



## Reinsurance Group Of America Reports 39 Percent Gain In Third Quarter Operating Earnings

October 29, 1998

**ST. LOUIS, October 29, 1998** — Reinsurance Group of America, Incorporated (NYSE:RGA, RGA.A) reported operating net income increased 39 percent to \$20.2 million for the third quarter, up from \$14.6 million in 1997. Operating income per share increased 16 percent for the quarter, to \$0.66 per share from \$0.57 the year before. Per share results reflect 4.9 million additional common shares issued in June. Third quarter earnings, including realized capital gains and losses, rose 44 percent, to \$20.7 million, or \$0.68 per share, from \$14.4 million, or \$0.56 per share, the year before.

Total revenues were up 43 percent, to \$355.7 million from \$249.0 million the year before, reflecting strong increases in net premiums and net investment income. Net premiums rose 40 percent, to \$276.4 million from \$197.9 million while net investment income climbed 54 percent, to \$71.7 million from \$46.5 million, due largely to the company's growing asset-intensive reinsurance business and investment earnings from the stock issuance in the second quarter.

A. Greig Woodring, president and chief executive officer, commented, "RGA enjoyed another strong quarter. Our North American life reinsurance operations posted particularly noteworthy results. The U.S. Division reported a premium increase of 17 percent, and substantial new business volume. U.S. results reflect some favorable mortality experience this quarter and a 62 percent increase in investment income, primarily from our growing asset-intensive reinsurance block. Though our Canada segment reported some adverse mortality experience for the period, premium and investment income showed strong increases, resulting in a 45 percent increase in total revenue compared to the same period last year. Canadian mortality results year-to-date are in line with our expectations."

Turning to the company's operations outside of North America, Woodring said, "Our operations in Latin America and the Asia Pacific again reported results generally consistent with our expectations for the quarter. Both regions reported record levels of facultative application submissions and we are pleased by the level of ongoing activity. We have encountered several good opportunities in Taiwan and are considering opening an office in Taipei early next year. Contributions continued from our Hong Kong, Tokyo and Sydney offices at a strong pace."

He concluded, "We continue to take advantage of the many opportunities we see in our domestic and international markets. The life reinsurance business in North America benefits from industry consolidation and the trend to outsourcing mortality risk, which means more large in-force blocks are coming to the reinsurance market. We continue to develop international markets by building on a solid tradition a foundation as well as employing more advanced techniques."

Operating earnings for the nine months totaled \$53.6 million, or \$1.94 per share, compared with \$42.3 million, or \$1.65 per share, in 1997, excluding the \$10.4 million after-tax, nonoperating charge taken in the first quarter of 1997. Reported net income totaled \$55.8 million, or \$2.01 per share, compared with \$32.3 million, or \$1.26 per share, in the prior year. Net premiums rose 36 percent to \$822.9 million from \$604.9 million, while net investment income was up 55 percent to \$207.6 million from \$134.4 million. Total revenues increased 40 percent to \$1.05 billion from \$753.7 million.

The board of directors declared a regular quarterly dividend of \$0.07 per share, payable November 25, to shareholders of record as of November 4.

Reinsurance Group of America, Incorporated, through its subsidiaries, RGA Reinsurance Company and RGA Life Reinsurance Company of Canada, is among the largest providers of life reinsurance in North America. In addition to its North American operations, Reinsurance Group of America, Incorporated has subsidiary companies or branch offices in Argentina, Australia, Barbados, Bermuda, Chile, Hong Kong, Japan, the United Kingdom and South Africa. Worldwide, the Company has more than \$290 billion of life reinsurance in force. General American Life Insurance Company beneficially owns approximately 64 percent of RGA's outstanding voting shares and approximately 52 percent of all shares outstanding.

### REINSURANCE GROUP OF AMERICA, INCORPORATED AND SUBSIDIARIES Condensed Consolidated Statements of Income (\$ in thousands, except per share data)

(Unaudited)	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	1998	1997	1998	1997
<b>Revenues:</b>				
Net premiums	\$276,371	\$197,910	\$822,884	\$604,850
Net investment income	71,702	46,532	207,606	134,376
Realized capital gains/(losses)	639	(353)	3,358	566
Other income	6,938	4,938	17,593	13,929
Total revenue	355,650	249,027	1,051,441	753,721
<b>Benefits and expenses:</b>				
Claims and other policy benefits	200,505	143,870	630,575	447,209
Interest credited	38,821	21,668	111,178	63,194
Accident and health pool charge	---	---	---	18,000

Policy acquisition costs and other insurance expenses	66,508	46,440	170,870	134,708
Other expenses	15,015	12,797	44,568	35,526
Interest expense	2,228	1,949	6,440	5,853
Total benefits & expenses	323,077	226,724	963,631	704,490
Income before taxes and minority interest	32,573	22,303	87,810	49,231
Income Taxes	11,765	7,797	31,563	16,553
Income before minority interest	20,808	14,506	56,247	32,678
Minority Interest	151	134	464	383
Net income	\$ 20,657	\$ 14,372	\$ 55,783	\$ 32,295
Earnings per share information:				
Basic Earnings (1)	0.68	0.57	2.04	1.27
Diluted Earnings (1)	0.68	0.56	2.01	1.26
Diluted earnings before realized investment gains/(losses) (1)				
	0.66	0.57	1.94	1.24
Weighted average number of common and common equivalent shares outstanding (in thousands)				
	30,525	25,618	27,649	25,635

(1) All periods reflect adoption of SFAS 128.

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REINSURANCE GROUP OF AMERICA, INCORPORATED AND SUBSIDIARIES  
Condensed Consolidated Business Summary

(Unaudited)	Nine Months Ended September 30,	
	1998	1997
Gross life reinsurance in force (in billions)		
North American business	\$259.2	\$179.8
International business	34.5	20.4
Gross life reinsurance written (in billions)		
North American business	76.5	32.5
International business	4.4	15.2
Consolidated cash and invested assets (in millions)	4,752.5	3,026.2
Invested asset yield	6.97%	7.25%
Investment portfolio mix		
Cash and short-term investments	6.55%	3.20%
Fixed maturity securities	74.66%	71.58%
Mortgage loans	4.51%	5.01%
Policy loans	9.92%	14.18%
Funds withheld at interest	3.90%	5.54%
Other invested assets	0.46%	0.49%
Book value per share outstanding (1)	\$ 25.99	\$ 18.63
Book value per share outstanding, before impact of FAS 115 (1)	23.14	16.32

Treasury stock at September 30	805,763	758,033
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(1) Shares outstanding include the 4,945,000 non-voting shares that were issued on June 10, 1998.

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