

Sharing Global Insights and Expertise

2010 Annual Review



The security of experience. The power of innovation.

2	Message from the CEO
8	RGA At A Glance
10	2010 Highlights
12	History
14	Operations
34	Selected Consolidated Financial and Operating Data
36	Leadership
37	Worldwide Operations
40	Glossary of Terms

On the cover, clockwise from top left:

Alicia Menendez, Chief Underwriter, RGA International Reinsurance Company Limited, Sucursal en España

Tony Cheng, Chief Executive Officer, Hong Kong and Southeast Asia, RGA Reinsurance Company Hong Kong Branch

Annie Girard, Assistant Vice President, Development, RGA Life Reinsurance Company of Canada

Anil Sanwal, Vice President, Group Reinsurance and Development, RGA Life Reinsurance Company of Canada

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

Reinsurance Group of America, Incorporated is a leader in the life reinsurance industry, respected and trusted by our stakeholders worldwide. We work closely with clients, sharing our global insights and expertise to help them create specialized products, manage risks and capital, and succeed in their markets.

Our business has grown steadily over the years, and today we serve clients in more than 70 countries on six continents. RGA draws upon the knowledge of our experienced professionals around the world, who analyze and synthesize intelligence derived from research, collaborative expertise, and RGA's vast database of mortality and morbidity information. Our solutions deliver growth and prosperity for our business partners.

Over the 38 years since RGA began operations, we have seen economic cycles ebb and flow, markets shrink and expand, and businesses come and go. RGA has grown steadily during these times, delivering consistent value to shareholders and helping our clients and partners manage risk and build their businesses. We have successfully endured difficult cycles by adhering to sound risk management strategies and delivering innovative solutions to support the growth and success of the markets and clients we serve.

RGA enjoyed an excellent year in 2010. We continued to help our clients, expanded our operations and grew our businesses. Net income grew 41% to \$574 million, while operating income per share increased 13%¹. Premiums rose 16%, including the contribution of the newly acquired ReliaStar group business for the first time. Book value per share, excluding accumulated other comprehensive income, increased 15%¹ and has displayed a compounded annual growth rate of 12%¹ over the last ten years. For the fifth consecutive year, RGA's operating return on equity exceeded 13%¹, overcoming the downward pressure from lower interest rates in recent years.

As important to RGA's future as the strong results posted in 2010 is the success we continue to achieve in the marketplace. RGA stands out as one

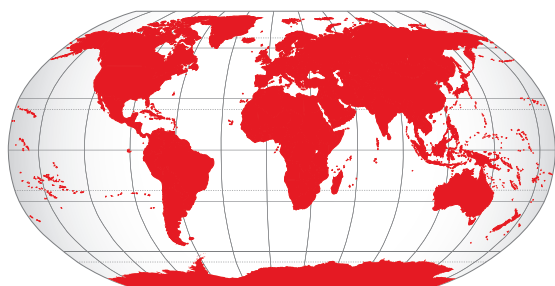
of the leading reinsurers in each of the markets in which we have established a presence. Life insurers consistently rank RGA among the most capable and responsive of the reinsurers with which they conduct business. Year after year, RGA receives superior rankings in the customer satisfaction surveys conducted in our industry. Cedants in North America voted RGA "Best Overall Life Reinsurer" for the fourth consecutive time in the 2011 Flaspöhler biennial customer satisfaction survey. NMG Consulting's 2010 studies of cedants in Asia, Canada, Italy, South Africa, the U.K. and Ireland, and the U.S. ranked RGA first in business capability. We are gratified by these awards and remain committed to retaining our clients' trust and respect.

We take great pride and satisfaction in providing the best possible service to our life

¹ Operating income and book value per share, excluding accumulated other comprehensive income, are non-GAAP financial measures. See page 7 for reconciliations of earnings per share from net income to operating earnings per share and book value per share to book value per share excluding accumulated other comprehensive income.



A. Greig Woodring
PRESIDENT AND CHIEF EXECUTIVE OFFICER



Leadership in Global Markets

Industry studies, including the Flaspöhrler cedant survey of life insurers in North America and NMG Consulting cedant studies in Asia, Canada, Italy, South Africa, the U.K. and Ireland, and the U.S. recognized RGA's leadership through top rankings in published reports.

insurance customers. To further enhance our service capabilities, in late 2010 we reorganized our product delivery on a global basis to better leverage the breadth of our capabilities while still maintaining a strong local presence and support in each market. We believe that this structure will allow us to improve our responsiveness even further, providing excellent service and effective solutions to meet our customers' reinsurance needs.

For the last few years, RGA has retained extra capital with the intention of deploying that capital into in-force reinsurance transactions. In the first quarter of 2011, we redeemed our Trust Preferred Income Equity Redeemable Securities and purchased 5.5 million of our common shares in a private transaction and through an accelerated share repurchase agreement in order to refine our capital and make it more efficient for our current operating needs. We believe significant opportunities to use capital for in-force reinsurance transactions will emerge over the next several years and that we will have access to the necessary capital when these opportunities arise. We anticipate capital requirements around the world will continue to increase as a result of the recent financial crisis, and expect many companies will look to reinsurance as a fast and flexible means to adjust their balance sheets. RGA has talented associates around the globe who help life insurers with their capital needs.

In the current environment of changing capital and accounting regimes and sweeping regulatory reforms, our professionals will continue to offer highly valued solutions.

Since becoming a public company in 1993, RGA has grown at a brisk pace. This rate of growth, while remaining strong, has inevitably lessened as RGA has grown larger and as reinsurance cession rates have decreased in the U.S., our biggest market. Today, we view RGA as simultaneously operating both fast-growing businesses and profitable, slower-growing, mature businesses.

The largest and most mature operations within RGA are the mortality reinsurance operations in the U.S. and Canada. We have strong, established relationships in both countries, which have led to RGA attaining the leading new business market share in the U.S. and Canada in recent years. In both countries, we continue to dominate the facultative reinsurance market, a distinguishing characteristic of our operations and a strong differentiator. Our U.S. mortality business produced impressive results in 2010 and remains RGA's largest source of earnings. 2010 was a spectacular year for RGA Canada, with pre-tax operating income increasing 29%² from 2009. While we consider RGA Canada to be a mature operation, it still shows considerable growth in its mortality business. Furthermore, the emergence of our

² Pre-tax operating income, a non-GAAP financial measure, for the Canada operating segment was \$113.6 million and \$87.9 million during 2010 and 2009, respectively. These amounts exclude investment-related gains of \$8.7 million and \$18.5 million during 2010 and 2009, respectively.

2010 was a spectacular year for RGA Canada, with pre-tax operating income increasing 29% from 2009. While we consider RGA Canada to be a mature operation, it still shows considerable growth in its mortality business.

group reinsurance operation in recent years, and a first-time longevity reinsurance transaction in 2010 offered promising new avenues for growth in this key market. The 2010 U.S. and Canadian business results anchored the strong year at RGA.

On a global basis, we anticipate significant opportunities for growth in group reinsurance. RGA was under-represented in the group reinsurance market compared with our status in the individual life reinsurance market, but our group business has been growing considerably in recent years. We took a major step in regard to this growth in 2010 with the acquisition of ReliaStar's group reinsurance operation in Minneapolis. This operation's team, led by Mike Emerson, has built a large, highly successful business. We are confident that this business will continue to grow and that we will be able to leverage the team's skill and experience in developing group operations around the globe. This division was successfully integrated into RGA in 2010 and the business performed well during its first year under the RGA banner.

We believe our operations in Asia Pacific will continue to exhibit strong growth well into the future. Over the last two years, our growth has leveled off due to the expiration of some large treaties in South Korea and Japan that had reached their natural end points. Following a concerted effort to replenish the flow of new business in the region, we anticipate improved

growth trends in 2011. Operations performed generally well in the Asia Pacific region in 2010, although RGA Australia experienced elevated claims during the year. The Australia operation had posted a string of excellent results in previous years and the experience in 2010 demonstrates, once again, that volatility can be expected over time. Nevertheless, our operations in Asia have grown large and mature enough to provide significant stabilization of results. Any particular geography or book of business will likely experience high claims at some point, but the size of RGA's overall global reinsurance in force tends to mitigate the effect of these fluctuations. As years pass, the maturity of our business will produce increasingly predictable results.

RGA's European results were greatly enhanced by the U.K. operation's successes in 2010. The favorable experience in the U.K., on both the revenue and the operating income fronts, contributed to a successful year for our Europe & South Africa business segment. The U.K. is the second-largest life reinsurance market in the world and RGA has a strong team there and a well-established position. In addition to life and critical illness reinsurance, the U.K. team's business has grown by adding a significant amount of longevity risk over the past few years. The teams in London and elsewhere in Europe have developed strong capabilities in assessing and managing longevity risk business.

RGA's growth has been sustained in recent years not only by penetrating new geographical markets, but also through product diversification.

While the U.K. successes may dominate our European financial results, RGA operations in Continental Europe and South Africa have also shown considerable growth. RGA has successfully established and nurtured these operations and we have well-positioned, skilled teams in place today. We are poised for growth and success in these markets, which are beginning to deliver solid results.

We also expect future growth from China, India, Mexico and the Middle East. Each of these markets presents great potential and figures prominently in RGA's future. We have repeatedly demonstrated our ability to grow successful operations, and we will closely focus on building these operations over the next several years.

RGA's growth has been sustained in recent years not only by penetrating new geographical markets, but also through product diversification. The expansion of our group reinsurance efforts is one example, but we have also steadily and profitably diversified over the last decade into annuity reinsurance businesses, longevity reinsurance,

health reinsurance and long-term care reinsurance. By diversifying our revenue streams, we have strengthened our ability to meet the full needs of our clients, while simultaneously increasing our operating earnings and achieving enhanced stability.

We expect RGA's growth rate will, over time, decrease from recent high levels as part of our evolution into a more mature business; however, we expect abundant opportunities ahead. The advent of Solvency II and other capital regimes, expected to lead to increased capital requirements, are likely to increase demand for the tools and services RGA is uniquely positioned to deliver. RGA's insights and expertise will be leveraged more efficiently in the months and years ahead, as we develop and execute robust, innovative and market-appropriate product strategies tailored for global markets. With our current momentum and energy, and with our outstanding teams of professionals in place to support our clients, we are excited about the future and confident in our prospects for continued success.



A. Greig Woodring

PRESIDENT AND CHIEF EXECUTIVE OFFICER

Reconciliation of Consolidated Net Income to Operating Income

(Dollars and shares in thousands)	For the Years Ended December 31,			
	2010		2009	
	Amount	Diluted earnings per share	Amount	Diluted earnings per share
Net income	\$ 574,402	\$ 7.69	\$ 407,086	\$ 5.55
Capital (gains) losses, derivatives and other, net	(62,498)		194,725	
Change in fair value of embedded derivatives	(78,666)		(222,450)	
Deferred acquisition cost offset, net	70,791		84,229	
Gain on debt repurchase	—		(25,269)	
Total non-operating income	(70,373)	(0.94)	31,235	0.43
Operating income	\$ 504,029	\$ 6.75	\$ 438,321	\$ 5.98
Average diluted shares outstanding	74,694		73,327	

Reconciliation of Book Value Per Share to Book Value Per Share Excluding Accumulated Other Comprehensive Income

	2010	2009	2008
Book value per share	\$ 68.71	\$ 52.99	\$ 17.51
Less:			
Accumulated currency translation adjustments	3.69	2.89	(0.32)
Unrealized appreciation (depreciation) of securities	8.88	1.43	(0.85)
Pension and post-retirement benefits	(0.20)	(0.22)	—
Book value per share excluding accumulated other comprehensive income	\$ 56.34	\$ 48.89	\$ 18.68

Reconciliation of Stockholders' Average Equity to Stockholders' Average Equity Excluding Accumulated Other Comprehensive Income

(Dollars in thousands)	2010
Stockholders' average equity	\$ 4,502,886
Less:	
Accumulated currency translation adjustments	227,125
Unrealized appreciation of securities	462,387
Pension and post-retirement benefits	(15,689)
Stockholders' average equity excluding accumulated other comprehensive income	\$ 3,829,063

RGA AT A GLANCE

Reinsurance Group of America, Incorporated (NYSE: RGA), a Fortune 500 company, is a global leader in individual life reinsurance, individual living benefits reinsurance, group reinsurance, financial reinsurance, annuity reinsurance, facultative underwriting and product development, and is widely recognized for shrewd and balanced risk management, outstanding client service and innovative solutions.

RGA reinsures one of the largest in-force blocks within the life insurance industry, and has built an extensive database of mortality information which forms the basis for its dominance in facultative underwriting and competitive pricing. RGA employs its extensive experience, global expertise and superior understanding of risks to help insurers place more policies.

RGA Core Products and Services

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

Financial Highlights

For the years ended December 31,

	2010	2009	2008	2007	2006
Net premiums <i>(in millions)</i> ¹	\$6,660	\$5,725	\$5,349	\$4,909	\$4,346
Income from continuing operations <i>(in millions)</i>	574	407	188	308	293
Diluted earnings per share ¹	7.69	5.55	2.88	4.80	4.65
Operating data <i>(in billions)</i>					
Assumed ordinary life reinsurance in force	\$2,540	\$2,325	\$2,108	\$2,120	\$1,941
Assumed new business production	328	321	305	302	375

¹ Reflects results from continuing operations.

Financial Strength Ratings

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

AA-
VERY STRONG

Standard & Poor's Insurance Ratings

A+
SUPERIOR

A. M. Best Company

A1
GOOD

Moody's Investors Service

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

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

Global Presence

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

57%

2010 net premiums derived from **U.S.** operations

31%

2010 net premiums derived from **International** operations

12%

2010 net premiums derived from **Canada** operations

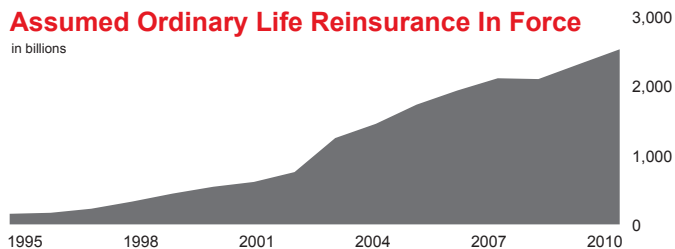
Worldwide Operations

RGA serves clients in more than 70 countries from 27 subsidiaries, branch operations and representative offices in the following countries:



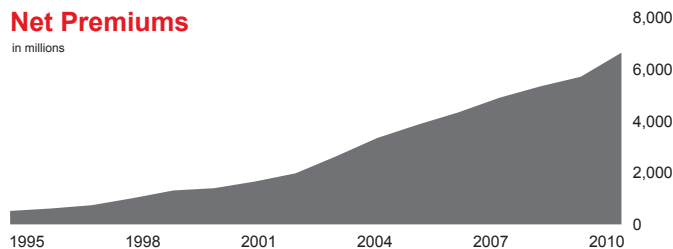
Assumed Ordinary Life Reinsurance In Force

in billions



Net Premiums

in millions



Financial Overview (At December 31, 2010)

Life reinsurance in force	\$2.5 trillion
Consolidated assets	\$29.1 billion
Net premiums	\$6.7 billion
Total revenue	\$8.3 billion
Market capitalization	\$3.9 billion

Historical Performance

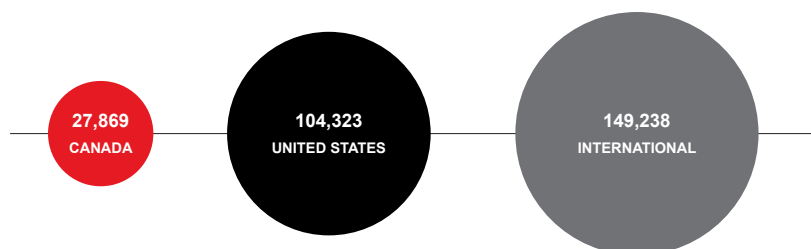
Operating return on equity ¹ (average, 2006-2010)	13%
Book value per share growth (17-year CAGR, since IPO)	13%
Premium growth (2010 compared to 2009)	16%
Operating EPS growth (5-year CAGR, 2005-2010)	14%

2010 HIGHLIGHTS

The Recognized Leader in Facultative Underwriting

RGA is widely recognized for its superior expertise in large-amount and substandard risk underwriting developed from its large and extensive mortality database. During 2010, RGA received 281,430 facultative applications worldwide, responding with industry-leading service, and reviewing 95% of applications within 24 hours.

Facultative cases reviewed in 2010:



Outstanding year with excellent results worldwide

RGA delivered strong performances throughout all lines of business during 2010, posting double-digit growth in net premiums and operating income per share. Annualized operating return on equity was 13%, the fifth consecutive year that RGA has reported a return of at least 13%. RGA maintained its excellent financial strength and credit ratings throughout the year, and ended 2010 with a record \$2.5 trillion of life reinsurance in force, assets of \$29.1 billion, and \$8.3 billion in total revenues.

ReliaStar group reinsurance business successfully integrated into RGA

Early in 2010, RGA announced the acquisition of the ReliaStar group reinsurance business from ING Groep N.V. Through this newly acquired business, RGA instantly obtained a strong presence in the North American group reinsurance market.

Within the first nine months of 2010, the Group Re operations, financial reporting, IT and infrastructure, marketing and pricing were seamlessly integrated into RGA's frameworks. Existing group

reinsurance treaties, renewable annually, remained in place, as the team novated 99% of Canadian reserves and 85% of U.S. reserves to RGA paper in 2010.

Insights and knowledge shared through training, webcasts and publications

Throughout 2010, RGA underwriting, actuarial and medical experts, and technical specialists delivered informative presentations and published articles and white papers on a variety of subjects of interest to clients around the world to help them enhance their knowledge and improve practices.

RGA presented informative webcasts to more than 2,000 client viewers in 2010, including *The Aging Heart*, which examined cardiovascular challenges and issues in older adults, and *Post-Level Period Term*, which related data and experience collected from an RGA internal 10-year term life insurance study. Underwriting training provided by RGA was highly valued by clients; RGA experts led underwriter training seminars for 23 U.S. clients through its Underwriting University program and almost 300 overseas clients through

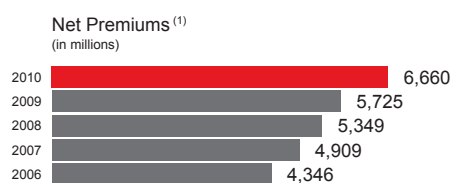
seminars such as those included in its Global Underwriting Learning Framework program.

International development continued; Netherlands office granted branch status

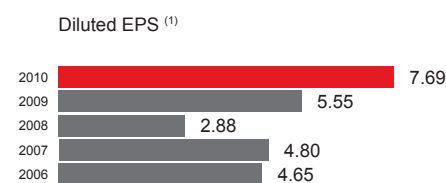
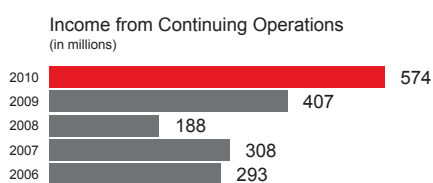
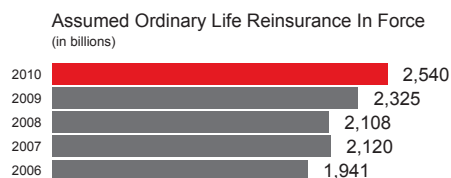
Expansion of international operations continued in 2010, as RGA offices around the world further developed their infrastructures and staffs to address emerging client needs. In July, RGA's Netherlands office received approval to operate as a branch office, providing clients in the Netherlands and Nordic countries with individual life and living benefits reinsurance, financial reinsurance, and group life, accident and disability reinsurance.

RGA entered Fortune 500 list for first time

In April, RGA was included for the first time in the Fortune 500 list of America's largest corporations. RGA entered the annual ranking at #321. The list, which ranks U.S.-based companies by total revenue, appeared in the May 3 issue of *Fortune* magazine.



¹ Reflects results from continuing operations.



¹ Reflects results from continuing operations.

Cedant studies recognized

RGA as leader

RGA Voted “Best Overall Life Reinsurer” in 2011 Flaspöhler Cedant Survey

RGA Reinsurance Company was voted “Best Overall Life Reinsurer” for the fourth consecutive time by North American life insurers in the 2011 *Flaspöhler Cedant Survey (Life – North America)*. In this biennial survey, cedants ranked RGA first in medical underwriting capabilities, financial value, strong client orientation, strong claims-handling ability, leading expertise and market knowledge, leading actuarial product development expertise, timely service, high-quality risk management service, and effective training courses and seminars.

RGA “#1 in Business Capability Index” in NMG Consulting Studies

NMG Consulting’s 2010 reinsurance studies of ceding companies ranked RGA the leading company in terms of “Business Capability Index” in each of the Asia Pacific, Canada, Italy, South Africa, U.K. and Ireland, and U.S. markets. This index measured the perceptions of insurers in terms of the relative capabilities of reinsurers in the areas of relationship management, operational

management, and breadth and delivery of products and services.

RGA honored by industry awards

During 2010, RGA was honored by several prominent industry organizations.

In August, RGA Reinsurance Company of Australia Limited, a subsidiary of Reinsurance Group of America, Incorporated, received the “Australia and New Zealand Reinsurance Company of the Year” award from the 2010 Australia and New Zealand Insurance Industry Awards. This marks the second consecutive year RGA has received this award in recognition of its commitment to helping the life insurance industry in Australia and New Zealand innovate and grow, its market knowledge and thought leadership, and significant contribution to its customers’ business retention and growth.

The following month, two industry organizations recognized RGA with top honors. For the second consecutive year, RGA was ranked Number One Life Reinsurer in an annual survey conducted by *Risk Management, Insurance and Finance* magazine in Taiwan. RGA earned the best rating (“AAA”) in all rating

categories, including professionalism; potential for development; services; and overall performance.

Later in September, the 2010 Reactions Global Awards named RGA “Best Global Reinsurance Company for Life”, recognized for its commitment to the life reinsurance industry, superior management and client-focused approach.

In October, RGA was named “Best Reinsurer for Longevity Risk Transfer” by the 2010 Life & Pension Risk Awards, cited for its successful conclusion of two major longevity risk transfers during 2010 and emergence as a leader in longevity risk transactions in the U.K. market.

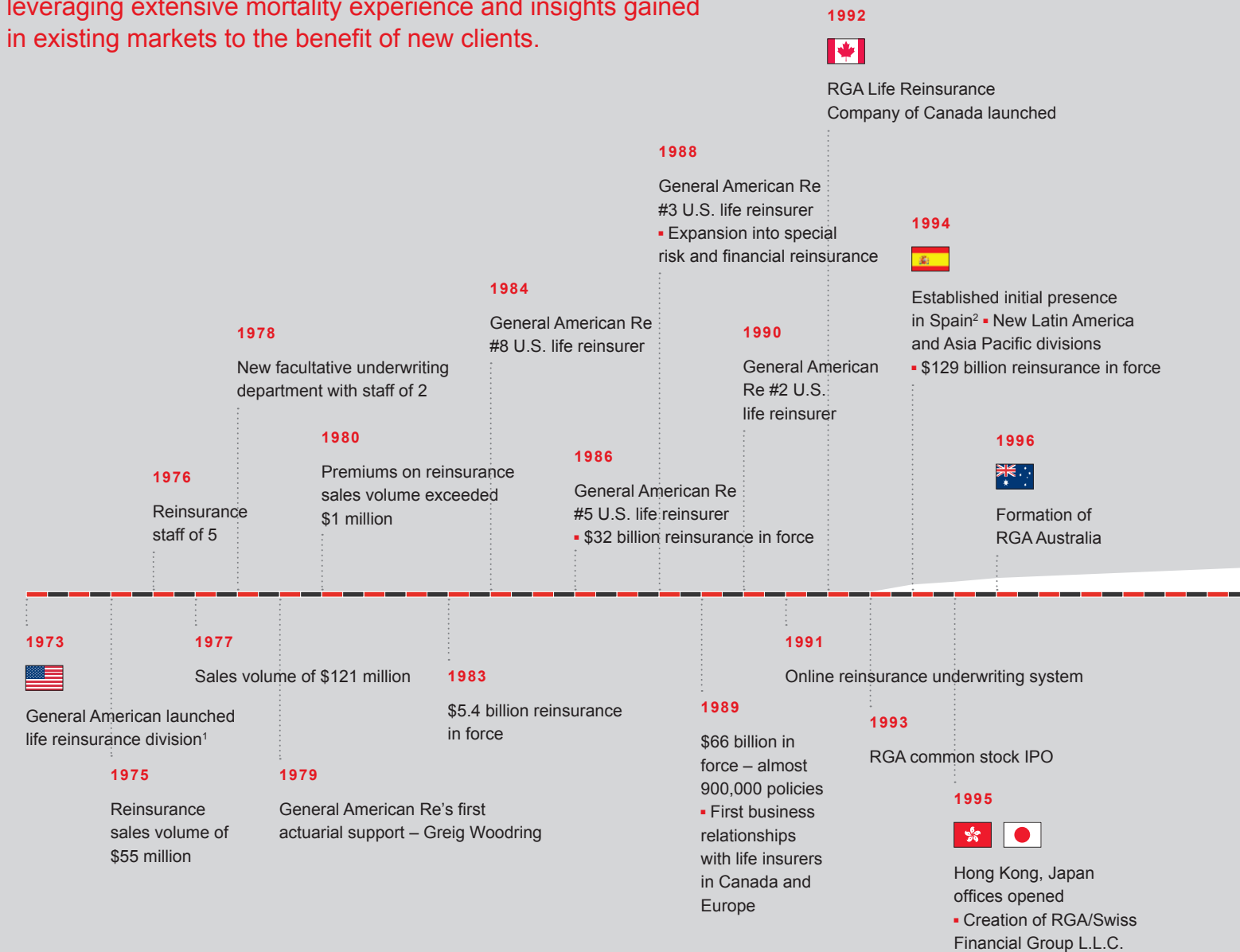
This Annual Review is not a substitute for Reinsurance Group of America, Incorporated’s annual report to shareholders on Form 10-K. If you would like to see a complete set of financial statements for Reinsurance Group of America, Incorporated, visit www.rgare.com and select “Corporate Overview” for recent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

Non-GAAP financial measures

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

RGH HISTORY

From our beginnings as the newly created reinsurance division of General American Life Insurance Company in 1973, through 38 years of steady global expansion, RGA has grown to become one of the leading life reinsurance companies, with more than 1,500 dedicated associates worldwide. RGA continues to seek opportunities for further expansion, leveraging extensive mortality experience and insights gained in existing markets to the benefit of new clients.



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

³ 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

⁴ Europe, South Africa, India and Latin America

⁵ The Review – Worldwide Reinsurance annual industry awards

⁶ Flaspöhrer Cedant Survey (Life – North America): 2005, 2007, 2009, 2011

⁷ NMG Consulting, Life & Health Reinsurance Programme

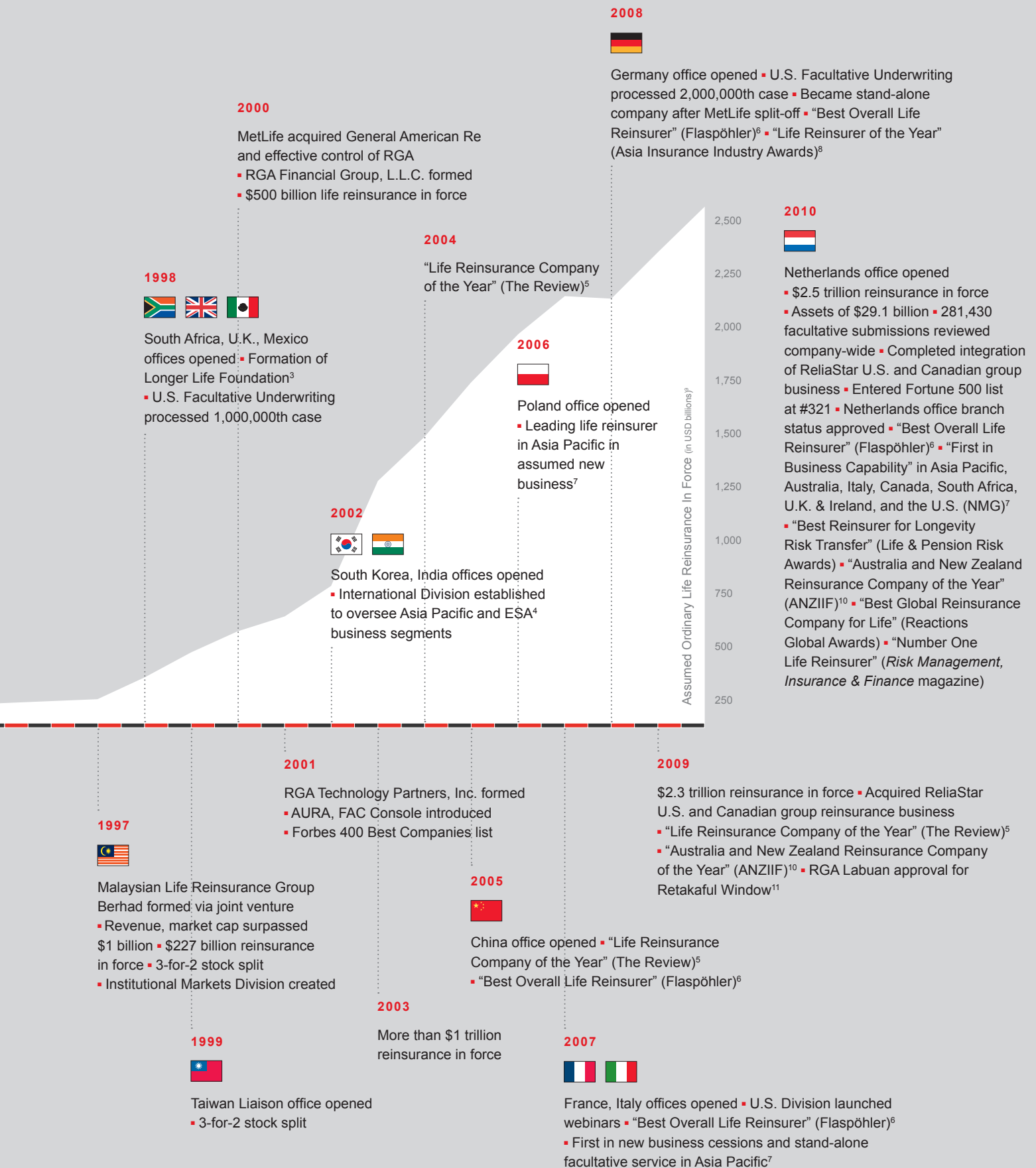
⁸ 12th annual Asia Insurance Industry Awards

⁹ RGA adopted GAAP accounting rules in 1993

¹⁰ Australia and New Zealand Insurance Industry Awards

¹¹ RGA Global Reinsurance Company Ltd. Labuan Branch

² RGA opened a representative office in Spain in 2000, which was awarded branch office status in 2007



2010: Double-digit Growth Continues

In 2010, RGA operations posted outstanding results in all markets in which the company does business. Net premiums increased by 16% to \$6.7 billion, and net income rose to \$574.4 million, a 41% increase from the previous year. The company continued to build market share in the growing number of markets it serves, as RGA's life reinsurance in force increased 9% to \$2.5 trillion.

Global Mortality Products

RGA's primary business is the reinsurance of mortality risk.

RGA is recognized as one of the leading life reinsurers worldwide, due to the company's large book of reinsurance in force, its unparalleled database of mortality information and its superior understanding of mortality risk.

A significant factor in RGA's leadership in mortality reinsurance is the company's strength in facultative underwriting – the process of underwriting insurance applications individually. In 2010, RGA processed 281,430 facultative applications. Its U.S. facultative underwriting team alone received more than 100,000 facultative applications, and responded with outstanding time service, providing offers within 24 hours more than 95% of the time. RGA continues to process more facultative applications, and deliver responses more promptly, than any other life reinsurer.

RGA employs a number of specialized technology-based tools that have improved turnaround time and made the underwriting of

facultative applications even more efficient for clients. During the year, a record 10,500 applications were submitted through ASAPSM (Automatic Selection & Assessment ProgramSM), an AURA[®] (Automated Underwriting and Risk Analysis[®]) technology rules-based engine that enables clients to link to RGA underwriting rules for immediate decisions.

More than 56,000 applications were submitted electronically through RGA's FAC Console[®] (Facultative Application Console[®]), an automated facultative application submission solution that enables clients to electronically submit facultative applications to multiple reinsurers simultaneously. RGA also provides online support for client underwriters through a variety of web-based underwriting tools offered worldwide, including online underwriting manuals,

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

During 2010, RGA provided its clients with valuable information on the medical underwriting of mortality risks and actuarial trends via webcasts.

ALTHOUGH THE U.S. STILL REPRESENTS RGA'S LARGEST SINGLE MARKET FOR FACULTATIVE APPLICATIONS, WITH MORE THAN 100,000 APPLICATIONS RECEIVED ANNUALLY, AS RGA CONTINUES TO EXPAND GLOBALLY, NEW AND GROWING MARKETS OUTSIDE NORTH AMERICA NOW ACCOUNT FOR 53% OF RGA'S TOTAL FACULTATIVE UNDERWRITING BUSINESS.

SHARING GLOBAL INSIGHTS AND EXPERTISE

Post-Level Period Term Research Findings

In 2010, RGA's U.S. Research team completed a comprehensive industry research project studying the mortality and persistency experience of level-premium term insurance policies beyond the level-premium period. This study, which was co-sponsored by the Society of Actuaries (SOA) Product Development Section and Committee on Life Insurance Research, provided insights into an important area of emerging experience.

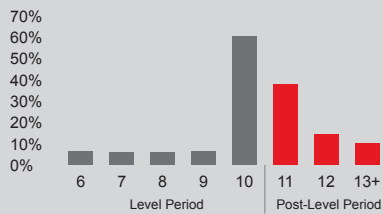
Level-premium term insurance in the U.S. is typically designed with a level-premium scale for a fixed number of years followed by an annually increasing scale thereafter. Experience during the level period is characterized by relatively low annual lapse rates (less than 10% per annum) and fairly consistent and predictable mortality levels. Following the end of the level period, the premium required to keep the coverage typically increases very sharply, often by a factor of 10 or more. This product design leads to a situation where healthy policyholders are often able to seek more affordable coverage

by 'lapsing' and being underwritten for a new policy. This 'shock lapse' of healthy policyholders at the end of the level-premium period leads to a deterioration to the mortality experience of the remaining in-force cohort.

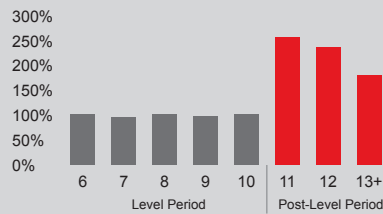
Actuaries attempt to reflect the dynamics of policyholder behavior when developing the actuarial assumptions used in their pricing models. Due to the relative newness of this product design and the lack of a credible comprehensive industry study, pricing actuaries have lacked a consensus on the appropriate assumptions to use

Post-Level Period Term continued

Annual Lapse Rate by Duration



Mortality Relative to Level Period



for modeling the end of level-period shock lapse and post-level period mortality deterioration. RGA has previously supported this need by sharing its internal experience results and insights through educational seminars and consultation sessions with clients. By undertaking an industry study on behalf of the SOA, RGA was able to expand the breadth of its research to include an even broader database of pricing assumptions and experience results.

RGA's research team, led by Tim Rozar, Vice President and Actuary, Global Research and Development, and Scott Rushing, Vice President and Actuary, Global Research and Development, completed the project in two distinct phases. In Phase 1 of the project, the team surveyed 41 of the top level-term companies in the U.S. to gather information on the structure and design of term products and the various approaches to developing actuarial assumptions for shock lapses and post-level period mortality deterioration. In Phase 2 of the project, the team performed an actuarial mortality and lapse experience study from the seriatim data contributed by 26 participating companies.

The results from this research project provided key insights into both the actuarial assumptions being used in the industry and the

“The Post-Level Period Term Research Project conducted by RGA provided valuable information about emerging experience on the complicated interrelationship of lapsation, premiums, and mortality. The details provided in the two reports easily allow for comparisons between our own experience and the range of experience within the industry. Overall, the project complements our internal experience and paints a fuller picture of this dynamic.”

NICK SALES, FSA, MAAA,
EXPERIENCE STUDY ACTUARY AT
NORTHWESTERN MUTUAL

experience that was beginning to emerge. The Phase 1 survey showed that the median pricing assumptions for 10-year level-term insurance were a shock lapse of 80% followed by mortality deterioration multiple of 200% beginning in duration 11. There was also an indication that survey respondents implicitly recognized the potential correlation between the magnitudes of the end of level-period shock lapse and the post-level mortality deterioration multiple. The survey also revealed that a broad spread of assumptions was being used in the industry,

demonstrating the lack of consensus among pricing actuaries.

The Phase 2 experience study also showed a fairly wide distribution of company-specific results, and confirmed a strong correlation between the magnitude of the shock lapse and the amount of post-level period mortality deterioration. In addition, the research team was able to analyze the experience at a policy-by-policy level to demonstrate a strong correlation between the increase in the premium at the end of the level period and the shock lapse and mortality deterioration experience.

The results from this study were consistent with RGA's internal experience studies and helped support its internal pricing basis. More importantly, this study offered RGA an opportunity to utilize its unique position in the life insurance industry to provide a valuable research service to its clients. ■

The Report on the Lapse and Mortality Experience of Post-Level Premium Period Term Plans and The Report on the Survey of Post-Level Premium Period Lapse and Mortality Assumptions for Level-Premium Term Plans are available in the research section of the Society of Actuaries website, www.soa.org.

These webcasts are only available through RGA's website-based client portal.

RGA strives to remain at the forefront of mortality research, providing the most-current and accurate data and advantageous pricing to clients. As an example of that commitment, RGA conducted an Internal Experience Study in 2010, exposing 83.7 million policy-years and \$5.1 trillion reinsured face amount. The study provides primary support for RGA's pricing assumptions.

In another research initiative, RGA collaborated with the Society of Actuaries on research conducted on post-level period term business in a multi-company experience study. By undertaking this study, RGA was able to optimize the valuation and modeling of term products and develop a broader database of pricing assumptions and experience results.

Prescription drug database research, conducted by RGA in the U.S. market and presented in 2010, entailed a comprehensive analysis of mortality results based on prescription drug histories. The research results, published in the *Journal of The Academy of Life Underwriting*, were designed to aid in the improvement of mortality assumptions.

RGA continues to lead the industry in the development of products designed to improve mortality assumptions, leveraging RGA's extensive worldwide experience and database. The company's global infrastructure enables actuaries and underwriters to share ideas, and develop more-sophisticated modeling capabilities to better assess mortality risk.

Global Financial Solutions

RGA's Global Financial Solutions business, comprising financial reinsurance, asset-intensive reinsurance, and longevity reinsurance business, reported a strong year in 2010. These business lines afford further income and risk diversification to RGA's business mix.

Global Financial Solutions works closely with RGA's offices around the world. In November 2010, RGA combined its international Capital and Financial Solutions team with its well-established Financial Markets group, creating a globally integrated business that delivers more focused, effective financial solutions to its clients worldwide. During

the year, Global Financial Solutions expanded its worldwide presence, executing transactions in France, Germany, Japan, South Africa, and Taiwan.

RGA provides financial reinsurance solutions for major products offered by the life insurance industry, to support companies in meeting regulatory requirements while providing capital for growth or to support mergers and acquisitions, to improve return on equity, or to reinforce their surplus position. RGA is the recognized leader in this highly specialized field, noted for its insights and experience in addressing complex transactions. Financial reinsurance solutions provided by RGA during 2010 included life, group, health, and interest-sensitive transactions.

RGA's reinsurance portfolio of asset-intensive products, such as fixed and variable annuities, universal life, and other life blocks, grew steadily during the last decade, from \$1 billion in 2000 to more than \$9 billion of assets at the end of 2010. Asset-intensive reinsurance, or the assumption of investment and/or interest-rate risk within annuities and life products, provides RGA with diversification from mortality risk, and offers clients another way to manage underlying risk and capital.

In 2010, RGA executed Canada's first longevity reinsurance transaction, expanding on RGA's significant existing longevity and survivorship portfolio in the U.K. and in Australia. RGA was recognized for its capabilities in longevity reinsurance in October, when the company was named "Best Reinsurer for Longevity Risk Transfer" by the 2010 Life & Pension Risk Awards. This award acknowledged RGA for its leadership in longevity risk transactions in the U.K.

Global Acquisitions

RGA's ability to structure effective solutions, disciplined pricing and sound risk assessment underpin RGA's recent increased focus on acquisitions. The company's Global Acquisitions capabilities increase the array of services that RGA offers to its clients. In today's environment, many direct insurance companies find themselves pressured to grow or compelled to redirect their precious resources, including capital and management attention. RGA supports direct insurers

facing these challenges, regardless of motivation, by creating customized solutions, including capital management and monetization of future profits for clients seeking divestiture of in-force business or expansion into new markets.

In addition to acquisitions of in-force business from its clients, RGA has been a selective and successful acquirer of various reinsurance operations. Acquisitions completed by RGA included the 1992 acquisition of two major business lines to form what would become RGA Life Reinsurance Company of Canada; the acquisition of the financial reinsurance business of the former ITT Lyndon Life through a joint venture with Swiss Re named the RGA/Swiss Financial Group L.L.C. in 1995, later brought entirely under RGA ownership as RGA Financial Group, L.L.C. in 2000; the 2003 acquisition of the U.S. closed reinsurance block of Allianz Life; the 2008 purchase of the XL Re CAT business; and most recently, in 2010, the acquisition of the ReliaStar North American group life, accident and health reinsurance business.

RGA expects the after-effects of the global financial crisis, and major regulatory and accounting reforms such as Solvency II, IFRS, and Basel III to create more opportunities, as clients and competitors seek support via reinsurance, capital management, and divestment of closed blocks of business.

Global Health and Long-Term Care Reinsurance

RGA has diversified its product portfolio over the past decade into life-related reinsurance products and services, including health and long-term care (LTC) reinsurance. During 2010, RGA's Global Health and Long-Term Care reinsurance teams extended their geographic reach, expanding their activities and offerings to clients beyond North America, leveraging the company's core expertise to provide key value-added services. These services included experience analysis in China; a complete product, pricing and operational review in Hong Kong; and a benchmarking exercise on catastrophic claims management in Mexico to support new entrants in the market. RGA concluded in-depth evaluations of health insurance in Southeast Asia and Italy, designing strategies to take advantage of arising opportunities.

RGA is further considering its portfolio of healthcare offerings in the U.S., proposing new products in the fields of Medicare supplements, critical illness and disability income. In Australia and Japan, RGA is pursuing opportunities in LTC and disability income, while the health business in India is steadily growing.

Governments around the world, in both developed and developing nations, face the problems of ever-increasing healthcare costs, aging populations, and rising expenses of treating chronic diseases and uninsured populations. Insurers are increasingly seeing health as a challenging growth opportunity and RGA is positioning itself in key markets to provide strong technical and operational support to clients hoping to capitalize on this opportunity.

RGA entered the U.S. LTC marketplace in 2007 and currently offers a wide variety of solutions and services to help clients successfully manage a broad spectrum of risks associated with LTC insurance. Customized solutions include traditional risk management, capital efficiency solutions and product development support. RGA's professionals provide sophisticated and detailed risk analysis and modeling, independent product management and access to regular outside risk assessment evaluations.

The company strives to provide competitive coinsurance allowances and treaty terms that align RGA's interests directly with those of its clients. RGA shares analytical and treaty expertise, access to benchmarking, and risk management expertise, and performs underwriting and claim audits. Clients may also benefit from capital management and improved expense amortization.

Market demographics are growing for LTC insurance not only in the U.S., but also globally, with populations around the world leading longer, healthier lives. Insurers seeking expertise to assess risks and manage administration of LTC seek a sound reinsurance partner that can provide knowledge, experience and innovative solutions. RGA is well-positioned to leverage its LTC capabilities and expertise throughout the world as its clients embrace this important product.

Global Group Reinsurance

Globally, RGA has an established presence in group reinsurance, offering a range of solutions tailored to each market's needs even as they are affected by changing demographics and regulatory reforms. Depending on the market, RGA's group solutions range from employee benefit and workplace covers to credit life products featuring mortgage and loan protection, and may include life, health, disability, disability income, accident, critical illness, long-term care, special risk and catastrophe lines. RGA's dedicated group reinsurance teams regularly assist clients with issues related to insurance affordability, pricing, underinsurance, mandated contributions, and more, offering customized solutions and ongoing training, educational seminars and tools to support group insurance underwriting, actuarial and claims needs.

Australia and New Zealand generated the largest share of RGA's group reinsurance premiums in 2010 and presents a large and growing market for workplace group insurance. Significant opportunities exist in other selected markets around the world, such as India, where the group insurance market is growing, with an emerging middle class demanding increased protection, and insurers developing appropriate employer benefit products and services. RGA's presence in the global group reinsurance market was enhanced with the acquisition of the ReliaStar group reinsurance business from ING Groep N.V. in January 2010. During the year, RGA launched a comprehensive integration of the acquired business into RGA's business structure.

RGA anticipates further growth in the U.S. group reinsurance sector through its commitment to value-added services and expansion into new product lines. In the U.S. market, several products were successfully introduced in 2010, including a catastrophe product. The Group Life, Accident and Disability business unit created a value-added services team to identify and develop new customer-focused services, including a travel services product, in partnership with Assist America; webcasting of actuarial continuing education seminars for clients; and a new medical underwriting manual for the group market.

RGA shared insights into group underwriting and claims issues via several initiatives, hosting a number of conferences and forums in 2010, including

the Canadian Underwriting Leaders Forum in Halifax, Nova Scotia, and the LTD Claims Leaders Forum in Charleston, South Carolina. Innovative ways to provide underwriting and claims training and continuing education to clients were introduced to clients during the year: The U.S. Group Reinsurance team introduced *A Serious Game* in 2010, a proprietary web-based claims simulation tool, used by client carriers to train their long-term disability claims staff.

RGA entered the Canadian group reinsurance market in 2004, and in the years since, has steadily built a strong presence in that key market, today counting many of the largest providers as clients. The acquisition of the ReliaStar group life and health business also enabled RGA's Canada operations to leverage shared strengths and expertise to better support an expanding client base.

Group Health Reinsurance

RGA responded to U.S. healthcare reform by providing new reinsurance options to help clients manage the broader benefits mandated by the new law. RGA's group healthcare team also developed working models for healthcare risks and new products on both an excess and a quota share basis, and collaborated with RGA's Global Financial Solutions team on a significant financial reinsurance treaty involving healthcare risks. The industry-leading ROSE[®] and ROSEBUD[®] services drew more interest from clients, as the percentage of group healthcare clients in the U.S. using these services rose to a record 85% – a 10% increase over the preceding year. In 2010, the team conducted the 26th annual ROSE Seminar for health and disability claims management professionals (see page 20 for more information on ROSE).

With employee benefit products becoming more sophisticated worldwide, and as clients request innovative group reinsurance solutions, RGA has delivered products and services uniquely tailored to the changes taking place in those markets. While underwriting expertise in life, health, disability and other life-related group products remains a primary focus for RGA's teams, the company also supported clients during 2010 with product development, pricing, claims management, reserve valuation, market research, and risk identification, assessment and selection of multiple group coverages.

SHARING GLOBAL INSIGHTS AND EXPERTISE

The ROSE® Program: Providing Resources and Improving Outcomes for Complex, High-Cost Group Health Cases

In the U.S., most health insurance is provided as an employee benefit through the workplace, either through an indemnity plan, a managed care plan such as a Health Maintenance Organization (HMO), or as part of an employer's self-funded coverage. Due to rising health costs, health plans and self-funded employers are looking to reinsurance as a way to manage exposure or provide a greater level of cost-certainty.

RGA moved into U.S. health reinsurance in 2008, opening a new office in New Jersey dedicated to underwriting healthcare reinsurance risks. RGA's group health reinsurance profile increased dramatically in 2010 with the acquisition of the former ING Reinsurance group operation, quickly propelling RGA into being one of the premier healthcare reinsurers in the market. The combined team has been writing health reinsurance for more than 30 years and created the first catastrophic case management consulting service ever offered by a reinsurer in 1984 – the ROSE® (Reinsurance Outcomes and Service Experts) Program. ROSE is an outcomes-based program offering information and services that help clients save money while providing quality care.

The historical knowledge and experience developed under ROSE is even more valuable as the U.S. healthcare insurance industry faces change and uncertainty in adjusting to government reforms. One of the biggest of these reforms is the eventual elimination of annual

maximums and lifetime claims limits even though the number of claims in excess of \$1 million has increased more than ten-fold between 2001 and 2010. The leading causes of individual claims exceeding this threshold include premature births, congenital anomalies in newborns, cancer and cardiac diseases.

RGA's experience also reveals an increase in the number of claims exceeding \$2 million. Again, neonatal cases are a leading cause, but hemophilia cases and cases involving multiple complications also drive up costs quickly to levels seldom seen, contemplated – or priced for – just a decade ago.

These complex, high-cost types of claims create a significant risk for carriers and health plans that can no longer cap their exposure with a lifetime limit, so a reinsurer with the financial strength of RGA, along with its experience in the healthcare markets, can offer its clients increased security and even a competitive advantage.

One of the services offered with the ROSE Program is ROSEBUD®,

“This program's value is not just for unusual, high-dollar claims. ROSE works collaboratively with a client's case management and claims staff to help bring about quality outcomes regardless of the dollar amount of the claim. ROSE is the foremost consulting service program in the reinsurance market, offering clients effective strategies and resources for managing complex, high-dollar claims, all at no additional reinsurance premium.”

MIKE EMERSON
EXECUTIVE VICE PRESIDENT,
U.S. GROUP REINSURANCE, RGA

which stands for “Babies Delivered and Undelivered”. An in-house team of perinatal and neonatal nurse consultants works directly with insured at-risk mothers to provide information and regular follow-ups designed to extend the pregnancy to closer to full term. U.S. studies have shown that every week that a high-risk pregnancy is extended and preterm birth is delayed will save between \$18,000-\$40,000.

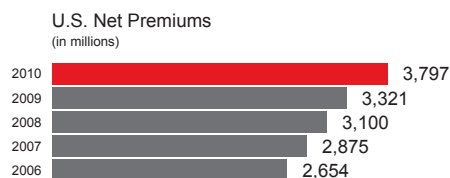
If a baby is born prematurely or with congenital defects, the ROSEBUD team helps to educate the parents and coordinate resources to allow for a timely discharge when medically appropriate. The team also provides consultation services to clients, who may wish to retain the case management services in-house, but seek consultation from the ROSEBUD experts on individual cases, or program development issues.

Other ROSE services include transplant networks and preferred provider networks, disease management resources, and vendors to help manage cases of oncology, hemophilia, end-stage renal disease, bariatric surgery and congenital heart disease, as well as resources to manage high-cost drugs.

Savings to clients and RGA through the use of the ROSE services are calculated on an annual basis, and result in an average savings of 18% of reinsurance premium. Clients utilizing the ROSE Program have averaged more than \$140,000 in savings per year in group healthcare, and total annual savings for all clients has averaged almost \$12 million over the past eight years.

In 2010, the ROSE Program began to explore providing services, research information and resources to clients outside North America. ■

From its beginnings in the U.S. almost 40 years ago, through its expansion into Canada, followed by steady and deliberate growth into both mature and developing markets throughout the world, RGA has shared its global knowledge and expertise, leveraging strengths from one region to the benefit of others.



U.S. Operations

U.S. Traditional Mortality Markets posted another strong year, with \$4.3 billion of total revenue and \$141.2 billion in new ceded reinsurance. RGA offset the decline in U.S. insurers' cessions by increasing market share, leading the market in recurring new business. Net premiums rose to \$3.8 billion, a 14% increase over 2009, despite a decline of 5% in life face amount sold in the U.S. life insurance industry. The U.S. division ended the year with \$1.3 trillion of total reinsurance in force.

During the year, RGA earned accolades from highly respected insurance industry studies. In the 2011 *Flaspöhler Cedant Survey (Life – North America)*, RGA was voted “Best Overall Life Reinsurer” for the fourth consecutive time, ranked number one in nine of ten factors, including medical underwriting capabilities, financial value, strong client orientation, leading expertise and market knowledge, leading actuarial product development expertise, timely service,

high-quality risk management service, effective training courses and seminars, and strong claims-handling ability.

RGA also received a top Net Promoter Score (NPS) of 45.6, the highest ranking from all cedants surveyed by Flaspöhler Research Group, and among RGA's targeted client list, an NPS of 60.3. These metrics represent an exceptionally high degree of customer loyalty.

RGA is a leading provider of underwriting and medical education to clients. In 2010, it hosted its second annual RGA Underwriting University program, an ongoing multi-level flexible learning program that attracted clients from across the U.S. Participants received the most-current information on medical and financial underwriting, and learned of technological industry advancements. RGA supplied its clients' medical directors and staff with its exclusive medical underwriting newsletter, *ReReflections*, which includes in-depth articles on a variety of new developments in the field of medicine. RGA provides ongoing

education to its own underwriting staff through the industry's first FALU (Fellow of the Academy of Life Underwriters) club in the U.S.

At the same time, RGA presents information and training to individual client underwriters on a personal basis via its Underwriting Outreach programs, handling almost 1,000 phone calls each month. In addition, RGA's Supplemental Underwriting Programs (SUP) solve clients' underwriting overflow by providing resources to support heavy workloads.

The company reinforced its position as the leading life insurance analytic expert, offering clients insights to make more profitable decisions. In 2010,

RGA completed a groundbreaking report with the Society of Actuaries on the lapse and mortality experience of term products post-level premium period (see page 15 for more information). The findings encompassed experience from 26 insurance companies, including many of the largest writers in the U.S. The report supplemented a 2009 study regarding the pricing assumptions of carriers writing these contracts.

RGA actively participates in webcasts, presents at insurance conferences, and publishes newsletters, white papers and other materials to provide the U.S. life market with leading-edge underwriting, medical, and actuarial education.

ASSESSING NEW METHODS OF EVALUATING RISK

Developments in Predictive Modeling for Insurers

In the course of business, life insurance companies gather huge volumes of data on clients and prospects. Ongoing IT advancements, improved data-gathering techniques and more powerful ways to organize information have led to new options for improved data assessment to bring in more profitable business. Data mining, the process of culling and collating the huge volumes of collected transactions, has created opportunities to apply statistical analysis to the vast body of information available to insurers.

Many industries use predictive modeling to analyze consumer behavior and seek ways to anticipate customer needs and appetites. Predictive models are analytical tools to predict the probability of an outcome or future behavior.

In predictive modeling, data is collected for the relevant predictors, the data is 'cleaned', a statistical

model is formulated, predictions are made, and the model is validated, or revised, as additional data becomes available. In modeling, the greatest weight is generally applied to more-recent behaviors and actions.

Inferential statistical analysis provides opportunities for predictive modeling, which has been employed for many years as one of the ways insurers can better understand and use the collected data to increase efficiencies and profitability.

RGA's Approach

RGA continues to monitor and assess developments in the field, as there are several different vendor-driven approaches and models. Insurers are performing their own due diligence of various models and seeking guidance regarding the pros and cons of not only the models, but also of the applicability of predictive modeling to their businesses and offerings.

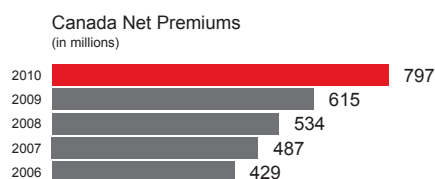
An important consideration is the potential of predictive models to supplement, augment, or, in some cases, replace more-traditional

underwriting requirements. As part of this consideration, RGA is comparing the cost/benefit analysis a client company may use with mortality protective value studies. RGA is also focusing its attention on the predictive value of mortality results.

Several aspects of data mining and predictive modeling will have significant bearing on its future in relation to the life insurance industry:

- The fruits of decades of data collection
- The power of analysis
- The benefits of continued and ongoing research

Predictive modeling may offer business advantages to insurers, but may also meet with resistance in some sectors and markets and will not be applicable in all cases. While RGA does not endorse, or argue against, any specific implementation or use of predictive modeling, it will continue to evaluate models and modeling approaches as they arise. ■



Canada Operations

RGA's Canadian division, which operates through its subsidiary, RGA Life Reinsurance Company of Canada, experienced another strong year in 2010, with revenues of \$976.2 million, representing an increase of 26% over the previous year. Premium income was \$797.2 million, up 30% from 2009, or 20% in original currency. The company placed its first longevity transaction in 2010, which contributed 9% to the top-line growth. Pre-tax operating income¹ for the division was \$113.6 million, an increase of 29% over 2009, or 19% in original currency. RGA Canada has posted a compound growth rate of 24.1%, or 18.2% in original currency, in pre-tax operating income since 2004.

For the fourth consecutive year, RGA Canada wrote the leading share of individual life recurring new business in this key market, maintaining its one-third Canadian market share. RGA Canada's core strategy of building strong client relationships and remaining focused on providing excellent customer service at a competitive price continues to make RGA a leader in this market. This was underscored by the most-recent independent market study conducted by NMG Consulting in 2009, which ranked RGA Canada first, for the second consecutive time, 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 approximately 70% of all new business, as measured by ceded face amount of risk, for the tenth consecutive year. In original currency, new assumed individual life reinsurance volume

exceeded C\$50 billion for the third consecutive year in 2010, up from C\$24 billion in 2004. Given the already high level of reinsurance in Canada and RGA's current market share, the division is well-positioned for sustained premium growth based on its current in-force business and the long-term duration of the underlying Canadian individual life insurance products, despite uncertainty regarding a decline in the future use of life reinsurance in Canada. In 2010, more than 65% of the division's premium base was individual life recurring premiums.

RGA CANADA WROTE THE LEADING SHARE OF INDIVIDUAL LIFE RECURRING NEW BUSINESS IN THIS KEY MARKET, MAINTAINING ITS ONE-THIRD CANADIAN MARKET SHARE. RGA CANADA'S CORE STRATEGY OF BUILDING STRONG CLIENT RELATIONSHIPS AND REMAINING FOCUSED ON PROVIDING EXCELLENT CUSTOMER SERVICE AT A COMPETITIVE PRICE CONTINUES TO MAKE RGA A LEADER IN THIS MARKET.

RGA Canada expanded upon its product offerings again in 2010, continuing to leverage RGA's global experience and knowledge of living benefits, including critical illness and long-term care reinsurance, and executing what RGA believes to be Canada's first longevity reinsurance transaction. The division consolidated its market presence in critical illness, with an estimated one-third market share and with treaties with more than 40% of the

¹ Pre-tax operating income, a non-GAAP financial measure, for the Canada operating segment was \$113.6 million and \$87.9 million during 2010 and 2009, respectively. These amounts exclude investment-related gains of \$8.7 million and \$18.5 million during 2010 and 2009, respectively.

companies in this sector. The division's group life and health and creditor lines continued to contribute to the company's potential for growth. In the group life and health market, which the division entered in 2004, RGA Canada successfully partnered with new clients, and now has treaties with many of the companies operating in this sector. RGA's recent acquisition of the ReliaStar group life and health business will enable the Canadian division to exploit synergies, generating more comprehensive offerings to the Canadian marketplace, and positioning the company as a significant player in the Canadian group market.

RGA Canada's underwriting team, which is key to the division's continued success in individual life reinsurance, processed approximately 28,000 facultative applications in 2010 while remaining focused on responsive time service. RGA Canada's underwriters continued to demonstrate industry leadership by developing innovative solutions to underwriting challenges. In addition to expanded product offerings and leading facultative

underwriting support, RGA Canada has continued to promote value-added services, including RGA's robust automated underwriting software, AURA®, which offers Canadian clients an additional electronic underwriting solution to build efficiencies and share knowledge. The NMG Consulting 2009 Canada market study noted previously also ranked RGA Canada's underwriting team number one in its Business Capability Index.

RGA has a strong commitment to the growth and success of the insurance industry in Canada. In 2010, RGA Canada continued its ongoing tradition of support for the insurance industry through leadership roles across a number of industry bodies. RGA professionals currently serve in a variety of leadership roles within the Canadian life insurance industry, including the Chairman of the Board of the Canadian Life and Health Insurance Association, the President of the Canadian Institute of Actuaries (CIA), the Chair of the CIA research committee, and the Chair of the Society of Actuaries examination committee.

Longevity Risk Transfer

RGA first entered the longevity market in the U.K. in 2007, participating in this large and growing market, while strategically benefiting from the risk diversification provided through the negative correlation with its large mortality book. RGA serves its clients through two business lines – bulk and individually underwritten longevity transactions.

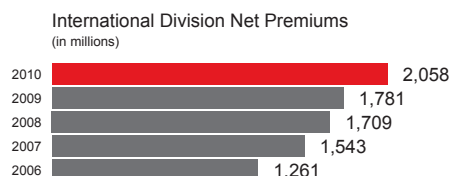
Bulk transactions transfer the longevity risk implicit in an in-force portfolio of annuitants from the client company to RGA. This helps both the insurer and RGA in managing their exposures to future mortality, with the client principally managing the risk

that the current annuitants will live longer than anticipated, while RGA balances this survival risk against the mortality risk it traditionally holds. RGA has completed transactions transferring longevity risk from either a collection of individual life annuity policies or from those incorporated in a group defined benefit pension scheme.

Individually underwritten transactions transfer the longevity risk implicit in newly issued underwritten life annuities from the insurer to RGA. Underwritten annuities have emerged to provide a larger income stream to retirees with health issues when they convert their lump sum on retirement. This product line provides a steady flow of new business to RGA, which employs a range of medical

underwriting techniques to assess the health of customers when they purchase their annuities, including on-line applications, a purpose-built underwriting manual, and a range of technical advice services.

The uncertainty regarding future annuitant mortality is a challenge for insurers and pension funds in many markets. RGA is able and willing to provide its expertise and knowledge to help them, as demonstrated by a bulk longevity reinsurance transaction reinsuring an insurer's in-force portfolio of group pension annuitants, the first such transaction in Canada. RGA actively monitors its longevity exposure by market relative to its mortality exposure to ensure RGA continues to benefit from the diversification benefit its longevity business provides. ■



International Operations

RGA's International Division, which has grown at a remarkable rate since its inception in 2002, again demonstrated strong growth in 2010. The division, comprised of RGA's Asia Pacific operations and the Europe, South Africa, India and Latin America operations, reported \$2.1 billion in annual net premiums, an increase of 16%, and pre-tax net income of \$174.6 million, a gain of 28% over the previous year.

The **Asia Pacific** segment, which includes operations in Australia, China, Hong Kong, Japan, Malaysia, New Zealand, Singapore, South Korea and Taiwan, delivered excellent results in 2010, buoyed as a result of strong efforts by all local offices and comprehensive outreach to clients. Net premiums rose to \$1.1 billion, a 14% increase over 2009, and revenues increased by 14% to \$1.2 billion. RGA is well-positioned in the rapidly growing Asian region, acknowledged in NMG Consulting's 2010 cedant study, in which RGA was again recognized as the leading life reinsurer in terms of Business Capability Index.

RGA is the regional leader in individual new business, with a 24% market share, and is the second-largest reinsurer of new group life business, with a 26% share of the market. The RGA Asia Pacific segment achieved new business production of \$30.7 billion during 2010, and saw life reinsurance in force grow to \$408.1 billion, representing 16% of RGA's total in-force business. RGA provides life, critical illness, disability income, and financial reinsurance to clients in the region, and is recognized as the leading underwriter of facultative applications.

IN ASIA PACIFIC, RGA IS THE REGIONAL LEADER IN INDIVIDUAL NEW BUSINESS, WITH A 24% MARKET SHARE, AND IS THE SECOND-LARGEST REINSURER OF NEW GROUP LIFE BUSINESS, WITH A 26% SHARE OF MARKET.

Innovative product development and capital-motivated solutions have been cornerstones of RGA's steady growth. During 2010, RGA Asia Pacific completed several capital-motivated transactions across the region, pioneering the launch of new reinsurance solutions to help local clients manage their capital. By developing unique products and services to address risk and capital management concerns, and continuing to provide market-leading underwriting services, RGA remained the industry leader in the region.

In **Australia and New Zealand**, RGA's net premiums grew from \$481 million in 2009 to \$592 million in 2010. To increase efficiencies, RGA Australia restructured its local teams to create a scalable and solid foundation from which to better service clients. During the year, RGA introduced client-centric relationship boards as part of a further strategic alignment to clients. As an industry leader that recognizes the importance to clients of training and staff development, RGA launched its first series of Global

Underwriting Learning Framework (GULF) seminars in Australia. GULF is a learning platform in which RGA experts provide face-to-face, in-classroom training to clients' staff. RGA's commitment to bringing innovation and technological advances to the industry was demonstrated through continued enhancements to RGA's e-underwriting solution, AURA. New solutions such as 'up-sell' and 'next-best' features were introduced, while capabilities were extended to multiple application types, including transfers and continuations. RGA also offered product development support for the first

successfully launched severity-based critical illness product in Australia.

A frequent contributor to client events and industry seminars, RGA led the market in the discussion and analysis of issues affecting the local and global insurance markets. RGA Australia was named “Australia and New Zealand Reinsurance Company of the Year” at the 2010 Australia and New Zealand Insurance Industry Awards. This marks the second consecutive year RGA has received this award in recognition of its commitment to helping the life insurance industry in Australia and New Zealand innovate and grow.

RGA **Japan**, which is the second-largest operation on a revenue basis in RGA’s Asia Pacific segment, posted a strong year in 2010, reporting pre-tax net income of \$38.5 million. The branch again excelled in facultative underwriting, processing a new record of 45,831 facultative cases in 2010, a 14% increase over 2009.

The office developed an innovative group credit life product for one client and completed agreements to provide e-underwriting solutions to other key clients. RGA was also engaged to develop a unique

product involving both a savings component and a long-term care component, which will be completed in 2011. RGA’s Global Financial Solutions team worked closely with RGA Japan to develop several large transactions during the year.

During 2010, RGA Japan shared insights on a variety of industry issues to more than 1000 participants in four major presentations, including a seminar in Okinawa with approximately 400 participants; an address on international longevity issues to 300 medical directors and underwriters for the Association of Insurance Medicine of Japan; and a presentation on ERM and Economic Capital to an audience of more than 300 at the Institute of Actuaries of Japan. The office also contributed input to the American Chamber of Commerce of Japan and to the International Congress of Actuaries in Cape Town, South Africa, and continues to support the Underwriting Association of Japan, which has evolved from an underwriting club RGA founded in 2003.

The entire life reinsurance sector in **South Korea** was challenged in 2010 by difficult market conditions, with low levels of product development and renegotiation

EMERGING TRENDS IN GLOBAL HEALTHCARE

Challenges and Opportunities in International Healthcare

The International Health team continued to build upon its global presence in 2010 and extended its geographic reach to include the Gulf States. The team expanded upon its activities and offerings, providing clients with key value-added services such as experience analysis in China, complete product, pricing and operational review in Hong Kong, and a benchmarking exercise on catastrophic claims management in Mexico. In-depth evaluations of health insurance in Italy and Southeast Asia were also

concluded and the opportunities mapped out.

While the debate about healthcare reform in the U.S. continues to dominate headlines, many of the issues faced by the U.S. healthcare industry are faced by other healthcare insurance companies around the globe. Ever-increasing healthcare costs, aging populations, rising costs of treating those with chronic illnesses or uninsured populations are challenges with which many governments struggle, in both developed and developing nations. Insurers are increasingly seeing the health sector as a demanding growth opportunity. RGA is positioning itself in key markets to provide strong technical

and operational support to its clients as they look to capitalize on this opportunity.

Global Environment

At a macro level the above issues are present globally; however, at the local level there are enormous differences in the cost, quality, access to, and the mix of public and private delivery of healthcare. This is also reflected in the huge variations in the reach of private health insurance and the type of products offered.

These differences are reflected in catastrophic health insurance claims, for example. While the causes, including major traumas, certain types of cancer, and increasingly,



of terms by clients. RGA Korea's total revenue decreased by 2% in 2010, on a U.S. dollar basis, compared with the previous year. RGA Korea, however, remained the market leader in the provision of services, and developed new client relationships during the year. RGA continued to build upon strong growth in its facultative business, processing 8,693 cases in 2010, an increase of 30% over 2009. South Korea is Asia's largest market for individual new cessions, and RGA continues to work with each of its clients in the region to share information and experience to deliver products appropriate to their market.

RGA Hong Kong delivered another year of strong results and premium growth in 2010, with premiums of \$106.6 million, an increase of 14% over the previous year, and assumed new business of \$18.5 million (excluding international retrocession pool). The office received 7,765 facultative applications, an increase of 98% over the previous year. RGA Hong Kong, the company's fourth-largest market in the Asia Pacific

**INTEGRATION OF PROCESSES,
MODELS AND PRACTICES
ACROSS THE ORGANIZATION
LEVERAGES RGA STRENGTHS
ON A WORLDWIDE BASIS.**

operating segment, accounted for nearly 2% of RGA's total net premiums during the year.

Product development remains the main focus of RGA's Hong Kong team, which also serves Southeast Asia. During 2010, RGA Hong Kong worked on telemarketing, direct marketing and bancassurance product initiatives. RGA was confirmed as the sole reinsurer for a multi-stage

critical illness product, due to the team's prompt turnaround times and extensive underwriting and product development support. In addition, during 2010, RGA became the leading reinsurer for seven key high-net-worth (HNW) treaties in effect in Hong Kong and Southeast Asia; secured

a renminbi-denominated savings product with the leading insurance company in Hong Kong; and, working through its Retakaful Window in Labuan, Malaysia, closed two retakaful transactions in Malaysia and its first transaction in Indonesia. The office is currently examining the feasibility of health reinsurance initiatives in Hong Kong, Indonesia, the Philippines and Singapore.

International Healthcare continued

premature births as a result of early-birth survival improvements and increased fertility treatments, are fairly uniform around the world, the actual costs can vary dramatically. Even if these actually do become private health insurance claims, insureds may revert back to the public system when faced with complicated surgery or advanced treatments.

There are also significant differences in costs of procedures in developed compared with developing nations' healthcare regimes. As examples of extremes of cost variation, the costs for the following interventions in the U.S. and India at comparable hospitals; a hip joint replacement in the U.S.

that costs \$18,000-\$30,000, ranges from \$2,500-\$3,200 in India; open-heart surgery in the U.S. would be \$40,000-\$120,000, while in India it would be \$5,000-\$9,000.

Operating globally, RGA has the ability to offer solutions to its clients that can help them manage these very different challenges in very different environments. In some markets, such as Mexico, claims are reaching levels similar to those in the U.S., because the insured has the right to seek treatment in the U.S. or is being treated in one of the leading local private hospitals. In these cases RGA is providing excess reinsurance cover. In other markets, where costs are lower, the need for excess reinsurance is

lower and RGA is primarily providing quota share. In these markets, RGA reinsures both group and individual portfolios.

As private health insurance is relatively new in a number of the markets in which RGA is active, pricing and product design are major challenges. RGA works closely with clients to bring its actuarial and technical strength to help them price, monitor experience and adjust prices and products as experience develops, and RGA's international and U.S. health associates make optimal use of RGA's comprehensive U.S. experience, so that clients globally can reap its benefits. ■

Training sessions and seminars were conducted throughout the year by Hong Kong team members, underscoring their commitment to the growth and development of the life insurance industry by sharing their knowledge and expertise in marketing, agency distribution and underwriting.

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 delivers services to companies in neighboring countries.

In 2010, MLRe led the life reinsurance sector in Malaysia, increasing gross premiums by 5% over the previous year to RM 188.3 million. MLRe remains the leader in facultative business in Malaysia, and underwrote 19,334 facultative cases in 2010. With the issuance of four new family takaful licenses in 2010, Malaysia is expected to enjoy robust growth in the takaful industry. The year has also seen Malaysian life insurers exploring various innovative insurance products such as fetus coverage and innovations in critical illness.

RGA entered the **Taiwan** market in 1999, and has since developed a significant business operation with solid annual growth. In 2010, RGA Taiwan net premiums increased by 19% to \$62.7 million, improving its five-year CAGR to 14%.

RGA Taiwan continued to build its life reinsurance business while diversifying its product development expertise to new lines, including living benefits products. In 2010, RGA introduced an innovative enhanced critical illness product to the market, providing periodical benefits following contraction of diseases, and covering the needs of both critical illness and long-term care. In addition, RGA recognized the importance of bancassurance and tele-marketing as distribution channels in the Taiwanese market, and responded to this trend, by successfully offering several products designed specifically for these channels, including term cancer with return of premium, term hospitalization income, permanent hospitalization income, and mortgage insurance. RGA provided these key distribution channels with specialized, streamlined issuing and

underwriting processes to better meet sales process requirements, including guaranteed issue, simplified issue, phone-binding on tele-marketing, and RGA's proprietary Advantage Program.

In 2010, RGA Taiwan was again ranked as the number one reinsurer in the sixth annual survey by *Risk Management, Insurance & Finance*, a leading Taiwanese business magazine. As in the previous year's ranking, RGA Taiwan received the best rating, "AAA", in all rating categories, measuring professionalism, potential, and overall service performance.

RGA **China** developed multiple training and instructional programs in actuarial sciences and underwriting to support the country's life insurance industry during 2010. RGA's client underwriting and actuarial seminars were well-received by local insurance companies. The China office translated RGA's online Global Underwriting Manual into Mandarin, which will help increase the usability of this important risk assessment tool within this developing market. RGA China is committed to working with local entities to continue to build and strengthen the local life industry.

2010 proved to be an outstanding year for RGA's **Europe, South Africa, India and Latin America segment**, which includes operations in France, Germany, India, Italy, Latin America, the Netherlands, Poland, South Africa, Spain, the U.K., and, commencing in 2010, the Middle East. The segment reported strong results, as net premiums rose to \$918.5 million, an 18% increase over 2009, and revenues increased by 16% to \$957.7 million. Pre-tax net income jumped to \$85.8 million, based upon continued growth in assumed new business, and favorable claims experience in the U.K. and several European markets. Life reinsurance in force reached \$467.6 billion, representing 18% of RGA's total, and comprised primarily of reinsurance of traditional life products, critical illness coverage, and longevity risk.

In Europe, changes in regulation and solvency measures are expected to provide opportunities for new market entrants. RGA is well-positioned to support clients in the region seeking consultative risk management and assessments via principles-based

economic modeling, and capital support to meet requirements.

RGA operations in the **U.K.** continued to perform well across its primary product lines, and demonstrated growth following its diversification into new product lines. RGA U.K. achieved premium growth of 21% on an original currency basis, reporting net premiums of \$630.1 million. This resulted, in part, from continued success in the individual protection market and the completion of several significant bulk annuity transactions, building upon the first such transaction secured in late 2008.

Further diversification was achieved through an increase in group life business and underwritten annuities, where the market last year grew by 38%, according to Towers Watson.

For the second consecutive year, NMG Consulting ranked RGA U.K. number one in the study's most significant measure, its Business Capability Index. Ceding companies in the U.K. and Ireland awarded RGA as a top quartile reinsurer for many major categories, including business management, actuarial management, underwriting, claims management, proposition and positioning, terms of engagement, and tender responsiveness. In addition, the Redmayne and Flaspöhler industry

surveys of the market reaffirmed recognition of RGA as a leading provider of reinsurance services by ceding companies in the U.K.

During 2010, RGA concluded two major longevity risk transfers, and emerged as a leader in longevity risk transactions in the U.K. RGA garnered recognition in this highly competitive market and was named "Best Reinsurer for Longevity Risk Transfer" by the 2010 Life & Pension Risk Awards, an annual awards program sponsored by *Life & Pension Risk* magazine.

RGA **Netherlands**, which received its license to operate as a branch office in July 2010, serves the Dutch and Nordic insurance markets. The operation's growth was challenged by a difficult business environment for several clients. Despite these difficulties, however, the operation exploited its strengths in pricing and underwriting, winning new business and renewal treaties in individual life, critical illness, catastrophe, disability income and pension business. Training and education figured prominently in the office's services to clients throughout the year, as RGA shared insights and information in seminars covering a wide range of subjects, including medical underwriting and longevity reinsurance.

ADVANCEMENTS IN E-UNDERWRITING

AURA Hosted Improves Speed and Efficiency for Clients

Facultative underwriting has always been one of RGA's greatest strengths and, using its extensive database of decades of mortality experience developed in many markets, and the observation and analysis of RGA's skilled associates, RGA has developed powerful e-underwriting tools to help clients underwrite simple cases. The AURA® (Automated Underwriting and Risk Analysis) Suite of products improves efficiency in underwriting for clients by freeing valuable human

resources from time-consuming information gathering and collating processes, thereby allowing their underwriters to pay greater attention to more-complex cases.

Dave Wheeler, Senior Vice President, Chief Underwriting Officer, states, "The process of risk assessment continues to evolve. Increasing numbers of automated decisions are now generated from rules engines, using predictive modeling and electronic records. The data developed from our facultative underwriting experience is invaluable in classifying risk in this field."



There are many differences in how countries regulate insurance, their public health profiles, what kinds of products are available and how they are structured financially so, for AURA to be an effective tool, its Universal Rules Set and reflexive questions are customized for each region in which it is deployed.

AURA continued

AURA software comes in three configurations:

- **AURA Front Office (AFO)**, initially developed in 2000, is RGA's first auto-underwriting product, originally intended for U.S. insurers seeking to automate their life insurance underwriting. This highly robust and customizable product is now in its sixth version.
- **AURA Back Office (ABO)** was introduced by RGA in 2005. It includes functionality for workflow, note-taking and is intended as a complete underwriting workbench environment. It is designed so that all an insurer's new business and underwriting employees can work on it.
- **AURA Hosted (AH)**, introduced in late 2009, is a packaged version of AFO (known as PIVIT in Japan), that is offered as a value-added service in exchange for reinsurance.

AURA Hosted

AURA Hosted is RGA's cloud-based service offering. It combines RGA's globally-tailored rules and expert reflexive questioning under a web-based service layer that can be implemented quickly, securely and easily in almost any environment. AURA Hosted is highly effective at removing the barriers that often exist to bringing simplified issue solutions to market.

Why are customers choosing AURA Hosted?

Some RGA clients have implemented enterprise underwriting solutions, but many others seek simpler, cost-effective solutions that permit them to quickly employ automated underwriting. AURA Hosted meets these needs by leveraging RGA's underwriting and

Selected 2010 Case Studies

- A large insurer in India that offers products through an agency network and sells approximately 200,000 life policies annually partnered with RGA to access its rules engine via the Internet. In a four-month project, RGA and the insurer integrated the AURA rules engine into the insurer's existing new business and underwriting process. Previously, 100% of new business cases required manual review by underwriters. By integrating the insurer's data entry portal with the AURA rules engine using RGA's rules set, the insurer was able to automatically approve approximately 50% of the cases without referral to an underwriter. As RGA and the client continue to refine and deepen the underwriting rules set, the percentage of auto approvals will increase.
- A small insurer in Japan sought a way to leap ahead of its competitors and launch a direct-to-consumer life insurance product. It had only a modest budget and looked to AURA to provide a packaged Japan-specific rules set that could be linked to its website. The product will be launched in the fall of 2011 and will allow customers to receive quotes, complete applications and receive on-line decisions within minutes.

mortality expertise, while applying strict parameters around the offered technical support and maintenance to keep recurring costs to a minimum.

2010 saw a great deal of activity around the globe, with RGA customers implementing RGA's market-leading underwriting rules engine into their end-to-end underwriting processes. During 2010, RGA signed agreements with five insurers to access the AURA rules engine as part of broader reinsurance relationships.

RGA now has a fully customized comprehensive rules engine available for use in several markets such as India, Japan, South Africa, Spain and the U.S. In 2011, versions in France, Germany, Italy and Poland and will be launched.

RGA's global medical and underwriting teams will continue to conduct broad medical research and analysis in new areas, applying this research in updates and refinements of the AURA rules sets around the world. ■

AURA Advantages

- Improved operating efficiency, reduced issue times and cost savings
- Underwriters freed to focus on complex cases
- Consistent underwriting rules applied
- Ability to scale operations to meet growing business demand
- Ease of system integration
- Business management improved by data capture

In **Spain and Portugal**, RGA's net premiums grew 17% on an original currency basis over the previous year, in spite of a difficult economic environment within the Iberian reinsurance market, with limited growth and increased retention of individual business by several large direct insurers. RGA International Ibérica's strong result was derived from the team's efforts to align its business strategy with client needs, and through opportunistic business development, gaining market share with key clients, assuming new business from targeted prospects and expanding its protection product offering.

RGA International Ibérica promoted value-added services during 2010, implementing RGA's electronic underwriting tool, AURA, with several major clients, and offering selected clients process improvement support through a 360° Operational Assessment, a new service providing a series of recommendations in customized reports targeted to each individual client. Reducing time-to-market was seen by RGA Spain as a key factor in increasing client satisfaction, and the team strove to reduce response times on a broader range of business lines.

RGA **France** reinforced its underwriting, actuarial and business development teams in 2010, improving the level of service and expanding on the range of products it offers clients in France and Belgium. During the year, the team hosted workshops on electronic underwriting, introducing the French version of AURA to the market. The number of underwriting applications processed grew by 90%. Individual long-term care pricing was reviewed and product innovation options were evaluated. In anticipation of changes resulting from the implementation of Solvency II, RGA France established a dedicated team to assist clients in addressing new requirements.

In its second full year of existence, RGA **Germany**, serving Germany, Austria and Switzerland, doubled its premium volume compared to 2009 and reported excellent claims experience. The local team focused on developing innovative product solutions and customizing RGA's automated underwriting capabilities.

The aftermath of the financial crisis, especially the low interest rate environment, continues to

exert pressure on the life insurance industry in this region, where traditional pension products with long-term financial guarantees dominate the product landscape. This applies, in particular, to Germany, where life-long guarantees are standard. These market conditions, in connection with the overarching legal and regulatory framework, including Solvency II, have raised concerns about whether the current German life insurance business model is sustainable. To facilitate an open discussion with all stakeholders, RGA initiated a research study in cooperation with distinguished external partners in order to collect and analyze the opinions of leading executives on the current state of the industry and consider ways to move forward. The results were published and discussed with a panel of representatives of local and European regulators and politicians. Encouraged by the appreciation expressed in the market, RGA Germany will follow up in 2011 by soliciting experience from other markets where the life insurance business has adapted to changing environments.

In **Italy**, there is a growing interest in risk products, including both simplified products and more-sophisticated, fully underwritten products. Simplified products include those offered through the bancassurance channel, which typically include a good health declaration, low sum insured, and a standardized approach at the point of sale. More-sophisticated products are characterized by high sums insured, competitive rates and full underwriting, with tailored solutions usually delivered by agents following consultation.

RGA Italy assisted clients in developing both types of products in 2010, employing RGA's global experience regarding different effects of underwriting, cover definitions and pricing. RGA is also assisting clients with CI, which is being offered as a rider to individual term life covers, and LTC aimed at the group insurance market, as an employee benefit cover. The regulator is encouraging LTC products to provide coverage for insureds as public welfare is reduced due to public debt increases and the aging of the population.

RGA Italy also supports its clients through analysis and underwriting of facultative cases, by presenting seminars on topics of local interest, and by actively participating in market bodies with the goal of disseminating knowledge and expertise. During 2010, the office staged several events to engage life actuaries in discussions on issues such as Solvency II, product development and reserving.

RGA operations in **Central and Eastern Europe** expanded during 2010, with the office retaining existing contracts and developed new clients. By the end of the year, RGA served more than 30 clients in eight countries in the CEE region, with more than 50 treaties in force, written through RGA International Reinsurance Company Limited.

RGA was recognized in 2010 as the fastest-growing reinsurer in the CEE region, leading the market in new treaty lines. NMG Consulting's study of the region recognized RGA's significant business momentum in the region.

RGA participated in several industry conferences in Central and Eastern Europe as either sponsor or official partner, and also organized several of its own events, including CEE regional actuarial, underwriting and claims conferences. RGA continues to fulfill a significant role in this region by sharing its global knowledge and experience, by introducing new life and health products to direct insurers, and by hosting actuarial and underwriting training sessions. The office introduced new products, and provided insights into newly arising distribution channels and direct marketing.

The team provides clients with traditional automatic and facultative life reinsurance, pricing research, market analysis and new product development. Products include term life, whole life, critical illness, hospital cash and accidental risks (partial and total disability), and risk management products and services. Product development was key to entering new markets (e.g., Slovenia) and new distribution channels (including direct marketing, postal banks, and post offices).

RGAs INTERNATIONAL OPERATIONS DEMONSTRATED STRONG GROWTH IN 2010, WITH ANNUAL PREMIUMS OF \$2.1 BILLION.

RGA continued to build its presence in the **Middle East** insurance markets, with \$9.3 million in premiums. Interest in facultative support was high, as RGA received 471 facultative applications from 16 companies in Abu Dhabi, Bahrain, Dubai, Egypt and Oman. RGA is in the final stages of obtaining its license in the Dubai International Financial Centre (DIFC), and expects to recruit local resources in 2011. In January, the team conducted a study of the local bancassurance market, identifying ways to bridge the gap between banks and insurers. Findings from the study were presented to clients in Dubai and in Bahrain. RGA demonstrated its underwriting expertise through several venues, including three GULF training seminars for clients in Bahrain, and an underwriting seminar in Dubai.

Mandatory healthcare is spreading around the Gulf States after successful implementation in Saudi Arabia and Abu Dhabi. Dubai is considered likely to be next in line, and Bahrain and Oman are at different stages in the deliberations related to the introduction of healthcare laws. Local economies are recovering from the financial crisis, especially in the GCC (oil-producing states) and the outlook is positive for continued business growth and opportunities in the region.

In 2010, RGA **India** continued its focus on expanding its client base and strengthening its client partnerships. Strong industry growth in the first nine months of 2010, combined with two significant new treaties acquired in 2009, drove net premiums to grow by more than 45% in terms of local currency in 2010, as the office built stronger individual, health, group and credit life businesses. RGA reinforced its leadership in India by bringing its international expertise to the market, including publication of the results of its inaugural bancassurance survey, launch of a new health claims manual that was extensively customized to the Indian market, and deployment of the first hosted AURA e-underwriting solution in India with one of its client companies. RGA India was rated the highest in its peer group in terms of overall business capability by NMG Consulting in its study published in the first half of 2010.

During the last quarter of 2010, there were dramatic regulatory changes to the ULIP products being marketed in India, which included caps on charges as well as prescribed minimum premium paying and lock-in periods. With many of its clients dealing with steep declines in new business revenues, RGA was at the forefront in working with those companies to manage the challenges of change through improvements in underwriting grids, updated product structures, and new risk development to improve spreads directed at helping companies adjust and, over time, thrive within the new regulatory environment.

RGA **South Africa's** leadership in the market was clearly recognized in 2010, as the office was ranked first for all factors measured by NMG Consulting's 2010 cedant study of the region. This reflects the efforts RGA South Africa made in its service offerings, from technical seminars with their highly valued content, to ongoing interaction with clients. RGA South Africa also released its industry income disability termination study in 2010, which was very well-received, and conducted the first-ever industry claims practice survey in South Africa. The office also established a dedicated research and development department, to better deliver on its promise of innovative thinking and to align with the RGA vision of leveraging knowledge throughout the organization.

During 2010, the local economy gradually recovered, and insurance premiums showed an improved trend. RGA South Africa's results reflected this trend, with a 26% increase in premium income to \$82.1 million, aided to a degree by the strengthening of the rand against the dollar during 2010.

In the first quarter of 2010, RGA South Africa played a key role in both the International Committee of Insurance Medicine's and the International Congress of Actuaries' 2010 conferences that were held in South Africa. Speakers from a number of RGA offices participated in these prestigious events. In addition, RGA South Africa's Chairman,

Desmond Smith, was elected President-Elect for the International Association of Actuaries.

The **Latin America** office continued to build momentum in 2010, reinforcing existing operations and posting very strong financial results. Despite a highly competitive environment, and an economic slowdown in the first half of the year, RGA grew both its existing and new businesses. The team maintains its strategy of building long-term, strong client relationships and providing excellent customer service to make RGA one of the leading reinsurers in the region.

Mexico's potential is excellent, as this developing country has one of the world's largest emerging middle classes, following the BRIC (Brazil, Russia, India and China) countries. RGA is participating with local and international insurance companies in developing the next generation of products aimed at satisfying the needs of this emerging middle class, which will demand new benefits through new channels tailored for the income and preferences of these consumers.

RGA organized several product workshops for its clients, leveraging global expertise to the benefit of clients in the local Latin American markets. The office developed a critical illness product, covering 20 illnesses, an entirely new surgical product that is aimed primarily at meeting the needs of socio-economic groups that have no access to private or public health insurance in their country, and a long-term care product for worksite marketing.

Multiple education and training opportunities were provided by RGA to clients in the region, including an actuarial seminar in Mexico, a critical illness underwriting and claims training seminar, and an AURA seminar explaining e-underwriting strategies to key clients. In addition, the office developed a highly successful Voice of the Customer study for a specific bancassurance target client, which provided important feedback to increase sales.

2010 WAS AN OUTSTANDING YEAR FOR RGA'S EUROPE, SOUTH AFRICA, INDIA, AND LATIN AMERICA SEGMENT, WHICH REPORTED A 17% INCREASE IN NET PREMIUMS.

SELECTED CONSOLIDATED FINANCIAL AND OPERATING DATA

For the Years Ended December 31,

(in millions, except per share and operating data)

	2010	2009	2008	2007	2006
Income Statement Data					
Revenues:					
Net premiums	\$ 6,659.7	\$ 5,725.2	\$ 5,349.3	\$ 4,909.0	\$ 4,346.0
Investment income, net of related expenses	1,238.7	1,122.5	871.3	907.9	779.7
Investment related gains (losses), net:					
Other-than-temporary impairments on fixed maturity securities	(31.9)	(128.8)	(113.3)	(7.5)	(1.1)
Other-than-temporary impairments on fixed maturity securities transferred to (from) accumulated other comprehensive income	2.0	16.0	—	—	—
Other investment related gains (losses), net	241.9	146.9	(533.9)	(171.2)	3.6
Total investment related gains (losses), net	212.0	34.1	(647.2)	(178.7)	2.5
Other revenues	151.3	185.0	107.8	80.2	65.5
Total revenues	8,261.7	7,066.8	5,681.2	5,718.4	5,193.7
Benefits and expenses:					
Claims and other policy benefits	5,547.1	4,819.4	4,461.9	3,984.0	3,488.4
Interest credited	310.0	323.7	233.2	246.1	244.8
Policy acquisition costs and other insurance expenses	1,080.0	958.3	357.9	647.8	716.3
Other operating expenses	362.0	294.9	242.9	236.7	204.4
Interest expense	91.0	69.9	76.2	76.9	62.0
Collateral finance facility expense	7.8	8.3	28.7	52.0	26.4
Total benefits and expenses	7,397.9	6,474.5	5,400.8	5,243.5	4,742.3
Income from continuing operations before income taxes	863.8	592.3	280.4	474.9	451.4
Provision for income taxes	289.4	185.2	92.6	166.6	158.1
Income from continuing operations	574.4	407.1	187.8	308.3	293.3
Loss from discontinued accident and health operations, net of income taxes	—	—	(11.0)	(14.5)	(5.1)
Net income	\$ 574.4	\$ 407.1	\$ 176.8	\$ 293.8	\$ 288.2

(Continued)

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

	2010	2009	2008	2007	2006
Basic Earnings Per Share					
Continuing operations	\$ 7.85	\$ 5.59	\$ 2.94	\$ 4.98	\$ 4.79
Discontinued operations	—	—	(0.17)	(0.23)	(0.08)
Net Income	\$ 7.85	\$ 5.59	\$ 2.77	\$ 4.75	\$ 4.71
Diluted Earnings Per Share					
Continuing operations	\$ 7.69	\$ 5.55	\$ 2.88	\$ 4.80	\$ 4.65
Discontinued operations	—	—	(0.17)	(0.23)	(0.08)
Net Income	\$ 7.69	\$ 5.55	\$ 2.71	\$ 4.57	\$ 4.57
Weighted average diluted shares, in thousands	74,694	73,327	65,271	64,231	63,062
Dividends per share on common stock	\$ 0.48	\$ 0.36	\$ 0.36	\$ 0.36	\$ 0.36
Balance Sheet Data					
Total investments	\$ 22,666.6	\$ 19,224.1	\$ 15,610.7	\$ 16,397.7	\$ 14,612.9
Total assets	29,081.9	25,249.5	21,658.8	21,598.0	19,036.8
Policy liabilities	19,647.2	17,643.6	16,045.5	15,045.5	13,354.5
Short-term debt	200.0	—	—	29.8	29.4
Long-term debt	1,016.4	1,216.1	918.2	896.1	676.2
Collateral finance facility	850.0	850.0	850.0	850.4	850.4
Company-obligated mandatorily redeemable preferred securities of subsidiary trust holding solely junior subordinated debentures of the Company	159.4	159.2	159.0	158.9	158.7
Total stockholders' equity	5,040.6	3,867.9	2,616.8	3,189.8	2,815.4
Total stockholders' equity per share	\$ 68.71	\$ 52.99	\$ 36.03	\$ 51.42	\$ 45.85
Operating Data (in billions)					
Assumed ordinary life reinsurance in force	\$ 2,540.3	\$ 2,325.1	\$ 2,108.1	\$ 2,119.9	\$ 1,941.4
Assumed new business production	327.6	321.0	305.0	302.4	374.6

LEADERSHIP

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GLOSSARY OF TERMS

Actuary

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

Annuity

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

ASEAN

Association of Southeast Asian Nations.

Asset-intensive reinsurance

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

Assumed reinsurance

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

Automatic reinsurance

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

Bancassurance

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

Capital-motivated reinsurance

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

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

Captive insurer

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

Cedant/Ceding company

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

Claim

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

Coinsurance

(Also known as original terms reinsurance)

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

Coinsurance funds-withheld

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

Counterparty

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

Counterparty risk

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

Critical illness insurance

(Also known as dread disease insurance)

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

Enterprise Risk Management (ERM)

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

Expected mortality

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

Face amount

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

Facultative reinsurance

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

Financial reinsurance

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

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

GAAP

(Generally Accepted Accounting Principles)

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

Group life insurance

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

Guaranteed issue life insurance

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

IFRS

(International Financial Reporting Standards)

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

In force sum insured

A measure of insurance in effect at a specific date.

Individual life insurance

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

Longevity product

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

Modified coinsurance

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

Morbidity

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

Mortality experience

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

Mortality risk reinsurance

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

Preferred risk coverage

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

Primary insurance

(Also known as direct insurance)

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

Premium

Amounts paid to insure a risk.

Production

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

Portfolio

The totality of risks assumed by an insurer or reinsurer.

Quota share

(Also known as 'first dollar' quota share)

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

Recapture

The right to cancel reinsurance under certain conditions.

Reinsurance

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

Reserves

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

Retakaful

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

Retention limit

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

Retrocession

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

Securitization

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

Simplified issue life insurance

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

Statutory capital

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

Takaful

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

Tele-underwriting

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

Treaty

(Also known as a contract)

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

Underwriting

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

Variable life insurance

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

Webcasts

Presentation of information broadcast over the Internet.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

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

Numerous important factors could cause actual results and events to differ materially from those expressed or implied by forward-looking statements including, without limitation, (1) adverse capital and credit market conditions and their impact on our liquidity, access to capital, and cost of capital, (2) the impairment of other financial institutions and its effect on our business, (3) requirements to post collateral or make payments due to declines in market value of assets subject to our collateral arrangements, (4) the fact that the determination of allowances and impairments taken on our investments is highly subjective, (5) adverse changes in mortality, morbidity, lapsation, or claims experience, (6) changes in our financial strength

and credit ratings and the effect of such changes on our future results of operations and financial condition, (7) inadequate risk analysis and underwriting, (8) general economic conditions or a prolonged economic downturn affecting the demand for insurance and reinsurance in our current and planned markets, (9) the availability and cost of collateral necessary for regulatory reserves and capital, (10) market or economic conditions that adversely affect the value of our investment securities or result in the impairment of all or a portion of the value of certain of our investment securities, (11) market or economic conditions that adversely affect our ability to make timely sales of investment securities, (12) risks inherent in our risk management and investment strategy, including changes in investment portfolio yields due to interest rate or credit quality changes, (13) fluctuations in U.S. or foreign currency exchange rates, interest rates, or securities and real estate markets, (14) adverse litigation or arbitration results, (15) the adequacy of reserves, resources, and accurate information relating to settlements, awards, and terminated and discontinued lines of business, (16) the stability of and actions by governments and economies in the markets in which we operate, (17) competitive factors and competitors’ responses to our initiatives, (18) the success of our clients, (19) successful execution of our entry into new markets, (20) successful development and introduction of new products and distribution opportunities, (21) our ability to successfully integrate and operate reinsurance business that we acquire, (22) action by regulators who have authority over our reinsurance operations in the jurisdictions

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

Forward-looking statements should be evaluated together with the many risks and uncertainties that affect our business, including those mentioned in this document and described in the periodic reports we file with the Securities and Exchange Commission. These forward-looking statements speak only as of the date on which they are made. We do not undertake any obligations to update these forward-looking statements, even though our situation may change in the future. We qualify all of our forward-looking statements by these cautionary statements. For a discussion of the risks and uncertainties that could cause actual results to differ materially from those contained in the forward-looking statements, you are advised to review the risk factors in our 2010 Form 10-K.

Produced by
RGA Corporate Communications

Design
Falk Harrison
St. Louis, Missouri, U.S.A.

Printing
Advertisers Printing
St. Louis, Missouri, U.S.A.

FSC® Certified
Recyclable soy inks



RGA's 2010 Form 10-K is available
for download via our website:
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