



# Developing the Future

2008 Year in Review



The security of experience. The power of innovation.

Front cover: Doug Knowing, Senior Vice President and Chief Actuary, U.S. Division, RGA Reinsurance Company. Below, clockwise: (upper left) Bob Lebermann, Vice President and Chief Underwriter, Underwriting, U.S. Division, RGA Reinsurance Company; Lisa Wagganer, Executive Director, Underwriting, U.S. Division, RGA Reinsurance Company; (upper right) Enda Murphy, Managing Director, RGA UK Services Limited; (lower right) Rodney Brown, Vice President, New Initiatives Team, U.S. Division, RGA Reinsurance Company; Alan Hobbs, Vice President, New Initiatives Team, U.S. Division, RGA Reinsurance Company; Sue Wehrman, Vice President, E'Reinsurance Solutions, RGA Reinsurance Company; (lower left) Josée Malboeuf, Vice President, Underwriting and Claims, RGA Life Reinsurance Company of Canada.



## Contents

- 2 Message from the CEO
- 6 Highlights
- 8 A History of Steady Growth
- 10 Operations
- 24 Leadership
- 25 Worldwide Operations
- 29 Glossary of Terms

## **Developing the Future**

RGA is one of the world's leading life reinsurers. We employ our unequalled underwriting experience and actuarial insights to create expert solutions that help clients build successful businesses and manage risk effectively. Drawing on the collected knowledge of our outstanding teams around the world, we are well-positioned to anticipate and capitalize on opportunities, to foster growth in existing and emerging markets, and to enhance future profitability for our clients.



2008 Year in Review

# Message from the CEO

In the midst of the turbulent financial markets of 2008, a watershed transaction for RGA took place, when MetLife split off its majority ownership of RGA to its shareholders. The transaction included a recapitalization of RGA shares into two classes of securities, 'low vote' and 'high vote', making RGA a widely held, publicly traded company with no majority owner. RGA traded with two classes of shares for a short period following this transaction, after which the Board of Directors recommended, and the shareholders of each class approved, a consolidation back into a single class of stock, which occurred late in the year.

While RGA flourished during the eight years of MetLife's ownership, we look forward to this next phase of RGA history, standing on our own as one of the leading global life reinsurers. The major ratings agencies – Moody's, Standard & Poor's, and A.M. Best – reaffirmed RGA's ratings after the split-off.

Another important event for RGA occurred late in 2008, when we raised almost \$332 million of equity capital despite an extremely difficult market. RGA raised this capital to take advantage of the numerous opportunities we currently identify to increase our reinsurance business. We believe we will have opportunities to deploy this capital over time at returns that will be accretive to RGA's shareholders; however, we will be selective in deploying this capital given the evolving financial landscape. In the meantime, until the capital has been deployed, RGA enjoys an even stronger balance sheet.

The preservation and bolstering of capital levels have become primary concerns for our customers, the direct writing insurers. At the end of 2008, many of our clients experienced severely restricted access to capital, whether equity, debt or bank credit – more so than at any time in memory. Many insurers have turned their thinking to using reinsurance to achieve balance sheet objectives. Reinsurance can be fast and flexible, and, in today's world, less expensive than other types of capital, so RGA found itself working on a number of capital-motivated transactions in the latter part of 2008. We believe that RGA remains uniquely positioned to entertain such requests, which have come to us from all over the globe.

RGA posted good operating earnings per share results of \$6.12<sup>1</sup> in 2008, within the range of expectations we had communicated at the beginning of the year. In fact, without the dilution of additional shares, something not anticipated at the outset of 2008, RGA would have achieved operating

<sup>1</sup> 'Operating earnings' is a non-GAAP financial measure. See page 6 for information on non-GAAP financial measures.



# RGA's international operations' larger and maturing base of business presents a platform for a continuing, predictable flow of earnings in the future.

earnings in the middle of the guidance range we had provided.

Net income for RGA in 2008, however, fell by nearly 40% from 2007 levels. We impaired assets of \$131 million and saw asset valuations fall across our entire portfolio. Book value per share fell from \$51.42 at the end of 2007 to \$36.03 at the end of 2008, a drop of 30%. Not only did asset valuations fall considerably during this tumultuous year, but they deteriorated further in the fourth quarter, with no signs of this trend abating soon. RGA generates strong cash flow and does not bear a run-on-the-bank risk but, nevertheless, is fortunate to have held a much larger cash balance at year-end than usual.

During 2008, RGA saw premiums increase by 9%, the smallest increase in many years. We have seen our premium increases trend downward in recent years and expect this to continue as the overall reinsurance market moderates. A significant strengthening of the U.S. dollar, compared with other currencies important to RGA, also contributed to the decrease in premium growth rate for 2008. RGA, of course, has no ability to predict how currency valuations will fluctuate in the future.

Our facultative business continued to grow in 2008. We now underwrite more than 100,000 cases in the U.S. market and more than 270,000 globally. Underwriting strength has long been a hallmark of RGA's operations and we continuously strive to improve our capabilities.

RGA enjoyed outstanding results in Canada in 2008. The weakening of the Canadian dollar in relation to the U.S. dollar substantially reduced fourth quarter results in U.S. dollar terms from what they would have been, making the excellent results even more remarkable. The trend of impressive results that began in 2007, due primarily to

substantially better-than-expected mortality, continues. New business has flowed strongly in Canada until now, but we believe cession rates may decline in the future, in a pattern similar to that experienced in the U.S. Our team in Canada will work hard to maintain RGA's strong position in that important market.

"While RGA flourished during the eight years of MetLife's ownership, we look forward to this next phase of RGA history, standing on our own as one of the leading global life reinsurers."

RGA International's operations also posted a very solid 2008, continuing their robust growth and development track. Premiums for our Asian segment increased by 16%, while premiums for our European segment increased by 4% over the previous year. Meanwhile, pre-tax operating income rose by 43%<sup>2</sup> in Asia and by 50%<sup>3</sup> in Europe. Not only have RGA's international operations shown strong earnings growth, but their larger and maturing base of business presents a platform for a continuing, predictable flow of earnings in the future. In the coming years, much of our overall earnings growth will come from RGA International's operations. While already producing excellent bottom-line results, RGA continues to develop and reinforce its International operations, opening several new offices over the last few years to market reinsurance in Continental Europe. We expect premium growth in our European segment to pick up and RGA's International Division overall to see double-digit growth for 2009.

<sup>2</sup> Pre-tax operating income, a non-GAAP financial measure, for the Asia Pacific operating segment was \$88.2 million and \$61.6 million during 2008 and 2007, respectively. These amounts exclude investment-related losses of \$2.7 million and \$1.5 million during 2008 and 2007, respectively.

<sup>3</sup> Pre-tax operating income, a non-GAAP financial measure, for the Europe & South Africa operating segment was \$74.4 million and \$49.7 million during 2008 and 2007, respectively. These amounts exclude investment-related losses of \$8.7 million and \$2.2 million during 2008 and 2007, respectively.

While 2008 will go down as the most difficult year the financial markets have experienced in generations, we see 2009 as a time of both challenge and opportunity.

RGA's U.S. mortality business suffered through difficult mortality experience in 2008. RGA's mortality results have been stable and predictable over long periods, but can exhibit volatility over calendar quarters. In 2008, the first and fourth quarters saw significant upward deviations from anticipated mortality. This book of business produced better-than-expected results in 2006 and 2007, and RGA's market position remains strong, with a large market share and an unrivaled reputation in the industry. The recently published Flaspöhler customer satisfaction survey once again named RGA as the "Best Overall Reinsurer" in the U.S. market. The U.S. life insurance industry is undergoing a wrenching transition in these difficult times. Insurers are likely to redesign products, slash costs and look for other ways to survive. We expect them to turn to reinsurers like RGA for support and we have already seen this process begin to take shape.

RGA's annuity operations experienced a difficult year in 2008. While contributing operating income, this business generated net income losses over the year, as asset values depreciated. Unless and until markets stabilize and improve, annuities will continue to show strain. We believe this sector will produce solid returns in the long term; in the meantime, although difficult, we anticipate it will be manageable.

We believe underlying insurance activity will slow down in most, if not all, of our markets, given the stresses on world economies. Nevertheless, at the same time, we expect life insurers to reinsure at slightly increased rates, so that growth in the reinsurance market, while soft, may not be as slow as for the direct insurers.

At the end of 2008, RGA closed its discontinued Accident and Health line. We exited these businesses in the late 1990s and they have been in run-off since. With all the disputes and arbitrations now behind us and the quarterly flow dwindling to very little, we will not show this discontinued line in the future.

While 2008 will go down as the most difficult year the financial markets have experienced in generations, we see 2009 as a time of both challenge and opportunity. We believe that RGA associates have the expertise and experience, as well as the creativity and intelligence, to perform successfully through this period so that RGA's operations will emerge stronger than ever.



A. Greig Woodring  
President and Chief Executive Officer

**A. Greig Woodring**  
President and  
Chief Executive Officer



# Highlights

## Completion of Recapitalization and Split-off from MetLife

On September 12, 2008, RGA announced the completion of the company's recapitalization and split-off from MetLife, Inc., marking a new stage in RGA's continued development and growth as a fully independent company. MetLife shareholders enthusiastically responded to the tender offer to become RGA shareholders. This transaction significantly increased the liquidity and public float of RGA's common stock by nearly doubling the number of shares held by public shareholders, strengthening the company's ability to grow and providing it with greater flexibility in capitalizing on opportunities as they arise.

## \$347 Million Equity Capital Raised<sup>2</sup>

RGA announced a public offering of approximately ten million shares of common stock in October 2008, in conjunction with the decision by Standard & Poor's Corporation to include RGA in the S&P MidCap 400 Index. At a time when few other publicly held companies were successfully raising equity, the capital markets responded enthusiastically to RGA's offering, affirming the company's soundness and strength.

## Steady Operating Results Achieved

In 2008, RGA delivered a solid performance, despite turmoil in the global economic environment. The company posted \$2.1 trillion in life reinsurance in force, with assets of

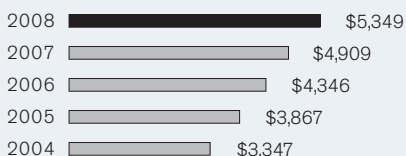
\$21.7 billion. Outstanding results from RGA Canada, and strong performances from our International Division, drove operating income to \$399.2 million.

## Ranked Leading Life Reinsurer in Asia Pacific

A study by NMG Financial Services Consulting, an internationally recognized consultancy, ranked RGA first among life reinsurance providers in the Asia Pacific region. The study was conducted between November 2007 and February 2008, and featured interview responses from key influencers at 181 insurance companies in 15 Asia Pacific countries. The results of the study, published in April 2008, indicated that RGA is the leading life reinsurer in the Asia Pacific region in terms of assumed new

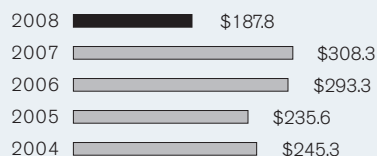
## Net Premiums<sup>1</sup>

(in millions)



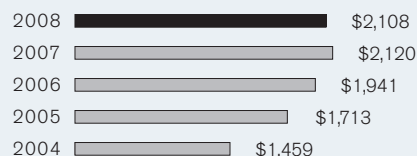
## Income From Continuing Operations

(in millions)



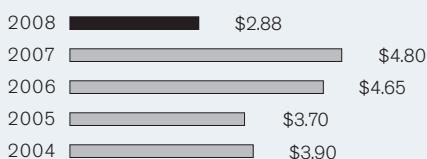
## Assumed Ordinary Life Reinsurance In Force

(in billions)



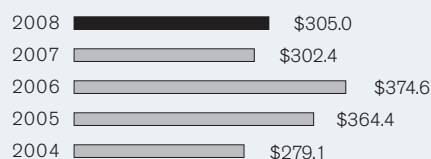
## Diluted EPS<sup>1</sup>

(in millions)



## Assumed New Business Production

(in billions)



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

## Non-GAAP financial measures




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

<sup>1</sup> Reflects results from continuing operations.

<sup>2</sup> Represents gross proceeds; net proceeds totaled \$332 million.



## Global Leadership in Facultative Underwriting

International		137,202
U.S.		102,421
Canada		38,186

RGA saw healthy growth in facultative submissions in 2008, as a record 277,809 facultative applications were received by the U.S., Canada and International divisions.

business, business quality and stand-alone facultative business.

### RGA Canada Recognized as Industry Leader

Interviews of 22 Canadian life insurers by NMG Financial Services Consulting in 2008 demonstrated industry recognition of RGA as a leader among life reinsurers. RGA ranked first in the study's Business Capability Index, suggesting strong client retention and prospects for future treaty gains. In Canada, RGA continued to lead the market in individual life recurring new business, maintaining its 35% market share.

### Setting the Stage for Growth in Europe

RGA continued to make inroads into Continental European markets in 2008. RGA's operation in Germany received approval to operate as a fully licensed branch office, and other offices built upon their outreach, by helping existing clients and by developing new partnerships. As part of its ongoing efforts to augment its European

infrastructure and recognition, RGA acquired the renewal rights to XL Re's Life, Accident and Health business in Europe, initiated treaties in markets in which it had not previously been present, and reinforced its presence by participating in many industry meetings.

### RGA Named "Life Reinsurer of the Year" in Asia Pacific Region; Premiums Surpassed \$1 Billion

RGA was named "Life Reinsurer of the Year" in the 12th annual Asia Insurance Industry Awards competition, and was recognized as having made "significant contributions to helping the regional life insurance industry grow and innovate." The Asia Pacific operating segment's robust growth led to the realization of more than \$1 billion in new premiums, an especially significant accomplishment in this market, where cession rates are relatively low.

### U.S. Facultative Applications Reached 2,000,000

The U.S. Facultative Underwriting team reached a significant milestone

in May 2008, with the receipt of its 2,000,000<sup>th</sup> facultative application. RGA's mortality expertise and facultative experience continues to lead the industry and stand out from other reinsurers. Company-wide, RGA processed 277,809 facultative submissions in 2008.

### RGA Recognized as "Best Overall Life Reinsurer" in Flaspöhler Survey

For the third consecutive time, RGA's main operating subsidiary, RGA Reinsurance Company, was voted "Best Overall Reinsurer" by ceding companies in the 2009 *Flaspöhler Cedant Survey (Life – North America)*. This biennial survey, conducted in 2008, asked cedants to rank 17 life reinsurers on perception, usage, satisfaction, and other significant topics. RGA Reinsurance Company was ranked first by cedants in five categories, including medical underwriting capabilities, claims handling ability, client orientation, timely service, and financial value.

## Financial Highlights

For the years ended December 31

	2008	2007	2006	2005	2004
Net premiums (in millions) <sup>1</sup>	\$ 5,349.3	\$ 4,909.0	\$ 4,346.0	\$ 3,866.8	\$ 3,347.4
Income from continuing operations (in millions)	187.8	308.3	293.3	235.6	245.3
Diluted earnings per share <sup>1</sup>	2.88	4.80	4.65	3.70	3.90
<b>Operating data</b> (in billions)					
Assumed ordinary life reinsurance in force	\$ 2,108.1	\$ 2,119.9	\$ 1,941.4	\$ 1,713.2	\$ 1,458.9
Assumed new business production	305.0	302.4	374.6	364.4	279.1

<sup>1</sup> Reflects results from continuing operations.

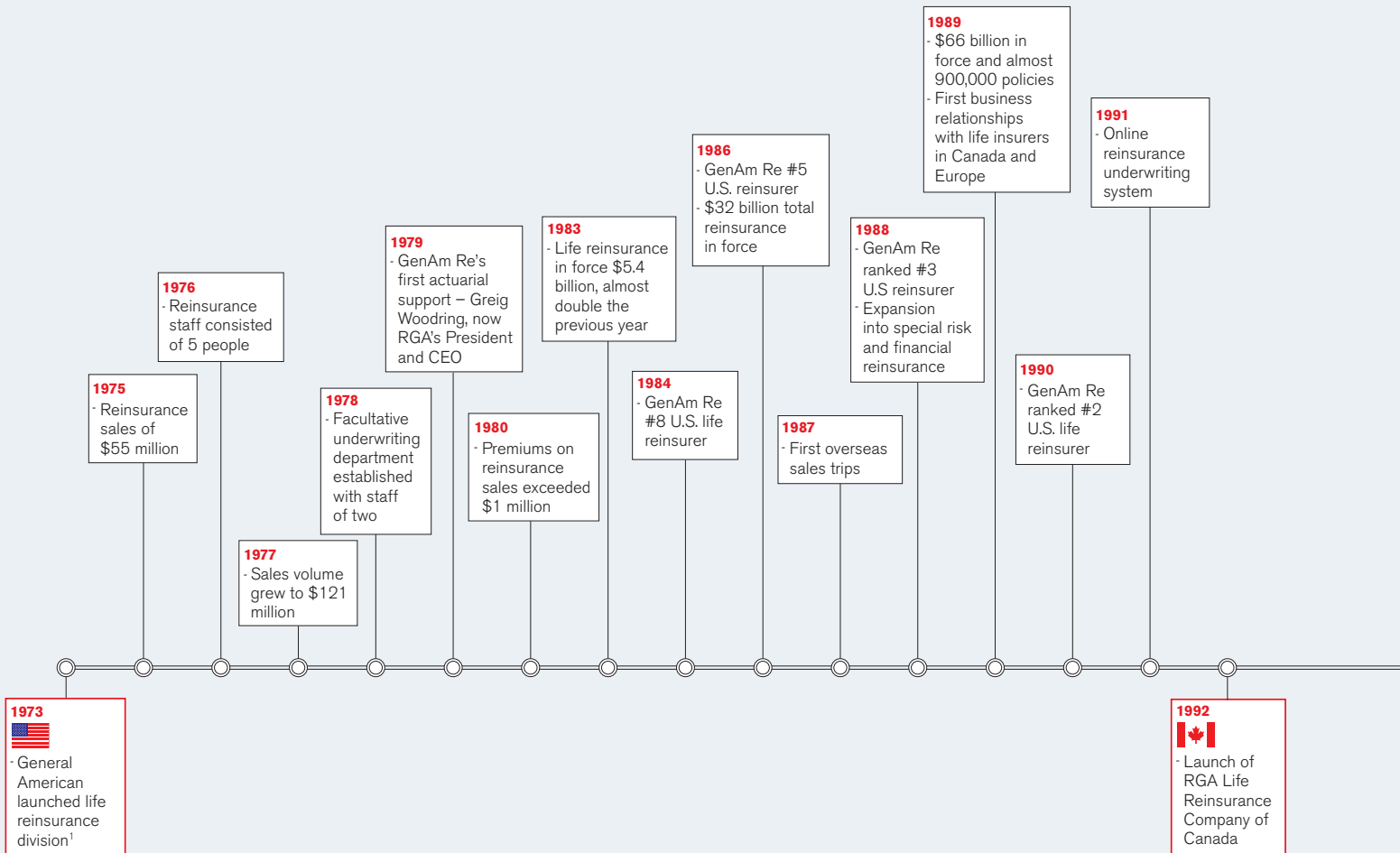
# A History of Steady Growth

From our beginnings as the newly created reinsurance division of General American Life Insurance Company in 1973, through 35 years of steady global expansion, RGA has grown to become one of the leading life reinsurance companies in the world, with more than \$2 trillion of life reinsurance in force and assets of almost \$22 billion.

RGA has grown from a staff of five in one office, to more than 1,200 dedicated associates, serving clients from RGA's corporate headquarters in

Chesterfield, Missouri, and from its 24 subsidiary companies and offices around the world.

RGA continues to seek opportunities to grow, leveraging extensive mortality experience and insights gained in existing markets to the benefit of new clients. Our teams of outstanding reinsurance experts thrive on setting new benchmarks and creating opportunities for our clients that exceed their expectations for growth and prosperity.



<sup>1</sup> General American Re, the reinsurance division created by the General American Life Insurance company in 1973, was the forerunner to RGA

<sup>2</sup> The Longer Life Foundation is a not-for-profit partnership between RGA and the School of Medicine at Washington University in St. Louis, created to fund research that promotes health and assists in predicting longevity and wellness

<sup>3</sup> *The Review – Worldwide Reinsurance* annual industry awards

<sup>4</sup> NMG Financial Services Consulting, Life & Health Reinsurance Programme, Asia Pacific

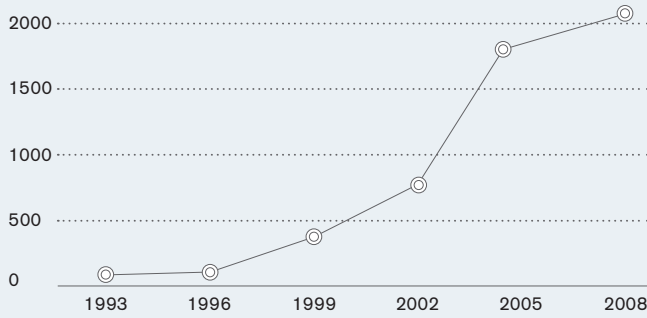
<sup>5</sup> 12th annual Asia Insurance Industry Awards

<sup>6</sup> *Flaspöhler Cedant Survey (Life-North America)*: 2005, 2007, 2009

<sup>7</sup> Europe, South Africa, India and Latin America

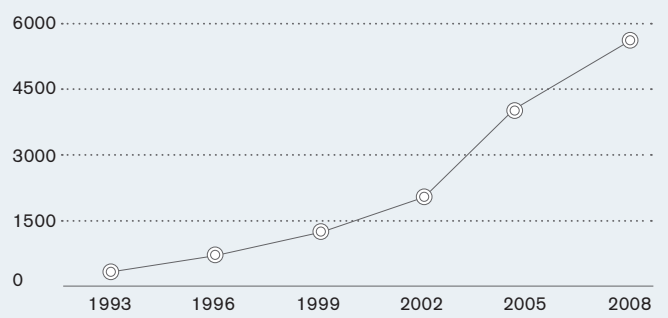
## Assumed Ordinary Life Reinsurance In Force

(in billions)



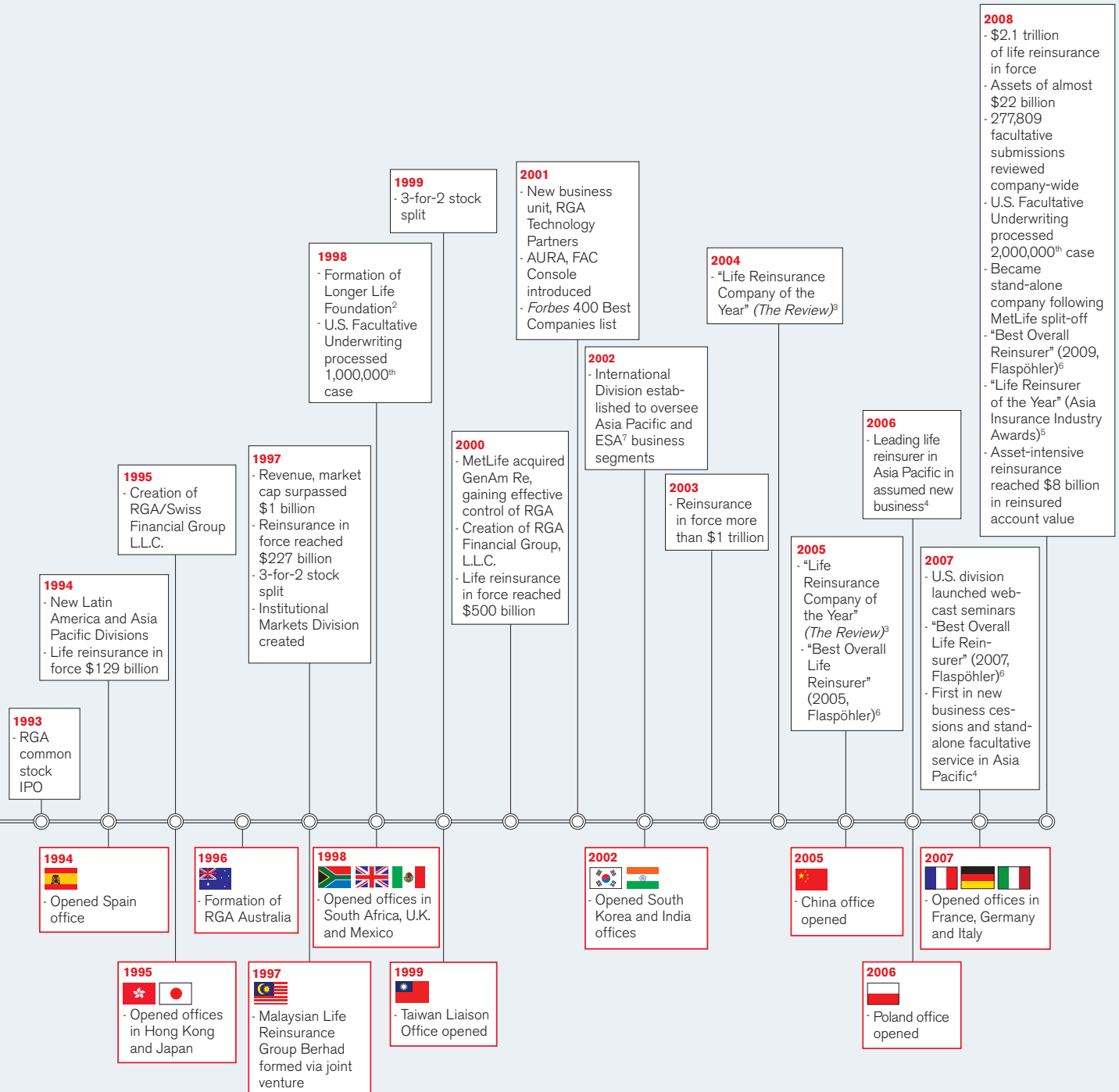
## Net Premiums

(in millions)



**2008**

- \$2.1 trillion of life reinsurance in force
- Assets of almost \$22 billion
- 277,809 facultative submissions reviewed company-wide
- U.S. Facultative Underwriting processed 2,000,000<sup>th</sup> case
- Became stand-alone company following MetLife split-off
- "Best Overall Reinsurer" (2009, Flaspöhler)<sup>6</sup>
- "Life Reinsurer of the Year" (Asia Insurance Industry Awards)<sup>5</sup>
- Asset-intensive reinsurance reached \$8 billion in reinsured account value



# Operations

Despite a challenging business environment, RGA operations achieved steady growth in 2008. Net premiums rose 9% to a record \$5.3 billion, while total revenues declined slightly from the previous year. The company maintained its conservative, disciplined approach to risk, and continued to capitalize on promising opportunities as they arose.

## U.S. OPERATIONS

---

**U.S. Traditional Mortality**, RGA's largest operating segment, reflected the company's leading position in the U.S. life reinsurance market in 2008, posting \$1.3 trillion life reinsurance in force, \$3.4 billion in revenue, \$3.1 billion in net premiums, and \$134 billion in new business volume. This large block of business provided RGA with the ability to further improve its level of mortality risk assessment. The segment concluded an internal five-year study, analyzing data extracted from this block of business, using mortality experience covering \$3.8 trillion of exposure, 65.5 million life-years exposed, and 146,000 claims, and employs the insights garnered from this study in developing appropriate pricing.

Cedants recognized RGA as the preferred choice again, as RGA was voted "Best Overall Reinsurer" in 2009's *Flaspöhler Cedant Survey (Life – North America)*. RGA ranked highest among 17 life reinsurers on multiple measures, including financial value, medical underwriting capabilities, claims handling, client orientation and timeliness of service. RGA was also cited by the survey as most improved in the past two years, reflecting the company's expanding role in sharing knowledge and providing education to its clients. In 2008, RGA hosted eight webcasts offering the most current research, analyses, and industry information on topics such as older-age underwriting, mortality

improvements, and reinsurance administration, with total audiences of more than 2,700 viewers from client companies.

Facultative underwriting remained a core company strength. RGA's U.S. facultative underwriting team achieved a significant milestone in 2008, receiving its 2,000,000<sup>th</sup> facultative submission since it began tracking facultative applications in 1979. The team also underwrote more than 100,000 facultative cases for the second consecutive year, with clients placing more than half of the offers. RGA continues to lead all U.S. life reinsurers in large and complex case underwriting, as well as in timely service, with clients receiving responses within 24 hours on more than 95% of submitted cases.

Life Product Services (LPS) provides pricing support for clients' level-term life insurance products. LPS developed and maintained 19 products in 2008 for 17 clients, representing \$30 billion in life face amount issued. Total revenues generated by LPS reached \$130 million, with premiums of \$124 million.

In 2008, RGA entered the healthcare reinsurance market, capitalizing on RGA's brand recognition, underwriting expertise and industry knowledge. RGA Individual Health group, with a primary focus on Long-Term Care and Medicare supplement insurance, concluded a highly successful year, with strong growth in new business, and the group continues to seek opportunities for diversification and expanded product offerings.





For the third consecutive time, RGA's main operating subsidiary, RGA Reinsurance Company, was voted "Best Overall Reinsurer" by ceding companies in the 2009 *Flaspöhler Cedant Survey (Life – North America)*.

Paula Boswell-Beier,  
Senior Vice President, Operations,  
RGA Reinsurance Company

## U.S. Net Premiums

(in millions)



## The Evolution of Mortality Risk Assessment

Facultative underwriting is one of RGA's greatest strengths – in 2008 alone, RGA processed 277,809 facultative submissions, and RGA continues to enhance its underwriting and actuarial capabilities to assist clients with appropriate risk assessment. Underwriting and risk assessment of substandard cases require collecting information through interviews, multiple questionnaires and medical tests – a lengthy and resource-consuming process. Tools such as the Attending Physician Statement, laboratory tests, and physical and cognitive tests support proper assessment practices.

These methods are still vital for many complex cases but the underwriter of the future will also need to understand the role of predictive modeling for risk assessment. Dave Wheeler, Senior Vice

President, Underwriting, U.S. Division, states, “We believe risk assessment is going to change. There will be more automated decisions generated from rules engines, using predictive modeling and electronic records. Data will be invaluable for appropriate mortality and risk classification.”

In the field of underwriting, competition has changed over the last 10 years as a result of changes in distribution. With the changes in market dynamics, every company today competes with every other company, always looking for a competitive advantage. The role of underwriting has changed: in the words of Dave Wheeler, “Underwriting has become more respected and important at every company. Underwriters have become the gatekeepers for risk and have more influence than in the past. We are relied upon not just for day-to-day underwriting but are also involved in most risk management issues, from treaty negotiations and exposure risk to audits and claim reviews.”

Life underwriters have a growing list of tools at their fingertips as they strive to hone their skills and improve the underwriting process. Mortality experience developed over decades in many markets and among a variety of demographic groups can be combined with newer tools, such as new laboratory tests and prescription drug database analyses, and from actuarial analysis of structured data.

Analyzing the results and decisions developed using these complex combinations of tools and approaches can be an extremely daunting task, so insurers often rely

heavily on life reinsurers for guidance in determining the values of various pieces of evidence collected.

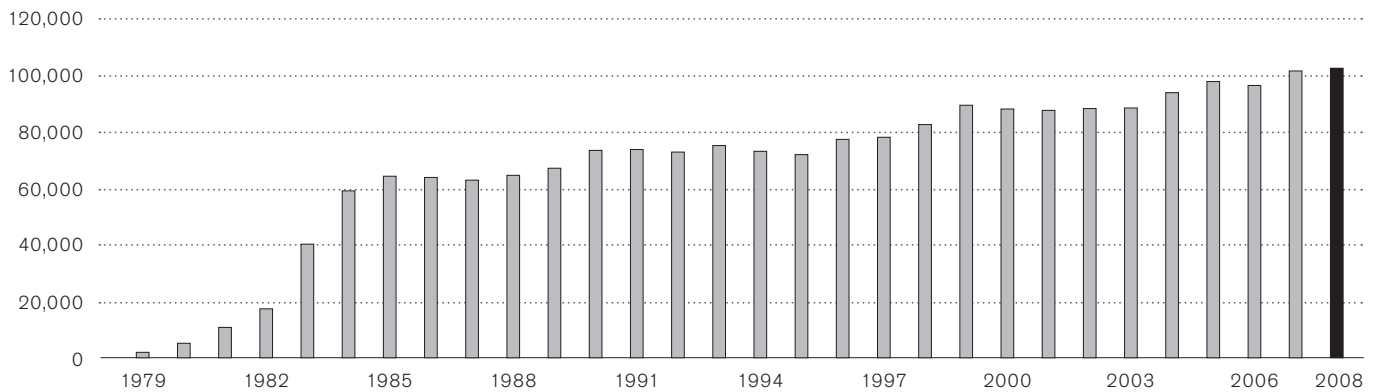
RGA continually evaluates and researches new tools, methods and products as they appear, and shares its conclusions with clients via webcasts and consultation. Clients turn to RGA for candid, independent assessments of the value of new underwriting tests and methods.

### Filling Knowledge Gaps

Medical laboratories have traditionally supplied useful information to insurers, with specific tests to screen for major diseases such as HIV and diabetes, as well as tobacco and narcotics use. They continue to develop new screening tests and offer them to the life insurance industry, so the challenge to life insurers is in evaluating which offer real value. RGA is working closely with several laboratories to measure and analyze the success rates of some of these tests to provide guidance to clients.

Focusing on specific topics relevant to difficult cases, RGA conducted an in-depth review of older-age underwriting in 2007, examining the efficacy of cognitive and physical function testing in making more accurate mortality predictions in older-age populations. From this research, RGA developed and presented an extensive series of webcasts on the subject to clients throughout that year. While designed to better assess mortality risk, the research also led to further improvements in RGA's knowledge base.

## Applications Submitted to RGA U.S. Facultative Underwriting, 1979-2008



In 2008, RGA researchers focused on prescription drug histories and their role in assessing mortality risk. The analysis of prescription drug databases is a fairly recent phenomenon in the U.S. life and health reinsurance markets as another tool to assess risk. Pharmacy Benefit Management (PBM) organizations in the U.S. amass a wealth of data on individuals' drug histories; these databases may be stratified by the specialty of the prescribing physician, by date of prescription fill, and by drug. Private companies that aggregate PBM data classify each drug by its known association with individual mortality risk.

Tim Rozar, Vice President and Actuary, U.S. Division, led a team that conducted a study of the efficacy of prescription history data in assessing risk. The prescription drug database was compiled and supplied by Milliman IntelliScript, an aggregator of prescription histories. The study led to the development of an article, *An Analysis of Prescription Histories and Mortality*, which was published in the March 2009 issue of *On the Risk*. Tim states "Ultimately the idea is that when you have evidence that is electronic in nature, an element of electronic underwriting is possible. If an applicant's entire prescription drug history is available, and you have an assessment for the mortality risk of every prescribed drug, in combination with other information, you can apply automated underwriting rules."

RGA will continue to evaluate the role of these prescription drug histories and make recommendations to clients regarding their use. Electronic prescription histories may be

more accurate than histories derived from applications or physicians' reports, because an applicant may provide incomplete or inaccurate data, or provide only one of many physicians' names.

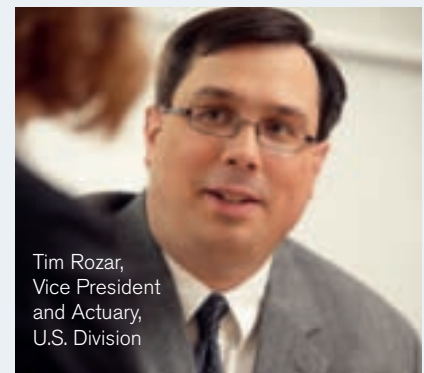
As the appetite for underwriting information and tools continues to grow, RGA's global medical and underwriting teams will continue to conduct broad medical research and analysis in new areas, sharing applicable research with clients and reflecting the results and conclusions in RGA's pricing and facultative underwriting. Such research adds to the company's bank of knowledge and, in conjunction with RGA's mortality expertise, adds value for our clients in all their endeavors.

### The Future of Risk Assessment

Insurers look to reinsurers for help in managing risk effectively and finding new ways to measure risk. RGA provides clients with balanced analyses and understanding of the underwriting tools that are available, or that become available, to help them stay at the forefront in their markets.

Electronic prescription histories and emerging laboratory tests are extremely useful and valuable new tools, but they can give 'false positives' or lead to misleading conclusions, so the experience of the reinsurer is invaluable in guiding their use. Insurers must continually find new, smarter ways to approach underwriting with structured third-party data, but they need to use it wisely, filtering it intelligently. Much of this data is 'smart' in being very measurable

quantitatively, but still requires underwriting expertise to analyze it qualitatively, and technology solutions to implement it.



RGA's global expertise continues to grow and evolve, drawing on mortality experience gained in many countries, new techniques and tools, and decades of observation and analysis by RGA's skilled associates. As Tim Rozar points out, "We are continually building upon RGA's analysis and research abilities, to be ready to share expertise on all of these assessment tools before the clients need it. The research and analysis is not just for the value that it provides to us in helping RGA assess mortality risk, but it is also the value that we can pass on to our clients."

Cedants faced with promising new ways to better assess mortality risk often benefit from RGA's expert analysis of these tools to better determine their usefulness and protective value. RGA's independent assessment, without vendor bias, provides cedants with the understanding and insight they seek to gauge whether to adopt new tests or evidence-gathering as part of their underwriting protocols.



Anatoliy Belaygorod,  
Executive Director,  
Quantitative Risk, RGA  
Financial Markets

In 2008, **RGA Financial Markets** completed a large number of asset-intensive and financial reinsurance transactions amid challenging economic conditions. At the end of the year, RGA Financial Markets managed \$1.6 billion of statutory surplus provided by financial reinsurance transactions. Fund value related to asset-intensive reinsurance increased to \$8.0 billion, up from \$6.7 billion in 2007.

RGA Financial Markets provides reinsurance for all of the major investment and spread products offered by the life insurance industry. In 2008, the group increased its support to multinational companies, providing capital and risk efficiencies through financial reinsurance and asset-intensive reinsurance, to address insurance companies' needs for GAAP and statutory capital while creating potential for more efficient financial structures.

**RGA Technology Partners, Inc.** (RTP) provides insurers with the AURA suite of products. AURA is an expert automated underwriting system populated with RGA underwriting rule sets. In 2008, RTP experienced a year of exceptional development and growth.

Revenue for fiscal year 2008 increased 55% over 2007. RTP made substantial gains in several markets, including Australia and New Zealand, where the business unit enabled insurers to effectively sell and issue direct products over the Internet. The AURA Underwriting Workbench received major functionality enhancements, allowing insurers to take advantage of true straight-through processing and to streamline their underwriting load.

In North America, RTP expanded its partnership with ExamOne, a supplier of medical requirement services to the insurance industry. AURA is now part of ExamOne's Integrated Supply Chain which enables seamless tele-underwriting and evidence-gathering, employing the

expertise of automated underwriting decisions powered by AURA. A major goal of the partnership was to enhance AURA by taking advantage of pharmaceutical information to facilitate automated underwriting decisions. RTP/ExamOne's first client began using the solution in 2008, and more clients are expected to adopt it in 2009.

## CANADA OPERATIONS

---

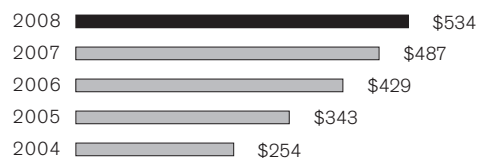
The Canadian division of RGA, operating through its subsidiary, **RGA Life Reinsurance Company of Canada**, completed another successful year in 2008, with revenues of \$691.9 million, representing an increase of 11.7% over the previous year. Premium income was \$534.3 million, up 9.7% over 2007, and pre-tax operating income for the division was \$107.2 million, or 43.2% over 2007. For the second consecutive year, RGA Canada wrote the leading market share of individual life recurring new business, maintaining its 35% Canadian market share. RGA Canada continued its strategy of building strong client relationships and remained focused on providing excellent customer service at a competitive price. RGA's success was recognized in the result of an independent 2008 market study conducted by NMG Financial Services Consulting, which ranked RGA Canada first in its Business Capability Index. This Index measured the perceptions of Individual and Group, Life and Health Canadian direct writers, looking at the relative capabilities of reinsurers in the areas of relationship management, operational management, and breadth and delivery of products and services.

Direct insurers in Canada continued to make widespread use of reinsurance, ceding more than 70% of all new business, as measured by ceded face amount of risk, for the eighth consecutive year. RGA Canada saw its new assumed individual life reinsurance climb to \$51.2 billion, an increase of 9.4% over 2007,



## Canada Net Premiums

(in millions)



## RGA Canada: Dynamic Growth

Since its inception in 1992, RGA Life Reinsurance Company of Canada has experienced outstanding growth. Following its acquisition of the life reinsurance business of National Re and the creation of RGA's Canadian operations, a steadily growing and successful business has been built. Always focused on customer service, RGA Canada has pursued a strategy of being innovative, attentive, and responsive, with an emphasis on facultative underwriting to develop relationships with new clients.

Among the division's many innovations was the introduction of quota-share reinsurance in Canada, which helped move the market away from excess amount reinsurance.

This contributed to the growth of the life reinsurance market in Canada, where today more than 70% of all new individual life risk is reinsured, up from less than 15% in 1992. RGA Canada has seized this opportunity,



Alka Gautam, Senior Vice President and Chief Financial Officer, RGA Life Reinsurance Company of Canada

growing its life reinsurance in force from less than C\$20 billion when it was first created to C\$255 billion today. New individual life reinsurance volume exceeded C\$50 billion for the first time in 2008, up from C\$16 billion in 2003 and C\$9 billion in 1998.

RGA Canada's individual life reinsurance in force and the long-term duration of Canadian individual life insurance products

will continue to deliver a growing and sustainable stream of premium income in the coming years. The division is expanding its product offerings into other areas, while leveraging the strength of RGA worldwide to enable it to do so prudently and bring additional solutions and value to clients. At the end of 2008, fully 20% of its premium came from areas other than individual life reinsurance and RGA Canada is poised to increase upon that amount.

With 119 associates focused on providing value and exceptional customer service, the RGA Canada team recognizes that its clients' success is what will drive its own success.

"2008 was truly an outstanding year for RGA Canada," commented Alain Néemeh, RGA Canada's President and Chief Executive Officer. "Our focus on customer service and relationships has been and will continue to be a key element of our strategy and essential to our future success. We are well-positioned to continue our dynamic growth into 2009 and beyond."

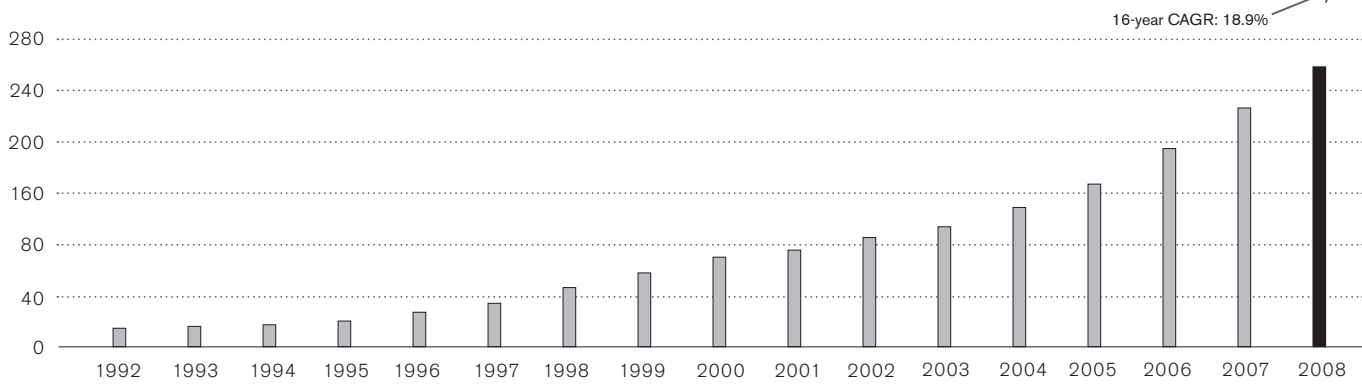
contributing to a compounded increase of 16.8% over three years (7.9% and 11.0% respectively in original currency). While this growth rate is not likely to persist, given the already high level of reinsurance in Canada and RGA's current market share, the division is well-positioned for sustained premium growth based on

its current in-force and the long-term duration of the underlying Canadian individual life insurance products; in fact, approximately 80% of the division's premium base is individual life recurring premiums.

RGA Canada continued to expand its product offerings in 2008 and penetrated the reinsurance

## RGA Canada: Assumed Life Reinsurance In Force, 1992 – 2008

(in billions CAD)



market for guaranteed critical illness products, leveraging RGA's global experience and knowledge in this sector. Even though the division entered this market only recently, in 2007, it already counts two of the five largest direct writers in this product as clients. The division also continued to build its group life and health and creditor lines, setting the stage for continued future growth. In group life and health, a market the division entered in 2004, RGA Canada successfully partnered with new clients, and now has treaties with more than half of the companies operating in this sector. Looking ahead, the division intends to continue evaluating different risks that are appropriate for the Canadian marketplace, particularly where it can leverage RGA's global expertise.

RGA Canada's underwriting team, which is key to the division's continued success in individual life reinsurance, processed more than 38,186 facultative applications in 2008 while remaining focused on responsive time service. The team translated its underwriting manual into French to provide clients with a bilingual option, and added a new critical illness section in the manual to more effectively serve the market. Underwriters continued to work closely with clients on specific industry issues, such as underwriting decline cases and evaluating the benefits of requesting attending physician statements.

## INTERNATIONAL OPERATIONS

RGA's International division grew substantially in 2008, expanding its operations and reinforcing its infrastructure. The division, with operations in Asia Pacific, Europe, South Africa, India and Latin America, increased annual net premiums by 11% to \$1.7 billion.

The RGA **Asia Pacific segment**, with offices in Australia, Japan, South Korea, Taiwan, Hong Kong, Malaysia and China, reported a record \$1.0 billion in

net premiums in 2008, a 16% increase over 2007, which is a significant achievement considering RGA's relatively recent entry into this dynamic market.

RGA's leadership in the region was recognized by several industry councils and ceding companies during the year. The well-respected annual Asia Insurance Industry Awards, the only such competition in the region, named RGA "Life Reinsurer of the Year" in 2008. NMG Financial Services Consulting's annual study of reinsurers in the Asia Pacific market lauded RGA for the third consecutive year as the market leader in terms of assumed new business, business quality and stand-alone facultative business.

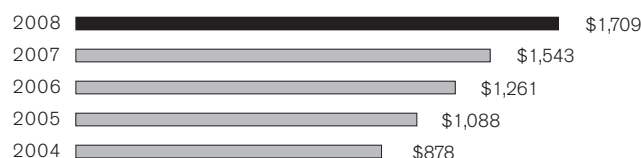
The Asia Pacific operating segment posted \$1.1 billion in revenue and \$85.5 in pre-tax income, increases of 16% and 42%, respectively, over 2007.

In **Australia and New Zealand**, RGA's net premiums grew to \$447.5 million, a 16% increase over the previous year. The Australian reinsurance market remained highly competitive, in tandem with an expanding life insurance market. RGA maintained its position as the leading life reinsurer in Australia and New Zealand. The office built upon the successes of previous years, reinforcing client relationships, capitalizing on growth in the local market and enhancing its organizational infrastructure.

RGA **Japan** demonstrated solid growth in 2008, as pre-tax income and total revenue rose 21% and 10% respectively over the previous year. RGA worked closely with Japanese clients in developing creative reinsurance solutions, and executed several such new transactions to meet client needs during the year. The branch office's strength in facultative underwriting and mortality expertise was reflected in its receipt of a record 30,500 cases, which represented a 41% increase from the number of facultative cases received in 2007.

## International Division Net Premiums

(in millions)



## Online Global Underwriting Manual

A web-based version of the RGA Global Underwriting Manual (GUM) has been developed over the last several years for the benefit of RGA International Division clients. GUM is available to users in English, French and Spanish, with more than 3,500 registered and active users in 42 countries.

With its up-to-date risk classification information, covering a wide range of medical and non-medical risk factors, GUM enables underwriters and medical professionals of all levels of experience to make independent underwriting decisions for the majority of cases. The online manual combines a powerful search engine with logic that enables the user to find answers with only a few clicks.

GUM employs established principles of evidence-based underwriting, so users can be confident that the rating recommendations will consistently and fairly differentiate risks

based on anticipated mortality and morbidity experience. The manual has become an essential reference guide for risk assessors, because it combines current, statistically valid and unbiased epidemiologic evidence along with the collected knowledge and experience of RGA's global network of medical directors and underwriters.

In addition to covering Life, Critical Illness, Income Protection, Total and Permanent Disablement, Accidental Death Benefit, Waiver of Premium and Hospitalization guidelines, GUM also covers longevity risk with the addition of impaired annuity guidelines. Understanding and assessing medical risks is simplified with underwriting-specific information, including disease epidemiology, signs and symptoms, diagnosis and treatment, prognosis and other relevant risk classification information.

With globalization and increasing leisure time, non-medical risks are more important than ever. GUM provides rating guidelines on foreign risks that contemplate both short- and long-term travel to anywhere in the world; it provides an overview of the geo-

political risk, accident and health risks and other useful information for each country covered.

Regardless of the reason for insurance, whether for family protection, key-person, share purchase or loan cover, the financial guidelines offer a common-sense approach to understanding and evaluating financial risks. GUM also includes additional sections on laboratory tests, abbreviations, questionnaires and easy-to-use calculators for build, blood pressure and liver function tests.

The manual is continually updated, factoring in new discoveries, new treatments and new ways of thinking about traditional risks. Client satisfaction is measured through surveys of GUM users, identifying opportunities to broaden and refine the manual's information and delivery.

Enhancements planned in 2009 include new calculators, a more powerful search engine with type-ahead functionality, and other modifications to improve the user experience.

# RGA's Asia Pacific operating segment reported a record \$1.0 billion in net premiums in 2008, a 16% increase over 2007.

In addition to hosting regular seminars and providing ongoing training to clients, the office completed a three-day underwriting and actuarial seminar in Okinawa, with more than 100 clients in attendance.

RGA **South Korea's** net premiums increased to \$216.3 million, a 14% increase over the previous year on a U.S. dollar basis and approximately 31% higher on an original currency (KRW) basis. Despite the high concentration of life reinsurers operating in the Korean market, RGA continues to lead the industry through the development and fostering of strong relationships and the provision of market-leading consulting services.

RGA **Taiwan** maintained its focus on protection business, including permanent health, critical illness, preferred life, and mortgage insurance products. During the year, the office took steps to strengthen its infrastructure to meet business demands, particularly in the area of actuarial services. RGA leveraged knowledge and experience garnered from other operations in its support of several key initiatives in Taiwan. RGA Taiwan launched preferred life insurance in the market in 2008, and assisted a number of key clients in developing appropriate preferred products. Two of these clients received approvals and successfully launched products in 2008. RGA expects preferred insurance to be one of the driving products in the future growth of mortality business in Taiwan. RGA Taiwan also introduced the Advantage Program to the market, enabling direct insurers to increase placements of minor substandard cases and increase underwriting efficiencies.

The penetration rate in the area of mortgage insurance has traditionally been very low in the Taiwan market. In 2008, RGA Taiwan introduced a more simplified and streamlined underwriting process to help promote the mortgage insurance business with a number of key players in the market.

2008 was an exceptionally strong year for the RGA **Hong Kong** office, despite a challenging business environment, with more than 40 new automatic agreements completed throughout Hong Kong and Southeast Asia. Premium growth reached 18% and facultative case count climbed 20% from the 2007 total. The Hong Kong team helps insurers protect and grow their businesses by actively participating in product development initiatives as well as by shaping underwriting practices to fit clients' distribution systems.

In 2008, RGA Hong Kong increased its market share with telemarketing and bancassurance clients. In Southeast Asia, the office provided further innovations in the Small Medium Enterprise, Mortgage and Direct Marketing business lines, and drove these lines to new levels of success. RGA also succeeded in developing a lead reinsurance relationship with one of the major multinationals in Thailand, the Philippines, Indonesia and Singapore.

## **Malaysian Life Reinsurance Group Berhad (MLRe)**

is a joint venture between RGA, which owns a 30% share, and the Life Insurance Association of Malaysia. MLRe conducts business with all Malaysian life insurance companies and exports its services to companies in neighboring countries.

In 2008, MLRe led the local life reinsurance sector, increasing gross premiums by 14% over the previous year to \$44.0 million, and facultative business by 13% to 23,606 cases. The year saw the creation of a new universal life product market segment by Malaysian life insurers. Malaysia was also promoted as an Islamic financial hub by the Malaysian government, which continues to promote the growth of the Islamic financial market, including Takaful and Retakaful products.



Tony Cheng, Chief Executive Officer, Hong Kong and Southeast Asia, RGA Reinsurance Company Hong Kong Branch; Sandeep Asthana, Managing Director, RGA Services India Private Limited



RGA **China** expanded on its previous year's successful interactions with clients, supporting them through the presentation of industry seminars and specialized in-house training. A first industry seminar on underwriting and claims topics, featuring local experts in the medical and IT fields, was conducted in Chinese over a three-day period. In the latter part of 2008, it became clear that the Chinese regulator wishes to promote products directed toward protection rather than savings, and RGA believes that this trend is likely to continue.

The **Europe, South Africa, India and Latin America segment** posted solid gains in 2008, resulting from improved mortality experience and steady but deliberate expansion in the regions. Revenues increased to \$732.5 million, 4% higher than the preceding year, while pre-tax net income rose 38% to \$65.7 million. Net premiums reached \$707.8 million, an increase of 4% over 2007. Reinsurance in force totaled \$325.2 billion, with assumed new business of \$87.5 billion over the year.

RGA's **UK** operations delivered excellent results in 2008, with premium growth of 11% over 2007 and pre-tax operating income growth of 68%, in local currency terms. This success was achieved in an extremely competitive environment, in which the retail protection market is estimated to have fallen by 9%. Poor mortality and morbidity experience, noted in the fourth quarter of 2007, persisted into the first quarter of 2008 but returned to normal levels during the balance of the year.

RGA UK has continued to diversify its product lines by further developing its investment in both bulk and enhanced annuities for the retirement market. The company signed its first bulk annuity contract in November.

IT improvements launched in 2008 facilitated the automatic underwriting of enhanced annuities, significantly accelerating the reinsurance offering process for the benefit of clients in the Independent Financial Advisor market. RGA believes this product is the most advanced in the U.K. market, and will add further underwriting modules in 2009 to maintain its leadership position. Premium income generated from this product is likely to be low in early years but grow consistently over time.

RGA UK has a record of consistently strong industry approval, evidenced by its steady growth and strong showings in several studies of cedant perceptions and expectations. The office celebrated its 10th anniversary in 2008.

**Spain** entered an economic recession in the fourth quarter of 2008. A dramatic decrease in new mortgages and loans has translated into a significant reduction of new term business, negatively affecting RGA Spain's business plans. Pension and retirement plans reserves showed a flat trend. Despite this difficult environment, RGA had anticipated adversity and, by refocusing its strategies, succeeded in working with clients to facilitate new ways to enhance capital and revenues.

RGA Spain worked directly with clients to identify and highlight three primary market-driven initiatives, including in-force value opportunities generated by the bancassurance market, simplified product business lines and up-front commissions for sales networks, and e-underwriting as a potential generator of new life insurance sales via the Internet and by telephone.



Brendan Galligan,  
Executive Vice  
President, International  
Business Development,  
Reinsurance Group of  
America, Incorporated;  
Pauline Blight-Johnston,  
Managing Director, RGA  
Reinsurance Company  
of Australia Limited

## RGA Healthcare Initiatives

Changing governmental funding regimes and demographic shifts around the world are creating increasing demands for health insurance products in many countries. Some governments, facing spiraling costs, are shifting responsibility for healthcare from the state to the individual, so consumers look to private sources for healthcare insurance, while in other parts of the world, healthcare insurance is an entirely new, emerging concept.

Because there are so many different approaches to healthcare and to financing national health needs around the world, RGA carefully selects the markets in which it can assist its clients, after developing local business and regulatory intelligence.



Left to right: Alan Watts, Vice President, Health Reinsurance, RGA International Corporation; Steven Abood, Senior Vice President, Healthcare Reinsurance, RGA Reinsurance Company; Gary Walters, Vice President, Group Reinsurance, RGA Life Reinsurance Company of Canada

RGA's U.S., Canada and International divisions each evaluate and manage their markets differently, but they bring to each vital elements – actuarial strength, technically strong underwriting, claims management and strong client relationships.

Nevertheless, each market poses different challenges. RGA Life Reinsurance of Canada's Gary Walters, Vice President, Group Reinsurance, states "Claims are, in a lot of ways, similar and we can achieve synergy out of the shared claims expertise. However, there will be less synergy on the underwriting and pricing side because of market differences. Risk management, while not identical, will have a lot of commonalities."

Alan Watts, Vice President, Health Reinsurance, RGA International Corporation, adds "Every country is faced with the political dilemma of continued rising healthcare costs and how to fund them. Most countries struggle with this issue and with increasing consumer demands for access and quality of care."

### The U.S. Market

The huge U.S. market faces major changes in the coming years, due to public and political demands. With healthcare reform a major priority of President Obama's administration, this change may occur sooner than expected. As Steven Abood, Senior Vice President, Healthcare Reinsurance, RGA Reinsurance Company, points out, "How it will change is unknown. The money now spent in the U.S. on healthcare is greater than in the rest of

the world, and the current rate of growth in spending is unsustainable. In the end, there may not be enough money to do what the government and the people want done – but with change also comes opportunity."

In the U.S., healthcare insurance is not a single market but rather a complex mix of government, employer, and individual initiatives, providing a diverse set of insurance and risk management solutions. RGA's goal is to become a key healthcare reinsurer in this field. Our role will be more than simply supplying capacity. We will provide innovative solutions, world-class service and the expertise of experienced insurance and reinsurance professionals.

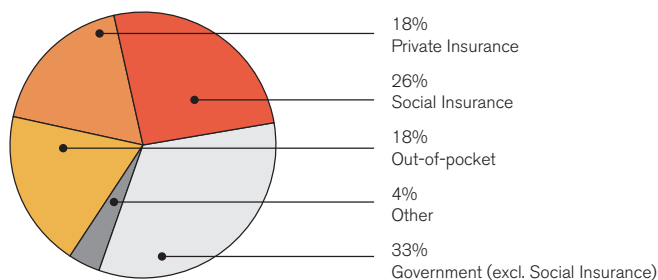
### Canada

The U.S. and Canada are very similar culturally, but in healthcare, they are very unlike – in the U.S., the private sector, employers and individuals, pays a significant portion of the cost of healthcare either directly, through premiums, or indirectly through deductibles and coinsurance, while in Canada, 'universal' healthcare is overseen and funded by different public healthcare systems in each province.

RGA Canada concentrates on bringing its technical underwriting to the Group Risk business. Because of Canada's universal social medical system, there is little need for medical insurance, other than in specialized areas such as travel to other countries. Much of RGA Canada's medical business involves insurance for emergencies experienced

## Composition of World Health Expenditures

(World spent U.S. \$4.4 trillion on health in 2005)



Source: World Health Organization

by Canadians traveling outside Canada, especially in the U.S.

A shift is expected regarding the provision of expensive drugs to patients, with the government being unwilling to cover these high costs. Like the U.S., Canada has a shrinking base of workers generating health funding and growing base consuming it.

### International Markets

One might assume the extensive historical expertise developed in the U.S. and Canada could simply be transplanted overseas, but this is not the case. As Alan Watts points out "Healthcare is very local. If you look at international markets, you have a huge variety of different healthcare systems and different mixes of public and private, and very different levels of quality and cost. Some countries have no public healthcare at all. Internationally, every country is different and opportunities are very different but, at the end of the day, we bring RGA's technical ability to help companies get into health insurance."

Internationally, the many different types of health insurance products will reflect what is not covered by the local public healthcare system. This could range from comprehensive in/outpatient products, where there is no public healthcare system or a poorly performing public system, to very specific supplementary/complementary products covering co-pays, deductibles, or treatments, drugs and services not covered, where the public healthcare system is more comprehensive.

### Challenges

Needs vary by country – in the U.S., the primary concern is how to deal with the high costs, while in India, because this is a new field, the driver is deciding what health product to sell.

Among the greatest challenges to the health insurance industry are rising costs and predicting future costs. Most developed countries that have sophisticated healthcare have aging populations, placing greater demands on existing resources. Meanwhile, as developing countries become wealthier, consumer expectations rise, at the same time that there are huge increases in lifestyle diseases such as cancer, cardiovascular, diabetes, and linked increases in chronic health costs.

The demand for insurance continues to grow, both in size and complexity, as advances in medical technology, such as MRIs, PETs and designer drugs drive up costs, creating challenges for healthcare systems but opportunities for insurers.

There is little natural control of claim costs because the consumer does not pay, so simply demands the best, despite cost. As new 'super drugs' and new treatments are developed, consumers demand access to them. This requires effective control by the insurer and RGA to design and implement these controls.

One of the big differences between the health business and life business is the need for constant experience analysis. Most of the

business is very short-term for reinsurance, and needs to be re-priced every 12-24 months, as re-pricing is the single biggest safeguard against rapid increases in costs.

### The Future

In all its markets, as it does in its life business, RGA analyzes each health opportunity from a reinsurance perspective, utilizing its global and local expertise to help clients understand what is going on and what the trends are. RGA doesn't just apply a theoretical approach – it knows the industry and the insurance needs, and partners with clients committed to the health insurance business. RGA applies a similar approach to health products as it does to the life side of its business, by managing business from a risk-taker's point of view and not merely from a marketing point of view.

As Steven Abood states "Health and life are typically separate, independent companies, created for diversification. We are looking for areas where the company can grow outside the mortality industry." Alan Watts adds "RGA is a mortality expert and we are also moving towards being a morbidity expert."

The growing block of RGA health business is dispersed geographically, by product type, and by risk exposure, providing RGA with a more predictable block of business and smoothing out volatility as the market grows around the world.



John Di Federico, Vice President, Business Development and Managing Director, RGA International Reinsurance Company Limited Rappresentanza per l'Italia; Lionel Périnel, Managing Director, RGA International Reinsurance Company Limited, Branch Office for France

RGA's representative office in **Italy** anticipates conversion to full branch status in 2009. The office continued to establish itself in the market, directing its focus on supporting Italian clients with product development initiatives including critical illness and long-term care products. RGA Italy expanded its staff in 2008 to better support 24 treaty clients.

RGA's **Central and Eastern Europe** office focused on further building infrastructure during its third year of operations, adding an actuary in Warsaw to support Eastern European marketing and promotional efforts. RGA engaged a consultant in Russia to assist with clients operating in that market. The office now has 20 treaties in the region, written through RGA International Reinsurance Company Limited. RGA served as a partner sponsor of the Russian Polis conference, an annual meeting attended by 150 insurance industry leaders from Eastern Europe, Commonwealth of Independent States (CIS) and Asia. RGA performs a significant role in this region by sharing its global knowledge and experience, by introducing new life and health products to direct insurers, and by hosting actuarial and underwriting training sessions.

RGA **France** built upon its organizational footprint and its client base during its first full year of operation as a branch office. The acquisition of the renewal rights to XL Re's Life, Accident and Health business in Europe in December presented a new significant source of premium income for the office. RGA France entered 2009 with more than 150 treaties and 40 clients. In a local market initiative, the office translated and launched RGA's Global Underwriting Manual in the French language. During the year, RGA France

actively expanded upon its range of offerings, as it entered the facultative market pool for mortgage insurance, launched its first non-traditional reinsurance transaction, and hosted a workshop on preferred life.

In September 2008, RGA **Germany** received its license to operate as a branch office. By the end of the year, the German team grew to six representatives to further support its business development efforts in the region. The direct life insurance market in Germany, Austria and Switzerland faced a significant reduction in new business in 2008, which deteriorated further in the fourth quarter. Disability income remained the main protection product, but the local market shifted its focus from protection products to capital-motivated solutions such as annuity products with tax incentives. Overall, the region's reinsurance market remained relatively static but competitive.

In the **Netherlands**, RGA sought new business opportunities primarily with multinational direct insurers operating in the market. RGA deployed experts in medical underwriting, actuarial and financial reinsurance to leverage the company's knowledge in training and consulting roles to advise on structuring solutions, and on products ranging from preferred mortality to financial reinsurance.

The International division began its expansion into the region comprising the **Gulf Cooperative Council** in 2008, marketing reinsurance solutions and electronic underwriting tools, and offering underwriting training to prospective clients within the region. The council is a trade bloc consisting of six Persian Gulf states – Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates.

RGA's Europe, South Africa, India and Latin America operating segment increased revenues to \$732.5 million, while pre-tax net income rose to \$65.7 million.

The direct life insurance market in **South Africa** continued to face numerous challenges and changes in 2008, with the greatest impact resulting from anticipation of the new commission regulations for investment business, which take effect on January 1, 2009. RGA South Africa produced total revenue of \$68.6 million in 2008 (a 9% increase in local currency), and net premiums of \$61.5 million (a 6% increase in local currency). RGA South Africa continued to augment its infrastructure to optimize its ability to react to the opportunities that develop in this evolving environment.

In **India**, RGA strengthened its presence and branding in the market. RGA's net premiums grew 44% over 2007. RGA expanded its client base through competitive pricing and superior service. It also added health reinsurance to the lines of business it supports in India. The Indian unit is reconfiguring itself to better support its key clients in the group and credit life businesses. Back office operations were strengthened and a new database system is being implemented to increase efficiency of information management and analysis. In 2009, the Indian life insurance industry expects a significant slowdown in new business growth. RGA plans to significantly increase its client engagement, and assist clients to grow their revenues and help them manage their capital more efficiently.

RGA serves the **Latin America** region from its office in Mexico City, with primary focuses on the Mexican market and on multinational companies operating in the region. 2008 presented challenges for the region as the macroeconomic environment underwent significant changes. The level of inflation reached 6.5% and the devaluation of all local currencies against the U.S. dollar affected premium levels expressed in that currency. Increased retention led to a decrease in traditional reinsurance business in the region but created new opportunities in facultative services and product development. Despite many economic uncertainties and competition, RGA's Latin American operations reported a significant increase in profits and maintained a solid level of reserves.



# Leadership



**A. Greig Woodring**  
President and  
Chief Executive Officer

## Executive Committee Members

---



**Brendan J. Galligan**  
Executive Vice President



**John P. Laughlin**  
Executive Vice President



**Jack B. Lay**  
Senior Executive  
Vice President and  
Chief Financial Officer



**Joni Wood Lehman**  
Executive Vice President



**Robert M. Musen**  
Executive Vice President



**Alain P. Neemeh**  
President and Chief Executive  
Officer, RGA Canada



**Paul Nitsou**  
Executive Vice President



**A. David Pelletier**  
Executive Vice President



**Paul A. Schuster**  
Senior Executive  
Vice President



**Michael S. Stein**  
Executive Vice President



**Graham S. Watson**  
Senior Executive  
Vice President and  
Chief Marketing Officer

## Board of Directors

---

### J. Cliff Eason

Chairman of the Board  
Retired President, Southwestern Bell Telephone

### William J. Bartlett

Director  
Retired Partner, Ernst & Young, Australia

### Arnoud W. A. Boot

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

### John F. Danahy

Director  
Retired Chairman of May Merchandising Company;  
Retired Chairman, May Department Stores International

### Stuart I. Greenbaum

Director  
Professor Emeritus, John M. Olin School of Business,  
Washington University

### Alan C. Henderson

Director  
Retired President and Chief Executive Officer,  
RehabCare Group, Incorporated

### A. Greig Woodring

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

# Worldwide Operations

## UNITED STATES

### **RGA Reinsurance Company**

#### **World Headquarters**

1370 Timberlake Manor Parkway  
Chesterfield, Missouri 63017-6039  
U.S.A.  
T. 636.736.7000  
toll-free 1.888.736.5445

### **RGA Financial Markets**

1370 Timberlake Manor Parkway  
Chesterfield, Missouri 63017-6039  
U.S.A.  
T. 636.736.7555  
F. 636.736.7554

## AUSTRALIA

### **RGA Reinsurance Company of Australia Limited**

Australia Square Plaza Building  
Level 9, 95 Pitt Street  
Sydney NSW 2000  
Australia  
T. 61.2.8264.5800  
F. 61.2.8264.5999

### **RGA Asia Pacific Pty Limited**

Australia Square Plaza Building  
Level 8, 95 Pitt Street  
Sydney NSW 2000  
Australia  
T. 61.2.8298.9800  
F. 61.2.8298.9850

## BARBADOS

### **RGA Americas Reinsurance Company, Ltd.**

### **RGA Atlantic Reinsurance Company Ltd.**

### **RGA Reinsurance Company (Barbados) Ltd.**

### **RGA Worldwide Reinsurance Company, Ltd.**

Orena  
St. Lawrence Main Road  
Christ Church, BB15029, Barbados  
West Indies  
T. 246.418.9768  
F. 246.418.0246

## BERMUDA

### **RGA Global Reinsurance Company, Ltd.**

Victoria Hall  
11 Victoria Street  
Hamilton, Bermuda HM 11  
T. 441.292.4402  
F. 441.294.1698

## CANADA

### **RGA Life Reinsurance Company of Canada**

1255 Peel Street, Suite 1000  
Montréal, Québec, H3B 2T9  
Canada  
T. 514.985.5260  
F. 514.985.3066  
toll-free 1.800.985.4326

### **RGA Life Reinsurance Company of Canada**

55 University Avenue, Suite 1100  
Toronto, Ontario, M5J 2H7  
Canada  
T. 416.682.0000  
F. 416.777.9526  
toll-free 1.800.433.4326

### **RGA International Corporation**

#### **International Headquarters**

Brookfield Place  
161 Bay Street, Suite 4600  
P.O. Box 620  
Toronto, Ontario, M5J 2S1  
Canada  
T. 416.943.6770  
F. 416.943.0880

**CHINA****RGA Reinsurance Company  
Beijing Representative Office**

Unit 3, 11F  
Office Tower W1  
Oriental Plaza  
No. 1 East Chang An Avenue  
Dong Cheng District  
Beijing 100738  
China  
T. 86.10.8518.2528  
F. 86.10.8518.2532

**FRANCE****RGA International Reinsurance Company Limited  
Branch Office for France**

57, rue de la Chaussée d'Antin  
75009 Paris  
France  
T. 33.1.55.07.97.80  
F. 33.1.55.07.80.96

**GERMANY****RGA International Reinsurance Company Limited  
German Branch Office**

Kaiser-Wilhelm-Ring 15  
50672 Cologne NRW  
Germany  
T. 49.221.9649.980  
F. 49.221.9649.9899

**HONG KONG****RGA Reinsurance Company  
Hong Kong Branch**

4/F, Cambridge House  
TaiKoo Place  
979 King's Road  
Island East  
Hong Kong  
T. 852.2511.8688  
F. 852.2511.8827

**INDIA****RGA Services India Private Limited**

302, Akruiti Center Point  
MIDC Central Road  
Andheri (East)  
Mumbai 400 093  
India  
T. 91.22.6709.2550  
F. 91.22.6709.2551

**IRELAND****RGA International Reinsurance Company Limited**

Suite 9, The Cube Offices  
Beacon South Quarter  
Sandyford, Dublin 18  
Ireland  
T. 353.1.290.2900

**ITALY****RGA International Reinsurance Company Limited  
Representative Office**

Via Cerva, 18  
3rd Floor  
20122 Milan  
Italy  
T. 39.02.76.00.2914  
F. 39.02.76.00.9409

**JAPAN****RGA Reinsurance Company  
Japan Branch**

Midtown Tower 41F  
9-7-1 Akasaka Minato-Ku  
Tokyo 107-6241  
Japan  
T. 813.3479.7191  
F. 813.3479.7196

**MALAYSIA****Malaysian Life Reinsurance Group Berhad**

3B/21-3 Block 3B  
Level 21, Plaza Sentral  
Jalan Stesen Sentral 5  
Kuala Lumpur Sentral  
50470 Kuala Lumpur  
Malaysia  
T. 603.2780.6611  
F. 603.2780.6622

**MEXICO****RGA Reinsurance Company  
Oficina de Representación en México**

Torre Murano, Av. Insurgentes Sur 2453  
1er Piso, Oficina 102  
Col. Tizapán San Angel  
01090 México, D.F.  
T. 52.55.2881.7200  
F. 52.55.2881.7216

**POLAND****RGA International Reinsurance Company Limited  
Poland Representative Office**

Atrium International  
Al. Jana Pawła II 23  
00-854 Warsaw  
Poland  
T. 48.22.653.8600  
F. 48.22.653.8601

**SOUTH AFRICA****RGA Reinsurance Company of  
South Africa Limited**

7th Floor, The Terraces  
Black River Park  
2 Fir Street  
Observatory, 7925  
Cape Town  
South Africa  
T. 27.21.486.1700  
F. 27.21.486.1800

**RGA Reinsurance Company of  
South Africa Limited**

1st Floor, MPF House  
Sunnyside Office Park  
32 Princess of Wales Terrace  
Parktown, 2193  
Johannesburg  
South Africa  
T. 27.11.484.0577  
F. 27.11.484.0734

**SOUTH KOREA****RGA Reinsurance Company  
Korea Branch**

Seoul Finance Center 20F  
84, Taepyungro 1-ga  
Jung-gu, Seoul 100-768  
Korea  
T: 82.2.6730.1350  
F: 82.2.6730.1370

**SPAIN****RGA International Reinsurance Company Limited  
Sucursal en España**

Europa Empresarial, Edificio Berlin – 2ª Planta  
Ctra. A Coruña, Km. 24  
28290 Las Matas (Madrid)  
Spain  
T. 34.91.640.4340  
F. 34.91.640.4341

**TAIWAN****RGA Global Reinsurance Company Limited  
Taiwan Branch**

Room 2008, 20F, No. 333  
Sec. 1, Keelung Road  
Taipei 110  
Taiwan, R.O.C.  
T. 886.2.8789.2217  
F. 886.2.8789.6018

**UNITED KINGDOM****RGA Reinsurance UK Limited**

Level 40  
The International Financial Centre  
25 Old Broad Street  
London EC2N 1HQ  
United Kingdom  
T. 44.20.7448.8200  
F. 44.20.7448.8299

**Serving clients worldwide from  
offices in 21 countries:**

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



Mark Buehrer,  
Senior Vice President,  
Corporate Modeling,  
RGA Reinsurance Company



# Glossary of Terms

## **Actuary**

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

## **Annuity**

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

## **ASEAN**

Association of Southeast Asian Nations.

## **Asset-intensive reinsurance**

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

## **Assumed reinsurance**

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

## **Automatic reinsurance**

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

## **Bancassurance**

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

## **Capital-motivated reinsurance**

*(Also known as financial reinsurance, financially motivated reinsurance or non-traditional reinsurance)*

Reinsurance designed to meet a financial objective of an insurer. For example, financial reinsurance can aid in an insurer's tax planning efforts or can provide capital in order to support an insurer's future growth.

## **Captive insurer**

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

## **Cedant/Ceding company**

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

## **Claim**

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

## **Coinsurance**

*(Also known as original terms reinsurance)*  
A form of reinsurance under which the ceding company shares its premiums, death claims, surrender benefits, dividends, and policy loans with the reinsurer and the reinsurer pays expense allowances to reimburse the ceding company for a share of its expenses.

## **Coinsurance funds-withheld**

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

## **Counterparty**

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

## **Counterparty risk**

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

## **Critical illness insurance**

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

## **Enterprise Risk Management (ERM)**

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

**Expected mortality**

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

**Face amount**

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

**Facultative reinsurance**

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

**Financial reinsurance**

*(Also known as financially-motivated reinsurance, capital-motivated reinsurance or non-traditional reinsurance)*

Reinsurance designed to meet a financial objective of an insurer. For example, financial reinsurance can aid in an insurer's tax planning efforts or can provide capital in order to support an insurer's future growth.

**GAAP**

*(Generally Accepted Accounting Principles)*

A set of financial accounting principles that companies follow when preparing financial statements for reporting results to stockholders.

**Group life insurance**

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

**Guaranteed issue life insurance**

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

**IFRS**

*(International Financial Reporting Standards)*

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

**In force sum insured**

A measure of insurance in effect at a specific date.

**Individual life insurance**

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

**Longevity product**

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

**Modified coinsurance**

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

**Morbidity**

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

**Mortality experience**

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

**Mortality risk reinsurance**

Removing some of the major mortality or lapse risk associated with life insurance from the client company.

**Preferred risk coverage**

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

**Primary insurance**

*(Also known as direct insurance)*

Insurance business relating to contracts directly between insurers and policyholders. The insurance company is directly responsible to the insured.

**Premium**

Amounts paid to insure a risk.

**Production**

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

**Portfolio**

The totality of risks assumed by an insurer or reinsurer.

**Quota share**

*(Also known as 'first dollar' quota share)*

A reinsurance arrangement in which the reinsurer receives a certain percentage of each risk reinsured.

**Recapture**

The right to cancel reinsurance under certain conditions.

**Reinsurance**

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

**Reserves**

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

**Retakaful**

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

**Retention limit**

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

**Retrocession**

Transaction in which the reinsurer transfers all or part of the risks it has assumed to another reinsurer (the retrocessionaire), in return for payment of premiums.

**Securitization**

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

**Simplified issue life insurance**

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

**Statutory capital**

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

**Takaful**

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

**Tele-underwriting**

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

**Treaty**

*(Also known as a contract)*

A reinsurance agreement between a reinsurer and a ceding company. The three most common methods of accepting reinsurance are automatic, facultative, and facultative-obligatory. The three most common types of reinsurance treaties are YRT (yearly renewable term), coinsurance, and modified coinsurance.

**Underwriting**

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

**Variable life insurance**

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

**Webcasts**

Presentation of information broadcast over the Internet.

## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

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

Numerous important factors could cause actual results and events to differ materially from those expressed or implied by forward-looking statements including, without limitation, (1) adverse capital and credit market conditions and their impact on our liquidity, access to capital, and cost of capital, (2) the impairment of other financial institutions and its effect on our business, (3) requirements to post collateral or make payments due to declines in market value of assets subject to our collateral arrangements, (4) the fact that the determination of allowances and impairments taken on our investments is highly subjective, (5) adverse changes in mortality, morbidity, lapsation, or claims experience, (6) changes in our financial strength and credit ratings and the effect of such changes on our future results of operations and financial condition, (7) inadequate risk analysis and underwriting, (8) general economic conditions or a prolonged economic downturn affecting the demand for insurance and reinsurance in our current and planned markets, (9) the availability and cost of collateral necessary for regulatory reserves and capital, (10) market or economic conditions that adversely affect the value of our investment securities or result in the impairment of all or a portion of the value of certain of our investment securities, (11) market or economic conditions that adversely affect our ability to make timely sales of investment securities, (12) risks inherent in our risk management and investment strategy, including changes in investment portfolio yields due to

interest rate or credit quality changes, (13) fluctuations in U.S. or foreign currency exchange rates, interest rates, or securities and real estate markets, (14) adverse litigation or arbitration results, (15) the adequacy of reserves, resources, and accurate information relating to settlements, awards, and terminated and discontinued lines of business, (16) the stability of and actions by governments and economies in the markets in which we operate, (17) competitive factors and competitors' responses to our initiatives, (18) the success of our clients, (19) successful execution of our entry into new markets, (20) successful development and introduction of new products and distribution opportunities, (21) our ability to successfully integrate and operate reinsurance business that we acquire, (22) regulatory action that may be taken by state Departments of Insurance with respect to us, (23) our dependence on third parties, including those insurance companies and reinsurers to which we cede some reinsurance, third-party investment managers, and others, (24) the threat of natural disasters, catastrophes, terrorist attacks, epidemics, or pandemics anywhere in the world where we or our clients do business, (25) changes in laws, regulations, and accounting standards applicable to us, our subsidiaries, or our business, (26) the effect of our status as an insurance holding company and regulatory restrictions on our ability to pay principal of and interest on our debt obligations, and (27) other risks and uncertainties described in this document and in our other filings with the Securities and Exchange Commission.

Forward-looking statements should be evaluated together with the many risks and uncertainties that affect our business, including those mentioned in this document and described in the periodic reports we file with the Securities and Exchange Commission. These forward-looking statements speak only as of the date on which they are made. We do not undertake any obligations to update these forward-looking statements, even though our situation may change in the future. We qualify all of our forward-looking statements by these cautionary statements. For a discussion of the risks and uncertainties that could cause actual results to differ materially from those contained in the forward-looking statements, you are advised to review the risk factors in our 2008 Form 10-K.



Produced by  
RGA Marketing  
Communications

Design  
Hahn Smith Design

Photography  
Ashley and Crippen  
Greg Rannells  
Jerry Tovo Photographie

Printing  
Advertisers Printing

FSC Certified  
25% Post-consumer waste  
Recyclable soy inks



RGA's 2008 Form 10-K  
is available for download  
via our website:  
[http://www.rgare.com/  
corporateoverview/  
annualreport/](http://www.rgare.com/corporateoverview/annualreport/)





Reinsurance Group of America, Incorporated®  
1370 Timberlake Manor Parkway  
Chesterfield, Missouri 63017-6039 U.S.A.

[www.rgare.com](http://www.rgare.com)