



Reinsurance Group Of America Reports 25 Percent Increase In First-Quarter Operating Earnings; Takes Charge To Exit Accident & Health Pools

April 24, 1997

ST. LOUIS, April 24, 1997 -- Reinsurance Group of America, Incorporated (NYSE: RGA) reported that first-quarter operating earnings rose 25 percent to \$12.9 million, or \$0.75 per share, from \$10.2 million, or \$0.60 per share, in 1996. These results exclude a nonrecurring, after-tax charge of \$10.4 million, or \$0.60 per share, to increase reserves for run-off claims from certain accident and health reinsurance pools in which RGA had formerly participated. That charge reflects management's intent to reserve fully for all claims emanating from outside-managed accident and health pools.

Net premiums increased 22 percent, to \$205.4 million, from \$167.9 million in the first quarter of 1996. Net investment income rose 50 percent, to \$41.8 million from \$27.9 million. Total revenues rose 26 percent, to \$251.8 million, from \$200.4 million a year ago.

A. Greig Woodring, RGA's president and chief executive officer, said, "First-quarter operating earnings exceeded our expectations as our core business -- traditional life reinsurance -- remained exceptionally strong. We remain on track to reach our operating goals for the year."

Woodring added that both U.S. and international operations contributed to the strong quarterly performance. U.S. premiums grew by 16 percent in the quarter, reflecting RGA's well-established market position.

Woodring also noted, "The contribution to premium growth rates by our international operations continues to be strong. Our Canadian segment saw an increase of more than 41 percent compared with the first quarter of 1996. In addition, South America and Asia contributed \$24.1 million in premiums for the first quarter. We remain optimistic about our ability to capitalize upon opportunities in the domestic and international markets over the long term. The increased accident and health reserves will allow management to focus more attention on what has been an extremely successful life reinsurance operation."

RGA had participated in several accident and health reinsurance pools which were subject to the underwriting of various independent pool managers. The company cancelled its participation in the majority of these pools over the last several years, and has now made the strategic decision to exit all pools. It is still subject to any remaining losses from the pools attributable to the years in which RGA participated. Because of the nature of the risks, reporting of claims can take several years to reach reinsurers.

Going forward, the Company will continue to provide accident and health coverage directly to clients, but will no longer participate in pools in which it cannot control the underwriting process. RGA's accident and health line accounts for less than 10 percent of the Company's premiums.

The first-quarter charge was due in part to large, unexpected reserve increases associated with estimated claims information reported by one of the accident and health pool managers. "We have taken this charge to avoid the unanticipated reserve increases that have consistently occurred over the past several years, so we are recognizing all estimated losses on these pools now," Woodring said.

After reflecting the charge for increasing the reserves, RGA reported first-quarter net income of \$2.8 million, or \$0.16 per share, versus net income of \$10.5 million, or \$0.62 per share, the year before. First-quarter results include realized capital gains of \$387,000 and \$562,000, respectively, for the 1997 and 1996 periods.

The board of directors declared a regular quarterly dividend of \$0.08 per share, payable May 30 to shareholders of record May 9.

Reinsurance Group of America, Incorporated, through its U.S. and Canadian subsidiaries, RGA Reinsurance Company and RGA Life Reinsurance Company of Canada, is among the largest providers of life reinsurance in North America. In addition to its North American operations, RGA has subsidiary companies or branch offices in Argentina, Australia, Barbados, Bermuda, Chile, Hong Kong, Japan and the United Kingdom. Worldwide, RGA has more than \$173 billion of life reinsurance in force. General American Life Insurance Company, St. Louis, Missouri, owns approximately 63 percent of RGA's outstanding shares.