a New York life insurance company, on January 6, 2000. As a result of MetLife’s ownership of GenAmerica and its own direct investment in RGA, MetLife beneficially owns 58.4% of the outstanding shares of common stock of RGA as of December 31, 2001.

On January 30, 2002, MetLife announced its intention to purchase up to an aggregate of \$125 million of additional common shares of RGA. The purchases are intended to offset potential future dilution of MetLife’s holding of RGA stock arising from the issuance of convertible securities by RGA in December 2001.

The consolidated financial statements include the assets, liabilities, and results of operations of RGA; Reinsurance Company of Missouri, Incorporated (“RCM”), RGA Reinsurance Company (Barbados) Ltd. (“RGA Barbados”), RGA Life Reinsurance Company of Canada (“RGA Canada”) and RGA Americas Reinsurance Company, Ltd. (“RGA Americas”), as well as several other subsidiaries and a joint venture, subject to an ownership position greater than fifty percent (collectively, the “Company”).

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation and Basis of Presentation. The consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America for stock life insurance companies. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the reporting period. The most significant estimates include those used in determining deferred policy acquisition costs, premiums receivable, future policy benefits, other policy claims and benefits, provision for adverse litigation, and valuation of investment impairments. In all instances, actual results could differ materially from the estimates and assumptions used by management.

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

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

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

Impairments in the value of securities held by the Company, considered to be other than temporary, are recorded as a reduction of the carrying value of the security, and a corresponding realized capital loss is recognized in the consolidated statements of income. The Company's policy is to recognize such impairment when the projected cash flows of these securities have been reduced on other than a temporary basis so that the realizable value is reduced to an amount less than the carrying value. In conjunction with its external investments manager, the Company evaluates factors such as the financial condition of the issuer, payment performance, market value, compliance with covenants, general market conditions, various other subjective factors, and the intent and ability to hold securities.

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

Short-term investments are stated at amortized cost, which approximates fair value.

Policy loans are reported at the unpaid principal balance.

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

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

Other invested assets, including derivative contracts, common stocks and preferred stocks, are carried at fair value. Changes in fair value are recorded through other comprehensive income. Other invested assets are periodically reviewed for impairment.

The Company has a variety of reasons to use derivative instruments, such as to attempt to protect the Company against possible changes in the market value of its investment portfolio as a result of interest rate changes and to manage the portfolio's effective yield, maturity, and duration. The Company does not invest in derivatives for speculative purposes. The Company uses both exchange-traded and customized over-the-counter derivative financial instruments. The Company's use of derivatives historically has not been significant to its financial position. Income or expense on derivative financial instruments used to manage interest-rate exposure is recorded on an accrual basis as an adjustment to the yield of the related interest-earning assets or interest-bearing liabilities for the periods covered by the contracts. Gains or losses from early terminations of derivative contracts are deferred and amortized as an adjustment to the yield of the designated assets or liabilities over the remaining period originally contemplated by the derivative financial instrument. The Company is currently holding exchange-traded derivatives with a notional amount of \$25.6 million, which are carried at fair value of \$8.1 million. It is the Company's policy to enter into derivative contracts primarily with highly rated companies.

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

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

Deferred Policy Acquisition Costs. Costs of acquiring new business, which vary with and are primarily related to the production of new business, have been deferred to the extent that such costs are deemed recoverable from future premiums or gross profits. Such costs include commissions and allowances as well as certain costs of policy issuance and underwriting. The Company performs periodic tests to determine that the cost of business acquired remains recoverable, and the cumulative amortization is re-estimated and adjusted by a cumulative charge or credit to current operations.

Deferred costs related to traditional life insurance contracts, substantially all of which relate to long-duration contracts, are amortized over the premium-paying period of the related policies in proportion to the ratio of individual period premium revenues to total anticipated premium revenues over the life of the policy. Such anticipated premium revenues are estimated using the same assumptions used for computing liabilities for future policy benefits.

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

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

Goodwill and Value of Business Acquired. Through December 31, 2001, goodwill representing the excess of purchase price over the fair value of net assets acquired was amortized on a straight-line basis over ten to twenty years. Beginning January 1, 2002, the Company will utilize a non-amortization approach (see "New Accounting Pronouncements"). The value of business acquired is amortized in proportion to the ratio of annual premium revenues to total anticipated premium revenues or in relation to the present value of estimated profits. Anticipated premium revenues have been estimated using assumptions consistent with those used in estimating reserves for future policy benefits. The carrying value is reviewed periodically for indicators of impairment in value. Goodwill was approximately \$7.8 million and \$9.5 million as of December 31, 2001 and 2000, respectively, including accumulated amortization of \$6.0 million and \$4.4 million. The value of business acquired was approximately \$9.8 million and \$12.6 million as of December 31, 2001 and 2000, respectively, including accumulated amortization of \$3.7 million and \$0.8 million. Goodwill amortization expense for the years ended December 31, 2001, 2000, and 1999 was \$1.6 million, \$1.4 million, and \$1.7 million, respectively. Value of business acquired amortization expense for the years ended December 31, 2001, 2000, and 1999 was \$2.9 million, \$0.8 million, and \$0.0 million, respectively. These amortized balances are included in other assets on the consolidated balance sheet.

Other Assets. In addition to the goodwill and value of business acquired previously discussed, other assets include separate accounts, unamortized debt issuance costs, and other capitalized assets.

Future Policy Benefits and Interest-Sensitive Contract Liabilities. Liabilities for future benefits on life policies are established in an amount adequate to meet the estimated future obligations on policies in force. Liabilities for future policy benefits under long-term life insurance policies have been computed based upon expected investment yields, mortality and withdrawal rates, and other assumptions. These assumptions include a margin for adverse deviation and vary with the characteristics of the plan of insurance, year of issue, age of insured, and other appropriate factors. Interest rates range from 6.0% to 10.0%. The mortality and withdrawal assumptions are based on the Company's experience as well as industry experience and standards. Liabilities for future benefits on interest-sensitive life and investment-type contract liabilities are carried at the accumulated contract holder values without reduction for potential surrender or withdrawal charges.

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

In establishing reserves for future policy benefits, the Company assigns policy liability assumptions to particular time frames (eras) in such a manner as to be consistent with the underlying assumptions and economic conditions at the time the risks are assumed. The Company generally maintains a consistent level of provision for adverse deviation between eras.

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

The Company reinsures asset-intensive products, including annuities, corporate-owned life insurance and, prior to September 1999, funding agreement products, on a coinsurance basis. The investment portfolios for these products are segregated within the general account of RGA Reinsurance Company ("RGA Reinsurance"). During 1999, the assets and liabilities of two major asset-intensive blocks of business were recaptured by the ceding companies. The results of these recaptures are included in the 1999 consolidated statement of income. The liabilities for the remaining asset-intensive reinsurance contracts are included in interest sensitive contract liabilities on the consolidated balance sheet.

Other Policy Claims and Benefits. Claims payable for incurred but not reported losses are determined using case basis estimates and lag studies of past experience. These estimates are periodically reviewed and required adjustments to such estimates are reflected in current operations. The Company has no material policy claims liability balances that would require fair value disclosure.

Other Liabilities. Liabilities primarily related to investments in transit, separate accounts, employee benefits, and current federal income taxes payable are included in other liabilities on the consolidated balance sheet.

Income Taxes. RGA and its eligible U.S. subsidiaries file a consolidated federal income tax return. The U.S. consolidated tax return includes RGA, RGA Reinsurance, RGA Barbados, RCM and Fairfield Management Group, Incorporated ("Fairfield"). Due to rules which affect the ability of an entity to join in a consolidated tax return, RGA Americas Reinsurance Company, Ltd., and Triad Re Ltd. file separate tax returns even though these entities are considered to be U.S. taxpayers. The Company's Argentine, Australian, Bermudan, Canadian, Malaysian, South African and United Kingdom subsidiaries are taxed under applicable local statutes.

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

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

Warrants. During December 2001, RGA Capital Trust I (the "Trust"), a wholly owned subsidiary of RGA, sold Preferred Income Equity Redeemable Securities (PIERS) Units. Each unit consists of a preferred security issued by the Trust with a detachable warrant to purchase 1.2508 shares of RGA common stock. The Trust sold 4.5 million PIERS Units. The market value of the detachable warrants on the date issued is recorded in stockholders' equity on the consolidated balance sheet under the caption "Warrants."

Foreign Currency Translation. The functional currency is the Argentine peso for the Company's Argentine operations, the Australian dollar for the Company's Australian operations, the Canadian dollar for the Company's Canada operations, the South African Rand for the Company's South African operations and the British Pound Sterling for the Company's United Kingdom operations. The translation of the foreign currency into U.S. dollars is performed for balance sheet accounts using current exchange rates in effect at the balance sheet date and for revenue and expense accounts using a weighted average exchange rate during each year. Gains or losses, net of deferred income taxes, resulting from such translation are included in accumulated currency translation adjustments, net of income taxes, in accumulated other comprehensive income (loss) on the consolidated balance sheet. See Note 24, "Subsequent Events", for a discussion of the Argentine peso devaluation.

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

In the normal course of business, the Company seeks to limit its exposure to loss on any single insured and to recover a portion of benefits paid by ceding reinsurance to other insurance enterprises or reinsurers under excess coverage and coinsurance contracts. Through December 31, 2000, the Company retained a maximum of \$2.5 million of coverage per individual life. Effective January 1, 2001, the Company increased its retention to \$4.0 million of coverage per individual life. RGA Reinsurance has a number of retrocession arrangements whereby certain business in force is retroceded on an automatic or facultative basis. The Company also retrocedes most of its financial reinsurance business to other insurance companies to alleviate capital requirements created by this business.

Generally, RGA's insurance subsidiaries retrocede amounts in excess of their retention to RGA Reinsurance and RGA Americas. Retrocessions are arranged through RGA Reinsurance's retrocession pools for amounts in excess of its retention. As of December 31, 2001, substantially all retrocession pool participants followed by the A.M. Best Company were rated A- or better. For a majority of the retrocessionaires that were not rated, security in the form of letters of credit or trust assets has been given as additional security in favor of RGA Reinsurance. In addition, the Company performs annual financial reviews of its retrocessionaires to evaluate financial stability and performance.

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

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

Revenues for interest-sensitive and investment-type products consist of investment income, policy charges for the cost of insurance, policy administration, and surrenders that have been assessed against policy account balances during the period. Interest-sensitive contract liabilities for these products represent policy account balances before applicable surrender charges. Deferred policy acquisition costs are recognized as expenses over the term of the policies. Policy benefits and claims that are charged to expenses include claims incurred in the period in excess of related policy account balances and interest credited to policy account balances. The weighted average interest-crediting rates for interest-sensitive products were 6.1%, 6.7%, and 6.4%, during 2001, 2000, and 1999, respectively. Interest crediting rates for U.S. dollar-denominated investment-type contracts ranged from 3.6% to 7.3% during 2001, 5.3% to 7.2% during 2000, and 5.2% to 6.7% during 1999. Weighted average interest crediting rates for Mexican peso-denominated investment-type contracts were 12.8%, 26.0% and 33.0% for 2001, 2000 and 1999, respectively.

Net Earnings Per Share. Basic earnings per share exclude any dilutive effects of options and warrants. Diluted earnings per share include the dilutive effects assuming outstanding stock options and warrants were exercised. All share and earnings per share information has been adjusted to reflect the three-for-two stock split paid in the form of a dividend on February 26, 1999.

New Accounting Pronouncements. In July 2001, the SEC issued Staff Accounting Bulletin No. 102 - Selected Loan Loss Allowance Methodology and Documentation Issues ("SAB 102"), expressing certain of the staff's views on the development, documentation, and application of a systematic methodology as required by Financial Reporting Release No. 28 for determining allowances for loan and lease losses in accordance with generally accepted accounting principles. In particular, the guidance focuses on the documentation the staff normally would expect registrants to prepare and maintain in support of their allowances for loan losses. The Company believes its current policies and procedures are in compliance with SAB 102.

Also in July 2001, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 141 "Business Combinations" and SFAS No. 142 "Goodwill and Other Intangible Assets." SFAS No. 141 requires business combinations initiated after June 30, 2001 to be accounted for using the purchase method of accounting, and broadens the criteria for recording intangible assets separate from goodwill. Recorded goodwill and intangibles will be evaluated against these new criteria and may result in certain intangibles being subsumed into goodwill, or alternatively, amounts initially recorded as goodwill may be separately identified and recognized apart from goodwill. SFAS No. 142 requires the use of a non-amortization approach to account for

purchased goodwill and certain intangibles. Under a non-amortization approach, goodwill and certain intangibles will not be amortized into results of operations, but instead would be reviewed for impairment and written down and charged to results of operations only in the periods in which the recorded value of goodwill and certain intangibles is more than its fair value. The Company will adopt the provisions of each statement, which apply to goodwill and intangible assets acquired prior to June 30, 2001, on January 1, 2002. Based on its preliminary assessment during the first quarter of 2002, the Company does not currently expect a significant adjustment related to the adoption of these accounting standards; however, impairment reviews subsequent to the initial adoption date may result in future write-downs.

In June 2000, FASB issued SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities — an Amendment of FASB Statement No. 133". This Statement addresses a limited number of issues causing implementation difficulties for numerous entities that apply SFAS 133. SFAS No. 133 requires companies to record derivatives on the balance sheet as assets or liabilities, measured at fair value. It also requires that gains or losses resulting from changes in the values of those derivatives be reported depending on the use of the derivative and whether it qualifies for hedge accounting. The Company adopted SFAS No. 138 as of January 1, 2001, resulting in an after-tax loss included in the first quarter of 2001 of \$0.5 million, substantially all of which related to embedded derivatives on a specific market value annuity product. The Company has a variety of reasons to use derivative instruments, such as to attempt to protect the Company against possible changes in the market value of its investment portfolio as a result of interest rate changes and to manage the portfolio's effective yield, maturity, and duration. The Company does not invest in derivatives for speculative purposes. The Company may use both exchange-traded and customized over-the-counter derivative financial instruments. The Company's use of derivatives historically has not been significant to its financial position.

The Company prepares its statutory financial statements in conformity with accounting practices prescribed or permitted by the State of Missouri. Beginning in 2001, the State of Missouri required that insurance companies domiciled in the State of Missouri prepare their statutory basis financial statements in accordance with the National Association of Insurance Commissioners ("NAIC") *Accounting Practices and Procedures* manual – Version effective March 2001 subject to any deviations prescribed or permitted by the State of Missouri insurance commissioner. Accounting changes adopted to conform to the provisions of the NAIC *Accounting Practices and Procedures* manual – Version effective March 2001 are reported as changes in accounting principles. The cumulative effect of changes in accounting principles is reported as an adjustment to unassigned funds (surplus) in the period of the change in accounting principle. The Company recorded an immaterial positive adjustment to statutory surplus in 2001 as a result of implementing the new standards.

Reclassification. The Company has reclassified the presentation of certain prior period information to conform to the 2001 presentation.

NOTE 3 STOCK TRANSACTIONS

On September 18, 2001, the board of directors approved a repurchase program authorizing the Company to purchase up to \$25 million of its shares of stock. Subsequent to December 31, 2001 the board of directors approved an additional repurchase of \$25 million shares under the program, for a total of up to \$50 million of its shares of stock, as conditions warrant. The Board's action allows management, in its discretion, to purchase shares on the open market. As of December 31, 2001, no shares have been purchased under this program.

During 2000, the Company purchased 689,953 shares of treasury stock at an aggregate cost of \$20.0 million. The Company plans to use the repurchased shares to support the future exercise of options granted under its stock option plan.

On November 23, 1999, RGA completed a private placement of securities in which it sold 4,784,689 shares of the Company's common stock, \$0.01 par value per share, to MetLife. The price per share was \$26.125, and the aggregate value of the transaction was approximately \$125 million.

NOTE 4 DIVIDENDS

RGA paid cash dividends on common shares of \$0.24 per share in 2001, \$0.24 per share in 2000, and \$0.22 per share in 1999.

NOTE 5 SIGNIFICANT TRANSACTIONS

2001 Reinsurance Agreement

During 2001, the Company entered into a new agreement reinsuring a single-premium deferred annuity product on a coinsurance basis with funds withheld. Pursuant to the terms of the reinsurance agreement, the funds supporting the liabilities are withheld by the ceding company. To reflect the Company's obligations under the agreement, the amounts withheld have been included in "Funds withheld at interest" on the balance sheet. As of December 31, 2001, approximately \$203.1 million and \$201.2 million related to this agreement were included in funds withheld at interest and interest sensitive contract liabilities, respectively.

Recapture Transaction

Effective September 29, 1999, General American completed the recapture of the entire block of General American's funding agreement business reinsured by the Company. Prior to the recapture, the Company reinsured approximately 25% of General American's funding agreement business. Pursuant to the recapture transaction, the Company transferred all remaining liabilities related to the funding agreement business and an equivalent amount of assets to General American. Over the course of the third quarter of 1999, the Company transferred to General American approximately \$1.8 billion in market value of assets, including \$1.5 billion in connection with the recapture. Those assets, consisting primarily of investments in fixed maturity securities and cash, were transferred in satisfaction of \$1.8 billion in funding agreement liabilities. Associated with the liquidation of investment securities and the transfer of assets to General American during the third quarter of 1999, the Company incurred an after tax net capital loss of approximately \$33.2 million, including \$26.0 million associated with the recapture transaction.

NOTE 6 INVESTMENTS

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

<i>for the years ended December 31</i>	<i>2001</i>	<i>2000</i>	<i>1999</i>
Fixed maturity securities	\$ 192,685	\$ 189,750	\$ 252,399
Mortgage loans on real estate	11,569	10,003	11,284
Policy loans	54,713	44,712	42,378
Funds withheld at interest	72,753	69,715	23,490
Short-term investments	6,513	11,129	10,901
Other invested assets	5,092	3,497	2,912
Investment revenue	343,325	328,806	343,364
Investment expense	2,766	2,301	3,084
Net investment income	\$ 340,559	\$ 326,505	\$ 340,280

The amortized cost, gross unrealized gains and losses, and estimated fair values of investments in fixed maturity securities at December 31, 2001 and 2000 are as follows (in thousands):

<i>2001</i>	<i>Amortized Cost</i>	<i>Unrealized Gains</i>	<i>Unrealized Losses</i>	<i>Fair Value</i>
Available for sale:				
Commercial and industrial	\$ 861,369	\$ 22,127	\$ 37,052	\$ 846,444
Public utilities	260,856	9,429	5,860	264,425
Asset-backed securities	244,736	6,590	38,348	212,978
Canadian government	445,077	64,240	17,320	491,997
Mortgage-backed securities	460,245	13,190	6,922	466,513
Finance	260,630	6,939	12,619	254,950
U.S. government and agencies	165,416	2,104	2,206	165,314
Other foreign government	32,357	71	522	31,906
Australian government agencies	13,761	167	67	13,861
Argentine government and agencies	20,975	-	1,078	19,897
	\$2,765,422	\$ 124,857	\$ 121,994	\$2,768,285

<i>2000</i>	<i>Amortized Cost</i>	<i>Unrealized Gains</i>	<i>Unrealized Losses</i>	<i>Fair Value</i>
Available for sale:				
Commercial and industrial	\$1,138,047	\$ 21,837	\$ 97,220	\$1,062,664
Public utilities	366,767	39,285	20,273	385,779
Asset-backed securities	319,929	3,631	55,178	268,382
Canadian government	289,144	58,565	7,924	339,785
Mortgage-backed securities	266,171	6,202	10,538	261,835
Finance	213,654	6,081	6,726	213,009
U.S. government and agencies	87,208	2,513	25	89,696
Other foreign government	18,373	177	-	18,550
Australian government agencies	14,889	18	30	14,877
Argentine government and agencies	39,339	205	1,281	38,263
	<u>\$2,753,521</u>	<u>\$ 138,514</u>	<u>\$ 199,195</u>	<u>\$2,692,840</u>

There were no investments in any entity in excess of 10% of stockholders' equity at December 31, 2001 or 2000, other than investments issued or guaranteed by the U.S. government.

Common and preferred equity investments and derivative financial instruments are included in other invested assets in the Company's consolidated balance sheet. The cost basis of equity investments at December 31, 2001 and 2000 was approximately \$89.9 million and \$15.4 million, respectively. The cost basis of the derivative financial instruments at December 31, 2001 and 2000 was approximately \$4.4 million.

The amortized cost and estimated fair value of fixed maturity investments at December 31, 2001 are shown by contractual maturity for all securities except certain U.S. government agencies securities, which are distributed to maturity year based on the Company's estimate of the rate of future prepayments of principal over the remaining lives of the securities. These estimates are developed using prepayment rates provided in broker consensus data. Such estimates are derived from prepayment rates experienced at the interest rate levels projected for the applicable underlying collateral and can be expected to vary from actual experience. Actual maturities can differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

At December 31, 2001, the contractual maturities of investments in fixed maturity securities were as follows *(in thousands)*:

	<i>Amortized Cost</i>	<i>Fair Value</i>
Available for sale:		
Due in one year or less	\$ 32,908	\$ 33,643
Due after one year through five years	394,005	405,450
Due after five years through ten years	540,229	545,655
Due after ten years	1,093,299	1,104,046
Asset and mortgage-backed securities	704,981	679,491
	<u>\$2,765,422</u>	<u>\$2,768,285</u>

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

<i>for the years ended December 31</i>	<i>2001</i>	<i>2000</i>	<i>1999</i>
Fixed maturities and equity securities available for sale:			
Realized gains	\$ 34,108	\$ 2,487	\$ 19,683
Realized losses	(101,854)	(23,142)	(81,936)
Other, net	(685)	(7,996)	(13,055)
Net losses	<u>\$ (68,431)</u>	<u>\$ (28,651)</u>	<u>\$ (75,308)</u>

Included in net realized losses are other than temporary write-downs of fixed maturity securities of approximately \$43.4 million, \$10.1 million, and \$15.4 million in 2001, 2000, and 1999, respectively. Approximately \$36.3 million of the other than temporary write-downs in 2001 related to the Company's asset-backed securities portfolio. The Company incurred approximately \$9.1 million in realized losses associated with the other than temporary write-down and sale of Enron securities. Additionally, the Company incurred approximately \$27.0 million in realized capital losses when it liquidated substantially all of its Argentine-based investment securities. The Company reinvested the proceeds from these sales in U.S. dollar based securities in order to reduce its exposure to the volatile Argentine economy. Other losses during 2000 include \$8.9 million in realized losses associated with the sale of subsidiaries. The recapture of the funding agreement business by General American led to the majority of the realized losses in 1999.

Securities with an amortized cost of \$2.8 million and \$3.1 million were on deposit with various state or governmental insurance departments to comply with applicable insurance laws at December 31, 2001 and 2000, respectively. Securities with an amortized cost of \$396.8 million and \$411.6 million were held in trust in Canada at December 31, 2001 and 2000, respectively, to satisfy collateral requirements for reinsurance business conducted in Canada. Additionally, securities with an amortized cost of \$820.9 million and \$821.5 million at December 31, 2001 and 2000, respectively, were held in trust to satisfy collateral requirements of certain reinsurance treaties.

At December 31, 2001, fixed maturities held by the Company that were below investment grade or not rated by an independent rating agency had an estimated fair value of approximately \$159.5 million. At December 31, 2001, the Company owned non-income producing securities with an amortized cost of \$48.1 million.

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

	2001		2000	
	Carrying Value	Percentage Of Total	Carrying Value	Percentage Of Total
Property Type:				
Apartment	\$ 705	.43%	\$ 1,028	.80%
Retail	49,153	29.98%	48,290	37.65%
Office building	72,958	44.50%	50,299	39.21%
Industrial	39,037	23.81%	26,423	20.60%
Other commercial	2,095	1.28%	2,227	1.74%
	163,948	100.00%	128,267	100.00%
Less: Allowance	-		(156)	
Total	\$ 163,948		\$ 128,111	

All the Company's mortgage loans are amortizing loans. As of December 31, 2001 and 2000, the Company's mortgage loans were distributed as follows (*in thousands*):

	2001		2000	
	Carrying Value	Percentage Of Total	Carrying Value	Percentage Of Total
United States:				
Arizona	\$ 9,102	5.55%	\$ 13,606	10.61%
California	38,178	23.29%	20,538	16.01%
Colorado	7,998	4.88%	1,924	1.50%
Florida	7,944	4.85%	5,787	4.51%
Georgia	21,258	12.97%	8,013	6.25%
Illinois	12,187	7.43%	12,606	9.83%
Indiana	5,363	3.27%	5,497	4.29%
Kansas	7,379	4.50%	7,663	5.97%
Maryland	4,436	2.71%	4,686	3.65%
Missouri	7,301	4.45%	7,475	5.83%
Nevada	1,340	.81%	1,414	1.10%
North Carolina	16,301	9.94%	16,688	13.01%
Pennsylvania	5,668	3.46%	5,759	4.49%
Texas	2,159	1.32%	2,233	1.74%
Virginia	3,442	2.10%	-	-
Washington	13,892	8.47%	14,378	11.21%
	163,948	100.00%	128,267	100.00%
Less: Allowance	-		(156)	
Total	\$ 163,948		\$ 128,111	

There were no loans delinquent at December 31, 2001.

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

	2001	2000
Due within one year	\$ -	\$ 311
Due one year through five years	8,609	1,160
Due after five years	84,839	45,446
Due after ten years	70,500	81,350
Subtotal	163,948	128,267
Less: Allowance	-	(156)
Total	\$ 163,948	\$ 128,111

NOTE 7 FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table presents the carrying amounts and estimated fair values of the Company's financial instruments at December 31, 2001 and 2000. SFAS No. 107, "Disclosures about the Fair Value of Financial Instruments," defines fair value of a financial instrument as the amount at which the instrument could be exchanged in a current transaction between willing parties (*in thousands*):

	2001		2000	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
<i>Assets:</i>				
Fixed maturities	\$2,768,285	\$2,768,285	\$2,692,840	\$2,692,840
Mortgage loans on real estate	163,948	164,904	128,111	131,730
Policy loans	774,660	774,660	706,877	706,877
Funds withheld at interest	1,142,643	1,133,781	938,362	935,748
Short-term investments	140,573	140,573	68,735	68,735
Other invested assets	98,315	98,315	25,233	25,233
<i>Liabilities:</i>				
Interest sensitive contract liabilities	\$2,325,264	\$2,264,432	\$2,149,417	\$2,095,165
Long-term debt	323,396	328,905	272,257	274,420
Company-obligated mandatorily redeemable preferred securities	158,085	158,839	-	-

Publicly traded fixed maturity securities are valued based upon quoted market prices. Private placement securities are valued based on the credit quality and duration of marketable securities deemed comparable by the Company's investment advisor, which may be of another issuer. The fair value of mortgage loans on real estate is estimated using discounted cash flows. Policy loans typically carry an interest rate that is tied to the crediting rate applied to the related policy and contract reserves. The carrying value of funds withheld at interest generally equals fair value except where the funds withheld are specifically identified in the agreement. The carrying value of short-term investments at December 31, 2001 and 2000 approximates fair value. Common and preferred equity investments and derivative financial instruments included in other invested assets are reflected at fair value on the consolidated balance sheet.

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

NOTE 8 REINSURANCE

Retrocession reinsurance contracts do not relieve the Company from its obligations to direct writing companies. Failure of retrocessionaires to honor their obligations could result in losses to the Company; consequently, allowances would be established for amounts deemed uncollectible. At December 31, 2001 and 2000, no allowances were deemed necessary. The Company regularly evaluates the financial condition of its reinsurers / retrocessionaires.

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

<i>for the years ended December 31,</i>	<i>2001</i>	<i>2000</i>	<i>1999</i>
Direct premiums and amounts assessed against policyholders	\$ 11,471	\$ 26,077	\$ 41,174
Reinsurance assumed	1,839,083	1,600,106	1,543,634
Reinsurance ceded	(188,792)	(222,117)	(269,170)
Net premiums and amounts earned	\$1,661,762	\$1,404,066	\$1,315,638

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

<i>for the years ended December 31,</i>	<i>2001</i>	<i>2000</i>	<i>1999</i>
Direct	\$ 6,104	\$ 27,327	\$ 53,358
Reinsurance assumed	1,525,248	1,290,175	1,200,155
Reinsurance ceded	(154,550)	(213,954)	(186,402)
Net policyholder claims and benefits	\$1,376,802	\$1,103,548	\$1,067,111

At December 31, 2001, and 2000 there were no reinsurance receivables associated with a single reinsurer with a carrying value in excess of 5% of total assets.

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

<i>Life Insurance In Force</i>	<i>Direct</i>	<i>Assumed</i>	<i>Ceded</i>	<i>Net</i>	<i>Assumed/ Net %</i>
December 31, 2001	\$73	\$615,990	\$117,748	\$498,315	123.61%
December 31, 2000	86	545,950	78,226	467,810	116.70%
December 31, 1999	81	446,943	36,569	410,455	108.89%

At December 31, 2001, RGA Reinsurance has provided approximately \$547.8 million of statutory financial reinsurance, as measured by pre-tax statutory surplus, to other insurance companies under financial reinsurance transactions to assist ceding companies in meeting applicable regulatory requirements and to enhance ceding companies' financial strength. Generally, such financial reinsurance is provided by the Company committing cash or assuming insurance liabilities, which are collateralized by future profits on the reinsured business. The Company retrocedes the majority of the assumed financial reinsurance, including approximately \$23.2 million to MetLife and its subsidiaries. The Company earns a fee based on the amount of net outstanding financial reinsurance.

Reinsurance agreements, whether facultative or automatic, may provide for recapture rights on the part of the ceding company. Recapture rights permit the ceding company to reassume all or a portion of the risk formerly ceded to the reinsurer after an agreed-upon period of time (generally 10 years) or in some cases due to changes in the financial condition or ratings of the reinsurer. Recapture of business previously ceded does not affect premiums ceded prior to the recapture of such business, but would reduce premiums in subsequent periods. Additionally, some treaties give the ceding company the right to request the Company to place assets in trust for their benefit to support their reserve credits, in the event of a downgrade of the Company's ratings to specified levels. As of December 31, 2001, these treaties had approximately \$246.7 million in reserves. Assets placed in trust continue to be owned by the Company, but their use is restricted based on the terms of the trust agreement. Securities with an amortized cost of \$396.8 million were held in trust in Canada at December 31, 2001 to satisfy collateral requirements for reinsurance business. Additionally, securities with an amortized cost of \$820.9 million, as of December 31, 2001, were held in trust to satisfy collateral requirements of certain other reinsurance treaties. Additionally, under certain conditions, RGA may be obligated to move reinsurance from one RGA subsidiary company to another RGA subsidiary or make payments under the treaty. These conditions generally include unusual or remote circumstances, such as change in control, insolvency, nonperformance under a treaty, or loss of reinsurance license of such subsidiary.

NOTE 9 DEFERRED POLICY ACQUISITION COSTS

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

<i>for the years ended December 31,</i>	<i>2001</i>	<i>2000</i>	<i>1999</i>
Deferred policy acquisition costs			
Assumed	\$901,709	\$715,318	\$542,393
Retroceded	(101,390)	(93,843)	(64,004)
Net	\$800,319	\$621,475	\$478,389
Beginning of year	\$621,475	\$478,389	\$351,042
Capitalized			
Assumed	485,647	382,772	333,020
Retroceded	(29,805)	(43,452)	(30,922)
Amortized			
Assumed	(299,256)	(209,847)	(177,440)
Retroceded	22,258	13,613	2,689
End of year	\$800,319	\$621,475	\$478,389

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

NOTE 10 INCOME TAX

Provision for income tax expense attributable to income from operations consists of the following *(in thousands)*:

<i>for the years ended December 31,</i>	<i>2001</i>	<i>2000</i>	<i>1999</i>
Current income tax	\$ 49,738	\$ 12,789	\$ (20,835)
Deferred income tax expense	(31,866)	46,494	40,430
Foreign current tax	9,412	(728)	11,881
Foreign deferred tax	(1,035)	10,716	7,583
Provision for income taxes	\$ 26,249	\$ 69,271	\$ 39,059

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

<i>for the years ended December 31,</i>	<i>2001</i>	<i>2000</i>	<i>1999</i>
Tax provision at U.S. statutory rate	\$ 23,153	\$ 61,371	\$ 32,575
Increase in income taxes resulting from:			
Foreign tax rate differing from U.S. tax rate	(784)	1,049	994
Foreign tax credit	-	-	-
Travel and entertainment	32	134	136
Intangible amortization	65	215	284
Deferred tax valuation allowance	3,501	2,369	2,655
Basis differential on sale of Chilean subsidiaries	-	2,447	-
Other, net	282	1,686	2,415
Total provision for income taxes	\$ 26,249	\$ 69,271	\$ 39,059

Total income taxes were as follows *(in thousands)*:

<i>for the years ended December 31,</i>	<i>2001</i>	<i>2000</i>	<i>1999</i>
Income tax from continuing operations:	\$ 26,249	\$ 69,271	\$ 39,059
Tax benefit on discontinued operations	(3,691)	(15,140)	(6,855)
Income tax from stockholders' equity:			
Unrealized holding gain or (loss) on debt and equity securities recognized for financial reporting purposes	21,320	51,766	(104,174)
Exercise of stock options	(1,653)	(344)	(194)
Foreign currency translation	(5,266)	3,208	2,702
Total income tax provided	\$ 36,959	\$ 108,761	\$ (69,462)

The tax effects of temporary differences that give rise to significant portions of the deferred income tax assets and liabilities at December 31, 2001 and 2000, are presented in the following tables *(in thousands)*:

<i>for the years ended December 31,</i>	<i>2001</i>	<i>2000</i>
Deferred income tax assets:		
Nondeductible accruals	\$ 19,433	\$ 12,271
Differences in foreign currency translation	3,824	11,349
Deferred acquisition costs capitalized for tax	28,103	24,976
Net operating loss carryforward	122,852	94,781
Foreign tax & AMT credit carryforward	7,540	2,347
Capital loss carryforward	4,748	1,759
Subtotal	186,500	147,483
Valuation allowance	(13,748)	(6,204)
Total deferred income tax assets	172,752	141,279
Deferred income tax liabilities:		
Deferred acquisition costs capitalized for financial reporting	296,290	208,060
Differences between tax and financial reporting amounts concerning certain reinsurance transactions and reserve for policies	22,661	95,400
Differences in the tax basis of cash and invested assets	15,893	8,724
Total deferred income tax liabilities	334,844	312,184
Net deferred income tax liabilities	\$ 162,092	\$ 170,905

As of December 31, 2001 and 2000, a valuation allowance for deferred tax assets of approximately \$13.7 million and \$6.2 million, respectively, was provided on the foreign tax credits and net operating and capital losses of RGA, RGA Reinsurance, RGA Australia, GA Argentina, RGA South Africa, and RGA UK. The Company utilizes valuation allowances when it determines, based on the weight of the available evidence, that it is more likely than not that the deferred income taxes will not be realized. The Company has not recognized a deferred tax liability for the undistributed earnings of its wholly owned domestic and foreign subsidiaries because the Company currently does not expect those unremitted earnings to become taxable to the Company in the foreseeable future. This is due to the fact that the unremitted earnings will not be repatriated in the foreseeable future, or because those unremitted earnings that may be repatriated will not be taxable through the application of tax planning strategies that management would utilize.

During 2001 and 2000, the Company received federal income tax refunds of approximately \$5.0 million and \$44.8 million, respectively. The Company did not receive a federal income tax refund in 1999. The Company made federal income tax payments of approximately \$26.4 million, \$6.5 million, and \$18.4 million during 2001, 2000 and 1999, respectively. At December 31, 2001 and 2000, the Company recognized deferred tax assets associated with net operating losses of approximately \$313.9 million and \$247.7 million, respectively, that will expire between 2011 and 2016. However, these net operating losses are expected to be utilized in the normal course of business during the period allowed for carry forwards and in any event, will not be lost due to the application of tax planning strategies that management would utilize.

The Internal Revenue Service has audited the Company for the years through and including 1997. The Company is being audited for the years 1998, 1999 and 2000. The Company believes that any adjustments that might be required for open years will not have a material effect on the Company's consolidated financial statements.

NOTE 11 EMPLOYEE BENEFIT PLANS

Most of the Company's U.S. employees participate in a non-contributory defined benefit pension plan sponsored by RGA Reinsurance. The benefits under the pension plan are based on years of service and compensation levels. Certain management individuals participate in several nonqualified defined benefit and defined contribution plans sponsored by RGA Reinsurance. Those plans are unfunded and are deductible for federal income tax purposes when the benefits are paid. The Company recorded net benefits expense of approximately \$1.1 million, \$0.9 million, and \$0.7 million for 2001, 2000 and 1999, respectively, related to these plans. The unfunded benefit liability related to these plans as of December 31, 2001 and 2000 was approximately \$6.5 million and \$5.4 million, respectively.

The Company's full time U.S. employees may participate in a defined benefit profit sharing plan. The plan also has a cash or deferred option under Internal Revenue Code section 401(k). The Company's contributions, which are partially tied to RGA's operating results and employee 401(k) contributions, were approximately \$1.3 million in 2001. The Company also provides certain health care and life insurance benefits for retired employees. The health care benefits are provided through a self-insured welfare benefit plan. Employees become eligible for these benefits if they meet minimum age and service requirements. The retiree's cost for health care benefits varies depending upon the credited years of service. The Company recorded benefits expense of approximately \$0.5 million, \$0.3 million, and \$0.3 million for 2001, 2000 and 1999, respectively, related to these postretirement plans. The projected obligation was approximately \$3.5 million and \$2.2 million as of December 31, 2001 and 2000, respectively.

The 2001 postretirement benefit cost assumes a 12% annual rate of increase in the per capita cost of covered health care benefits. The rate is assumed to decrease gradually to 5% for 2008 and remain at that level thereafter. Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plan. A one-percentage point increase in assumed health care cost trend rates would increase the 2001 net periodic benefit cost by approximately \$98,000 and the 2001 postretirement benefit obligation by approximately \$664,000.

NOTE 12 RELATED PARTY TRANSACTIONS

Prior to September 1, 2000, Conning Asset Management Company (“Conning”), a majority-owned subsidiary of General American, until its sale in April 2001, provided investment management and advisory services to RGA, RGA Reinsurance, RGA Barbados, Australian Holdings and RGA Life Reinsurance Company of Canada (“RGA Canada”). These services were provided pursuant to agreements at the rate of 0.09% of fixed maturity assets managed and 0.22% of mortgage loans managed, payable quarterly, based on the average book value of the portfolios managed during each calendar quarter. On September 1, 2000, the Company contracted with a third party to provide the majority of investment management and advisory services for these portfolios. Conning, however, continues to provide accounting services for such portfolios, and certain accounting, management, and advisory services related to the Company’s mortgage loan and collateralized mortgage-backed securitization portfolios. The cost for Conning’s services for the years ended December 31, 2001, 2000, and 1999, was approximately \$0.3 million, \$1.7 million, and \$2.8 million, respectively. Management does not believe that the various amounts charged by Conning to the Company would have been materially different if they had been incurred from an unrelated third party.

Subject to written agreements with RGA and RGA Reinsurance, General American has historically provided certain administrative services to RGA and RGA Reinsurance. Such services have included legal, treasury, employee benefit, payroll, and personnel. The cost for the years ended December 31, 2001, 2000, and 1999, was approximately \$1.1 million, \$2.6 million, and \$2.2 million, respectively. Management does not believe that the various amounts charged by General American to the Company would be materially different if they had been incurred from an unrelated third party. During 2001, the Company began performing certain of these services in-house.

Prior to moving its operations in August of 1999 to a leased facility owned by a third party, the Company conducted its business primarily from premises leased by RGA Reinsurance from General American. RGA Reinsurance made rental payments in 1999 to General American, principally for office space, of approximately \$1.1 million.

The Company also has direct policies and reinsurance agreements with MetLife and certain of its subsidiaries. As of December 31, 2001 and 2000, the Company had assets and liabilities related to these agreements totaling \$112.5 million and \$109.0 million, and \$103.3 million and \$114.1 million, respectively. Additionally, the Company reflected net assumed premiums of approximately \$149.3 million, \$144.0 million, and \$130.3 million in 2001, 2000, and 1999, respectively. The premiums reflect the net of business assumed from and ceded to MetLife and its subsidiaries. The pre-tax gain (loss) on this business was approximately \$26.1 million, \$17.8 million, and \$(31.0) million in 2001, 2000, and 1999, respectively. This includes realized gains (losses) on the disposal of investment securities of (\$70.4) million for 1999.

The loss in 1999 includes the impact of reinsuring the General American funding agreements and an annuity coinsurance agreement with Cova Financial Services Life Insurance Company ("Cova"), a subsidiary of General American, both of which were recaptured during 1999. The funding agreement and annuity coinsurance agreement contributed net pre-tax earnings (loss) of \$(47.8) million and \$2.6 million, respectively, during 1999, including pre-tax net capital losses on disposal of investment securities of \$52.9 million and \$13.1 million, respectively. Deposits related to funding agreements and the annuity coinsurance at the time of recapture were \$1.5 billion and \$206.6 million, respectively.

NOTE 13 LEASE COMMITMENTS

The Company leases office space and furniture and equipment under non-cancelable operating lease agreements, which expire at various dates. Future minimum office space annual rentals under non-cancelable operating leases at December 31, 2001 are as follows:

2002	\$	4.4 million
2003	\$	4.3 million
2004	\$	3.8 million
2005	\$	3.7 million
2006	\$	3.7 million
Thereafter	\$	12.0 million

Rent expenses amounted to approximately \$5.3 million, \$4.7 million, and \$4.3 million for the years ended December 31, 2001, 2000, and 1999, respectively.

NOTE 14 FINANCIAL CONDITION AND NET INCOME ON A STATUTORY BASIS-SIGNIFICANT SUBSIDIARIES

The statutory basis financial condition of RCM, RGA Reinsurance, and RGA Canada, as of December 31, 2001 and 2000 was as follows (in thousands):

	RCM		RGA Reinsurance		RGA Canada	
	2001	2000	2001	2000	2001	2000
Assets	\$549,359	\$500,879	\$5,760,814	\$4,876,745	\$881,996	\$826,841
Liabilities	4,837	7,927	5,220,271	4,377,685	702,707	659,096
Total capital and surplus	544,522	492,952	540,543	499,060	179,289	167,745

The statutory basis net income (loss) of RCM, RGA Reinsurance, and RGA Canada for the periods indicated was as follows (in thousands):

	2001	2000	1999
RCM	\$ 4,025	\$ (7,348)	\$ -
RGA Reinsurance	(84,463)	80,575	(51,283)
RGA Canada	12,285	6,646	2,087

The total capital and surplus positions of RCM, RGA Reinsurance and RGA Canada exceed the risk based capital requirements of the applicable regulatory bodies. RCM and RGA Reinsurance are subject to statutory provisions that restrict the payment of dividends. They may not pay dividends in any 12-month period in excess of the greater of the prior year's statutory operating income or 10% of capital and surplus at the preceding year-end, without regulatory approval. Pursuant to this calculation, RGA Reinsurance's allowable dividend without prior approval for 2002 would be \$54.1 million. However, the applicable statutory provisions only permit an insurer to pay a shareholder dividend from unassigned surplus. As of December 31, 2001, RGA Reinsurance had unassigned surplus of \$51.7 million. Any dividends paid by RGA Reinsurance would be paid to RCM, its parent company, which in turn has restrictions related to its ability to pay dividends to RGA. The assets of RCM consist primarily of its investment in RGA Reinsurance. As of January 1, 2002, RCM could pay a maximum dividend, without prior approval, to RGA equal to its unassigned surplus, approximately \$19.3 million. The maximum amount available for dividends by RGA Canada to RGA under the Canadian Minimum Continuing Capital and Surplus Requirements ("MCCSR") is \$50.6 million. Dividend payments from other subsidiaries and joint ventures are subject to regulations in the country of domicile.

NOTE 15 COMMITMENTS AND CONTINGENT LIABILITIES

The Company is currently a party to arbitrations that involve four separate medical reinsurance arrangements, two arbitrations relative to the Company's portfolio of personal accident business, and one recent lawsuit involving aviation bodily injury carve-out reinsurance coverage. As of January 31, 2002, the ceding companies involved in these disputes have raised claims that are \$35.4 million in excess of the amounts held in reserve by the Company. The Company believes it has substantial defenses upon which to contest these claims, including but not limited to misrepresentation and breach of contract by direct and indirect ceding companies. See Note 22, "Discontinued Operations" for more information. From time to time, the Company is subject to litigation and arbitration related to its reinsurance business and to employment-related matters in the normal course of its business. While it is not feasible to predict or determine the ultimate outcome of the pending arbitration or legal proceedings or provide reasonable ranges of potential losses, it is the opinion of Management that their outcomes after consideration of the provisions made in the Company's consolidated financial statements would not have a material adverse effect on its consolidated financial position.

The Company has obtained letters of credit in favor of various affiliated and unaffiliated insurance companies from which the Company assumes business. This allows the ceding company to take statutory reserve credits. The letters of credit issued by banks represent a guarantee of performance under the reinsurance agreements. At December 31, 2001, there were approximately \$33.8 million of outstanding bank letters of credit in favor of unaffiliated entities and \$4.0 million in favor of entities affiliated with the Company. Additionally, the Company utilizes letters of credit to secure reserve credits when it retrocedes business to its offshore subsidiaries, including RGA Americas, RGA Barbados, and Triad Re, Ltd. As of December 31, 2001, \$338.1 million in letters of credit from various banks were outstanding between the various subsidiaries of the Company. Fees associated with letters of credit are not fixed and are based on the Company's ratings and the general availability of these instruments in the marketplace.

NOTE 16 LONG-TERM DEBT

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

	2001	2000
Senior Notes @6.75% due 2011	\$ 199.8	\$ -
Senior Notes @7.25% due 2006	99.4	99.3
Revolving Credit Facilities	24.2	98.0
Affiliated Term Loan	-	75.0
Total	\$ 323.4	\$ 272.3

On March 1, 2001, RGA entered into a term loan agreement and note whereby it borrowed \$75.0 million from MetLife Credit Corp., an affiliate of MetLife, at an interest rate of 75.5 basis points over the 30-day AA financial discount rate on commercial paper. RGA used the proceeds to prepay and terminate a \$75.0 million term loan note with General American, also an affiliate of MetLife.

On December 19, 2001, RGA issued 6.75% Senior Notes with a face value of \$200.0 million. These senior notes have been registered with the SEC. The net proceeds from the offering were approximately \$198.5 million and were used to pay down a balance of \$120 million on a revolving credit facility and to prepay and terminate the \$75 million term loan with MetLife Credit Corp. Capitalized issuance costs were \$2.1 million.

The Company has revolving credit facilities in the United States, Great Britain, and Australia, under which it may borrow up to approximately \$180 million. As of December 31, 2001, the Company had drawn approximately \$24.2 million under these facilities at rates ranging from 4.40% to 4.97%.

Terminations of revolving credit facilities and maturities of senior notes over the next five years, assuming the exercise of extension options, would be \$24.2 million in 2005 and \$100.0 million in 2006. The Company may draw up to \$140.0 million on its U.S. revolving credit facility that expires in 2003.

Certain of the Company's debt agreements contain financial covenant restrictions related to, among others, liens, the issuance and disposition of stock of restricted subsidiaries, minimum requirements of consolidated net worth ranging from \$600 million to \$700 million, and minimum rating requirements. A material ongoing covenant default could require immediate payment of the amount due, including principal, under the various agreements. Additionally, the Company's debt agreements contain cross-default covenants, which would make outstanding borrowings immediately payable in the event of a material uncured covenant default under any of the agreements, including, but not limited to, non-payment of indebtedness when due for amounts greater than \$10 million or \$25 million depending on the agreement, bankruptcy proceedings, and any other event which results in the acceleration of the maturity of indebtedness. As of December 31, 2001, the Company was in compliance with all covenants under those agreements. Of that amount, approximately \$24.2 million is subject to immediate payment upon a downgrade of the Company's senior long-term debt rating, unless a waiver is obtained from the lenders. The ability of the Company to make debt principal and interest payments depends on the earnings and surplus of subsidiaries, investment earnings on undeployed capital proceeds, and the Company's ability to raise additional funds. Interest paid on debt during 2001, 2000, and 1999 totaled \$18.5 million, \$16.9 million, and \$9.6 million, respectively.

NOTE 17 ISSUANCE OF TRUST PIERS UNITS

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

Each PIERS unit consists of:

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

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

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

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

NOTE 18 SEGMENT INFORMATION

The Company has five main operational segments segregated primarily by geographic region: U.S., Canada, Latin America, Asia Pacific, and Europe & South Africa. The Asia Pacific, Latin America, and Europe & South Africa operational segments are presented herein as one reportable segment, Other International. The U.S. operations provide traditional life, asset-intensive, and financial reinsurance to domestic clients. Asset-intensive products primarily include reinsurance of corporate-owned life insurance and annuities. The Canada operations provide insurers with traditional reinsurance as well as creditor and critical illness products. Other International operations primarily provide traditional life reinsurance, privatized pension plan reinsurance, which the Company ceased renewing during 2001, and reinsurance of critical illness risks primarily in Asia Pacific, Latin America, and Europe. The operational segment results do not include the corporate investment activity, general corporate expenses, interest expense of RGA, and the provision for income tax expense (benefit). In addition, the Company’s discontinued accident and health operations are not reflected in the continuing operations of the Company. The Company measures segment performance based on profit or loss from operations before income taxes.

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

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

<i>for the years ended December 31, (in thousands)</i>	<i>2001</i>	<i>2000</i>	<i>1999</i>
<i>Revenues</i>			
U.S.	\$1,468,739	\$1,271,629	\$1,143,243
Canada	247,624	237,303	221,134
Other International:			
Latin America	33,681	75,944	127,791
Asia Pacific	126,653	100,985	77,329
Europe & South Africa	96,455	35,288	25,649
Corporate	(4,868)	4,586	11,936
Total from continuing operations	\$1,968,284	\$1,725,735	\$1,607,082

<i>for the years ended December 31, (in thousands)</i>	<i>2001</i>	<i>2000</i>	<i>1999</i>
<i>Income (loss) from continuing operations before income taxes</i>			
U.S.	\$ 125,711	\$ 167,209	\$ 70,537
Canada	51,516	39,858	37,879
Other International:			
Latin America	(79,097)	(6,535)	2,360
Asia Pacific	3,007	1,205	(6,790)
Europe & South Africa	(963)	(2,380)	(3,854)
Corporate	(34,024)	(24,299)	(8,028)
Total from continuing operations	\$ 66,150	\$ 175,058	\$ 92,104

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

for the years ended December 31,
(in thousands)

Interest expense

	2001	2000	1999
Other International:			
Asia Pacific	\$ 867	\$ 980	\$ 491
Europe & South Africa	681	502	-
Corporate	16,549	16,114	10,529
Total from continuing operations	\$ 18,097	\$ 17,596	\$ 11,020

for the years ended December 31,
(in thousands)

Depreciation and amortization

	2001	2000	1999
U.S.	\$ 236,981	\$ 178,490	\$ 158,135
Canada	33,048	16,794	17,215
Other International:			
Latin America	12,136	5,204	(5,615)
Asia Pacific	30,681	20,170	31,930
Europe & South Africa	15,621	4,001	8,819
Total from continuing operations	\$ 328,467	\$ 224,659	\$ 210,484

The table above includes amortization of the Company's deferred acquisition costs.

for the years ended December 31,
(in thousands)

Assets

	2001	2000	1999
U.S.	\$4,364,488	\$4,001,272	\$2,987,710
Canada	1,432,986	1,384,768	1,245,243
Other International:			
Latin America	152,586	140,610	340,502
Asia Pacific	238,788	236,031	160,785
Europe & South Africa	137,499	33,214	5,791
Corporate and discontinued operations	567,998	265,965	383,712
Total assets	\$6,894,345	\$6,061,860	\$5,123,743

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

During 2001, two clients accounted for more than 10% of the Canada operation's gross premiums, consisting of C\$93.3 and C\$39.9 million, or 30.1% and 12.9%, respectively, of the Canada operation's gross premiums in 2001. During 2001, two clients, one each in Australia and Hong Kong, generated approximately \$54.1 million, or 39.9% of the total gross premiums for the Asia Pacific operations. During 2001, two clients of the Company's UK operations generated approximately \$56.2 million, or 58.4% of the total gross premiums for the Europe & South Africa operations.

NOTE 19 STOCK OPTIONS

The Company adopted the RGA Flexible Stock Plan (the "Plan") in February 1993 and the Flexible Stock Plan for Directors (the "Directors Plan") in January 1997 (collectively, the "Stock Plans"). The Stock Plans provide for the award of benefits (collectively "Benefits") of various types, including stock options, stock appreciation rights ("SARs"), restricted stock, performance shares, cash awards, and other stock based awards, to key employees, officers, directors and others performing significant services for the benefit of the Company or its subsidiaries. In general, options granted under the Plan become exercisable over vesting periods ranging from one to eight years while options granted under the Directors Plan become exercisable after one year. As of December 31, 2001, shares authorized for the granting of Benefits under the Plan and the Directors Plan totaled 4,317,530 and 112,500, respectively. Options are generally granted with an exercise price equal to the stock's fair value at the date of grant and expire 10 years after the date of grant. Information with respect to option grants under the Stock Plans follow.

	2001		2000		1999	
	<i>Options</i>	<i>Weighted Average Exercise Price</i>	<i>Options</i>	<i>Weighted Average Exercise Price</i>	<i>Options</i>	<i>Weighted Average Exercise Price</i>
Balance at beginning of year	2,065,731	\$22.03	1,653,137	\$21.41	1,536,960	\$19.07
Granted	493,037	\$30.05	456,407	\$23.38	220,124	\$35.63
Exercised	(224,892)	\$14.00	(43,058)	\$12.37	(65,476)	\$12.10
Forfeited	(7,068)	\$34.37	(755)	\$35.33	(27,600)	\$21.01
Impact of exchange of voting for non-voting grants	-	-	-	-	(10,871)	-
Balance at end of year	2,326,808	\$24.42	2,065,731	\$22.03	1,653,137	\$21.41

	<i>Options Outstanding</i>		<i>Options Exercisable</i>		
	<i>Outstanding as of 12/31/01</i>	<i>Weighted Average Remaining Contractual Life</i>	<i>Weighted Average Exercise Price</i>	<i>Exercisable as of 12/31/01</i>	<i>Weighted Average Exercise Price</i>
\$10.00 - \$14.99	325,395	1.9	\$12.10	205,862	\$12.02
\$15.00 - \$19.99	32,522	4.0	\$15.61	22,268	\$15.61
\$20.00 - \$24.99	937,990	5.2	\$21.71	579,584	\$20.99
\$25.00 - \$29.99	687,021	8.0	\$28.79	137,312	\$26.68
\$30.00 - \$34.99	22,500	6.6	\$32.03	22,500	\$32.03
\$35.00 - \$39.99	321,380	6.8	\$35.81	147,481	\$35.76
Totals	2,326,808	5.8	\$24.42	1,115,007	\$22.10

The per share weighted-average fair value of stock options granted during 2001, 2000, and 1999 was \$11.87, \$9.40, and \$11.24 on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions: 2001-expected dividend yield of 0.8%, risk-free interest rate of 5.04%, expected life of 5.8 years, and an expected rate of volatility of the stock of 35% over the expected life of the options; 2000-expected dividend yield of 0.8%, risk-free interest rate of 6.12%, expected life of 5.8 years, and an expected rate of volatility of the stock of 33% over the expected life of the options; 1999-expected dividend yield of 0.8%, risk-free interest rate of 5.64%, expected life of 5.0 years, and an expected rate of volatility of the stock of 26% over the expected life of the options.

The Company applies APB Opinion No. 25 in accounting for its Stock Plans and, accordingly, no compensation cost has been recognized for its stock options in the financial statements. Had the Company determined compensation cost based on the fair value at the grant date for its stock options under Statement of Financial Accounting Standards No. 123, the Company's net income and earnings per share would have been reduced to the pro forma amounts indicated below. The effects of applying Statement of Financial Accounting Standards No. 123 may not be representative of the effects on reported net income for future years.

			<i>2001</i>	<i>2000</i>	<i>1999</i>
Net income (<i>in thousands</i>)	As reported	\$	33,046	\$ 77,669	\$ 40,858
	Pro forma	\$	29,827	\$ 75,105	\$ 38,953
Basic earnings per share	As reported	\$	0.67	\$ 1.57	\$ 0.89
	Pro forma	\$	0.60	\$ 1.52	\$ 0.85
Diluted earnings per share	As reported	\$	0.66	\$ 1.56	\$ 0.88
	Pro forma	\$	0.60	\$ 1.50	\$ 0.84

In January 1999, the Board approved restricted stock awards of 13,500 non-voting shares under the Company's Flexible Stock Plan. During 1999, the non-voting restricted stock awards were converted into 13,096 shares of voting restricted stock. Compensation expense related to restricted stock awards is being amortized over the individual agreements vesting periods. In January 2002, the Board approved an additional 539,342 incentive stock options at \$31.91 per share under the Company's Flexible Stock Plan.

NOTE 20 EARNINGS PER SHARE

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

	2001	2000	1999
Earnings:			
Income from continuing operations (numerator for basic and diluted calculations)	\$ 39,901	\$ 105,787	\$ 53,045
Shares:			
Weighted average outstanding shares (denominator for basic calculation)	49,420	49,538	45,794
Equivalent shares from outstanding stock options	485	382	452
Diluted shares (denominator for diluted calculation)	49,905	49,920	46,246
Earnings per share from continuing operations:			
Basic	\$ 0.81	\$ 2.14	\$ 1.16
Diluted	\$ 0.80	\$ 2.12	\$ 1.15

Diluted earnings per share exclude the antidilutive effect of 5.6 million shares that would be issued upon exercise of the outstanding warrants, as the Company could repurchase more shares than it issues with the exercise proceeds.

NOTE 21 COMPREHENSIVE INCOME

The following table presents the components of the Company's other comprehensive income for the years ended December 31, 2001, 2000 and 1999 (*in thousands*):

	<i>Before-Tax Amount</i>	<i>Tax (Expense) Benefit</i>	<i>After-Tax Amount</i>
<i>for the twelve month period ended December 31, 2001:</i>			
Foreign currency translation adjustments			
Change arising during year	\$ 15,045	\$ (5,266)	\$ 9,779
Unrealized gains on securities:			
Unrealized holding gains arising during the year	(5,193)	(136)	(5,329)
Less: reclassification adjustment for losses realized in net income	(68,431)	21,185	(47,246)
Net unrealized gains	63,238	(21,321)	41,917
Other comprehensive income	\$ 78,283	\$ (26,587)	\$ 51,696

<i>for the twelve month period ended December 31, 2000:</i>	<i>Before-Tax Amount</i>	<i>Tax (Expense) Benefit</i>	<i>After-Tax Amount</i>
Foreign currency translation adjustments			
Change arising during year	\$ (13,855)	\$ 4,849	\$ (9,006)
Less: reclassification adjustment for losses realized in net income	(4,689)	1,641	(3,048)
Net currency translation adjustments	(9,166)	3,208	(5,958)
Unrealized gains on securities:			
Unrealized holding gains arising during the year	117,141	(46,359)	70,782
Less: reclassification adjustment for losses realized in net income	(23,962)	5,407	(18,555)
Net unrealized gains	141,103	(51,766)	89,337
Other comprehensive income	\$ 131,937	\$ (48,558)	\$ 83,379

<i>for the twelve month period ended December 31, 1999:</i>	<i>Before-Tax Amount</i>	<i>Tax (Expense) Benefit</i>	<i>After-Tax Amount</i>
Foreign currency translation adjustments	\$ 7,761	\$ (2,702)	\$ 5,059
Unrealized gains on securities:			
Unrealized holding losses arising during the year	(356,096)	130,117	(225,979)
Less: reclassification adjustment for losses realized in net income	(75,308)	25,943	(49,365)
Net unrealized losses	(280,788)	104,174	(176,614)
Other comprehensive income loss	\$ (273,027)	\$ 101,472	\$ (171,555)

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

<i>for the years ended December 31,</i>	<i>2001</i>	<i>2000</i>	<i>1999</i>
Change in net unrealized appreciation (depreciation) on:			
Fixed maturity securities available for sale	\$ 63,555	\$ 147,598	\$ (302,486)
Other investments	1,138	1,592	7,514
Effect of unrealized appreciation (depreciation) on:			
Deferred policy acquisition costs	(1,266)	(8,716)	14,271
Other	(189)	629	(87)
Net unrealized appreciation (depreciation)	\$ 63,238	\$ 141,103	\$ (280,788)

NOTE 22 DISCONTINUED OPERATIONS

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

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

The reinsurance markets for several accident and health risks, most notably involving workers' compensation carve-out and personal accident business, have been quite volatile over the past several years. In particular, certain programs are alleged to have been inappropriately underwritten by third party managers, and some of the reinsurers and retrocessionaires involved have alleged material misrepresentation and non-disclosures by the underwriting managers. As a result, there have been a significant number of claims for rescission, arbitration, and litigation among a number of the parties involved. This has had the effect of significantly slowing the reporting of claims between parties, as the various outcomes of a series of arbitrations and similar actions affects the extent to which higher level reinsurers and retrocessionaires may ultimately have exposure to claims.

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

Since April of 2000, RGA Reinsurance has been involved in a dispute with a ceding company involving certain quota share reinsurance agreements covering first dollar medical insurance policies. The dispute was subsequently referred to an arbitration panel pursuant to the terms of these reinsurance agreements. In the fourth quarter of 2001, the arbitration panel issued its final award, which required RGA Reinsurance to make a payment to the ceding company. RGA Reinsurance incurred a charge, after utilization of existing reserves, of approximately \$10.0 million on a pre-tax basis in the fourth quarter of 2001.

As of January 31, 2002, the Company is a party to arbitrations that involve four separate medical reinsurance arrangements. The Company expects two of these arbitrations to be completed during 2002 and 2003. The other two medical reinsurance arbitrations have only recently been instituted and no final hearing date has been set. Also, there are two arbitrations under way relative to the Company's portfolio of personal accident business. Both of these personal accident reinsurance arbitrations have only recently been instituted and no final hearing date has been set. Finally, there is one recent lawsuit in progress involving aviation bodily injury carve-out reinsurance coverage in which no final hearing date has been set. As of January 31, 2002, the ceding companies involved in these disputes have raised claims which are \$35.4 million in excess of the amounts held in reserve by the Company. The Company believes it has substantial defenses upon which to contest these claims, including but not limited to misrepresentation and breach of contract by direct and indirect ceding companies.

The calculation of the claim reserve liability for the entire portfolio of accident and health business requires management to make estimates and assumptions that affect the reported claim reserve levels. The reserve balance as of December 31, 2001 and 2000 was \$55.3 million and \$89.1 million, respectively. Management must make estimates and assumptions based on historical loss experience, changes in the nature of the business, anticipated outcomes of claim disputes and claims for rescission, anticipated outcomes of arbitrations, and projected future premium run-off, all of which may affect the level of the claim reserve liability. Due to the significant uncertainty associated with the run-off of this business, net income in future periods could be affected positively or negatively. The consolidated statements of income for all periods presented reflect this line of business as a discontinued operation. Revenues associated with discontinued operations, which are not reported on a gross basis in the Company's consolidated statements of income, totaled \$3.0 million, \$23.7 million, and \$113.6 million for 2001, 2000, and 1999.

NOTE 23 SALE OF SUBSIDIARIES

As of April 1, 2000, the Company reached an agreement to sell its interest in RGA Sudamerica, S.A. and its subsidiaries, RGA Reinsurance Company Chile, S.A. and Bhif America Seguros de Vida, S.A. The transaction closed on April 27, 2000. The Company received approximately \$26.5 million in proceeds and recorded a loss on the sale of approximately \$8.6 million. The loss included \$4.7 million of accumulated foreign currency depreciation on the Company's net investment and \$1.4 million in previously unrealized depreciation of the investment portfolio. During 2000, the Company also sold its interest in RGA Bermuda for nominal consideration.

NOTE 24 TERRORIST ATTACKS

As a result of the September 11, 2001 terrorist attacks on the United States, the Company has received in excess of 300 claims totaling approximately \$33 million as of December 31, 2001. The Company has catastrophe insurance coverage issued by 2 insurers rated "A" or higher by A.M. Best as of December 31, 2001, that provides benefits of up to \$100 million per occurrence for claims involving three or more deaths in a single accident. The Company pays a deductible of \$1.5 million per occurrence and 20% of the first \$30 million of claims reported per occurrence. The Company expects to recover amounts in excess of its deductible and retention under its catastrophe insurance coverages. As of December 31, 2001, the amount recoverable is expected to be approximately \$22 million. This coverage is terminable annually in August with 90 days prior notice.

NOTE 25 SUBSEQUENT EVENTS

Devaluation of the Argentine Peso. Since 1991, the Argentine peso has been pegged to the U.S. dollar at a rate of one Argentine peso to one U.S. dollar. In early December 2001, restrictions were put in place that prohibited cash withdrawals above a certain amount and foreign money transfers with certain limited exceptions. While the legal exchange rate remained at one Argentine peso to one U.S. dollar, financial institutions were allowed to conduct only limited activity due to these restrictions, and currency exchange was effectively halted.

In January 2002, the Argentine government announced its intent to create a dual currency system with an official exchange rate of 1.4 Argentine pesos to one U.S. dollar for import and export transactions and a free floating rate for other transactions. On January 11, 2002, the Argentine peso began free floating against the U.S. dollar and closed at rates ranging from 1.6 to 1.7 Argentine pesos to one U.S. dollar. Since that time, the Argentine economy has remained volatile and the government has periodically suspended the free-floating exchange rates.

In accordance with applicable accounting guidance, the Company translated its Argentine peso functional currency balances as of December 31, 2001 using a floating rate of 1.65 Argentine pesos to one U.S. dollar, which was the closing rate on January 11, 2002. As a result of that translation, the Company reflected a net unrealized foreign currency gain of \$38.5 million, which has been reflected in accumulated other comprehensive income (loss) on the consolidated balance sheets as of December 31, 2001.

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying consolidated balance sheets of Reinsurance Group of America, Incorporated and subsidiaries (the Company) as of December 31, 2001 and 2000, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the two years in the period ended December 31, 2001. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. The consolidated financial statements of the Company for the year ended December 31, 1999 were audited by other auditors whose report, dated January 25, 2000, expressed an unqualified opinion on those statements.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Reinsurance Group of America, Incorporated and subsidiaries as of December 31, 2001 and 2000, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2001, in conformity with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

January 31, 2002

The consolidated balance sheets of Reinsurance Group of America, Incorporated and subsidiaries as of December 31, 2001 and 2000, and the related consolidated statements of income, cash flows and stockholders' equity for the years ended December 31, 2001, 2000 and 1999, have been prepared by management, which is responsible for their integrity and objectivity. The statements have been prepared in accordance with accounting principles generally accepted in the United States of America and include some amounts that are based upon management's best estimates and judgments. The financial information contained elsewhere in this annual report is consistent with that contained in the financial statements.

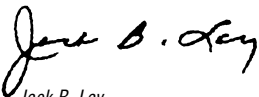
Management is responsible for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting. The concept of reasonable assurance is based on the recognition that there are inherent limitations in all systems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

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

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



A. Greig Woodring
President and Chief Executive Officer



Jack B. Lay
Executive Vice President and Chief Financial Officer



Todd C. Larson
Senior Vice President, Controller and Treasurer

for the year ended December 31, 2001
(in thousands, except per share data)

	First	Second	Third	Fourth
Revenues from continuing operations	\$ 493,655	\$ 465,527	\$ 458,116	\$ 550,986
Revenues from discontinued operations	\$ (428)	\$ 1,399	\$ 635	\$ 1,411
Income (loss) from continuing operations before income taxes	\$ 35,682	\$ 50,138	\$ 12,690	\$ (32,360)
Income (loss) from continuing operations	\$ 21,642	\$ 30,514	\$ 8,985	\$ (21,240)
Loss from discontinued operations	-	-	-	(6,855)
Net income (loss)	\$ 21,642	\$ 30,514	\$ 8,985	\$ (28,095)
Total outstanding common shares - end of period	49,391	49,405	49,475	49,527
<i>Basic Earnings (Loss) Per Share</i>				
Continuing operations	\$ 0.44	\$ 0.62	\$ 0.18	\$ (0.43)
Discontinued operations	-	-	-	(0.14)
Net Income (loss)	\$ 0.44	\$ 0.62	\$ 0.18	\$ (0.57)
<i>Diluted Earnings (Loss) Per Share</i>				
Continuing operations	\$ 0.43	\$ 0.61	\$ 0.18	\$ (0.43)
Discontinued operations	-	-	-	(0.14)
Net Income	\$ 0.43	\$ 0.61	\$ 0.18	\$ (0.57)
Dividends per share on common stock	\$ 0.06	\$ 0.06	\$ 0.06	\$ 0.06
Market price of common stock				
Quarter end	\$ 38.34	\$ 37.77	\$ 34.05	\$ 33.28
Common stock price, high	41.93	39.53	39.36	36.23
Common stock price, low	29.23	32.33	27.95	27.90

Reinsurance Group of America, Incorporated common stock is traded on the New York Stock Exchange (NYSE) under the symbol "RGA".
There were 106 stockholders of record of RGA's common stock of March 1, 2002.

for the year ended December 31, 2000
(in thousands, except per share data)

	First	Second	Third	Fourth
Revenues from continuing operations	\$ 402,134	\$ 419,275	\$ 402,362	\$ 501,964
Revenues from discontinued operations	\$ 18,196	\$ 1,358	\$ 2,837	\$ 1,267
Income from continuing operations before income taxes	\$ 39,552	\$ 39,494	\$ 50,381	\$ 45,631
Income from continuing operations	\$ 23,904	\$ 21,410	\$ 31,370	\$ 29,103
Loss from discontinued operations	(3,482)	(2,506)	(2,261)	(19,869)
Net income	\$ 20,422	\$ 18,904	\$ 29,109	\$ 9,234
Total outstanding common shares - end of period	49,869	49,335	49,258	49,294
<i>Basic Earnings (Loss) Per Share</i>				
Continuing operations	\$ 0.48	\$ 0.43	\$ 0.64	\$ 0.59
Discontinued operations	(0.07)	(0.05)	(0.05)	(0.40)
Net Income	\$ 0.41	\$ 0.38	\$ 0.59	\$ 0.19
<i>Diluted Earnings (Loss) Per Share</i>				
Continuing operations	\$ 0.48	\$ 0.43	\$ 0.63	\$ 0.58
Discontinued operations	(0.07)	(0.05)	(0.04)	(0.39)
Net Income	\$ 0.41	\$ 0.38	\$ 0.59	\$ 0.19
Dividends per share on common stock	\$ 0.06	\$ 0.06	\$ 0.06	\$ 0.06
Market price of common stock				
Quarter end	\$ 23.81	\$ 30.13	\$ 34.25	\$ 35.50
Common stock price, high	30.25	35.13	35.50	38.38
Common stock price, low	15.38	22.00	26.25	31.88

Mary Ann Brown
Director, Senior Vice President
MetLife, Inc. Individual Business
Product Management

J. Cliff Eason
Director, Retired President of
Southwestern Bell Telephone

Stuart I. Greenbaum
Director, Dean of the John M. Olin
School of Business,
Washington University in St. Louis

Terence I. Lennon
Director, Executive Vice President
MetLife, Inc.

Richard A. Liddy
(retires in 2002)
Chairman of the Board and Director,
Chairman, General American Life
Insurance Company and
GenAmerica Financial Corporation

William A. Peck, M.D.
Director, Executive Vice Chancellor
for Medical Affairs
and Dean of the School of Medicine
Washington University in St. Louis

William P. Stirtz
(retired 2001)
Director, Chief Executive Officer,
Chairman
Energizer Holdings Inc. & Ralcorp
Holdings, Inc.

John H. Tweedie
(retired 2001)
Director, Retired Senior Executive
Vice President, MetLife, Inc.

H. Edwin Trusheim
Director, Retired Chairman of the Board
General American Life Insurance Company

A. Greig Woodring
President, Chief Executive Officer
and Director, Reinsurance Group
of America, Incorporated

New Directors 2002

Alan C. Henderson
Director, President and Chief Executive
Officer, RehabCare Group, Incorporated

Stewart G. Nagler
Director and Chairman of the Board,
Vice Chairman of the Board and Chief
Financial Officer, MetLife, Inc.

Joseph A. Reali
Director, Senior Vice President and
Tax Director, MetLife, Inc.

Executive Officers

David B. Atkinson
Executive Vice President
and Chief Operating Officer

Todd C. Larson
Senior Vice President,
Controller and Treasurer

Jack B. Lay
Executive Vice President
and Chief Financial Officer

Paul A. Schuster
Executive Vice President
U.S. Division

James E. Sherman
Senior Vice President,
General Counsel and Secretary

André St-Amour
Executive Vice President and
Chief International Operating Officer

Graham S. Watson
Executive Vice President
and Chief Marketing Officer

Transfer Agent:

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85 Challenger Road
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Independent Auditors:

Deloitte and Touche LLP

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

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

Jack B. Lay
Chief Financial Officer
1370 Timberlake Manor Parkway
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Shareholders may contact us through our Internet site at
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RGA Logo is a registered mark in the United States and Canada.



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f. 44-20-7448-8299

Actuary

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

Annuity

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

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.

Cedant/Ceding company

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

Claim

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

Demutualization

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

Direct insurance

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

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.

Financially motivated reinsurance

(also known as financial reinsurance, asset-intensive 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.

Group life insurance

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

In force sum insured

A measure of insurance in effect at a specific date.

Individual life insurance

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

Mortality experience

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

Preferred risk coverage

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

Premium

Amounts paid to insure a risk.

Private placement

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

Production

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

Portfolio

The totality of risks assumed by an insurer or reinsurer.

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.

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 premium.

Underwriting

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

design tyler stallings design.paper.press
photography greg rannells, ferguson & katzman
printing advertiser's, st. louis, missouri
production julie hardeman, rga communications
strategy compass rose marketing



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