



Reinsurance Group of America Reports Third Quarter Results; Anticipates Fourth Quarter Charge for Argentine Pension Business

October 26, 2001

ST. LOUIS--(BUSINESS WIRE)--Oct. 26, 2001--Reinsurance Group of America, Incorporated (NYSE:RGA), one of North America's leading providers of life reinsurance, reported operating earnings from continuing operations of \$25.7 million, or \$0.52 per diluted share, for the third quarter compared with \$32.7 million, or \$0.66 per diluted share, in the prior year. Net income for the quarter, including capital gains and losses and discontinued operations, totaled \$9.0 million, or \$0.18 per diluted share, compared with \$29.1 million, or \$0.59 per diluted share in the prior year.

Third quarter net premiums increased 23 percent, to \$387.8 million from \$316.1 million in 2000. Consolidated net investment income increased 10 percent, to \$90.7 million from \$82.1 million.

"As we announced on October 17th, the third quarter operating results include net losses associated with the terrorist attacks on September 11th," said A. Greig Woodring, president and chief executive officer. "Based on the claims development to date and analysis of our reinsurance programs, we reflected net claims of approximately \$10 million, after tax, or \$0.20 per share, attributable to the terrorist attacks. It will take several more months before we have seen the ultimate claims development. Our net losses are not significant to our financial position, and we will be able to meet all our obligations and remain a financially strong company. We believe the life reinsurance industry, as a whole, will do the same."

Woodring continued, "We are pleased with the premium growth for the quarter. In particular, net premiums for the U.S. segment increased to \$280.0, or 21 percent, from \$231.4 in the prior year quarter, driven by production in our traditional business. Pre-tax operating income for the quarter was \$35.9 million compared with \$51.8 million a year ago. Excluding the effect of the terrorist attacks, pre-tax operating income in the U.S. was approximately equal to the prior year, a period in which we experienced favorable mortality and very strong results.

"Premiums in Canada were essentially flat compared with a year ago. Pre-tax operating income for the quarter was at \$8.8 million compared with \$5.1 million in the prior year, a period in which Canada experienced unfavorable mortality results. Quote activity in the market is good and we have been very pleased with our success rate there.

"We saw a continuation of premium growth in our international segment. Net premiums for the quarter totaled \$67.9 million compared with \$45.0 million a year ago. The premium growth was driven primarily by our operations in Asia Pacific and other international markets, primarily the UK and South Africa. Together, those operations reported \$2.2 million in pre-tax profits and have made excellent progress in their markets.

"Latin America reported a \$3.4 million pre-tax operating loss due primarily to the occurrence of poor experience associated with the reinsurance of Argentina's privatized pension program. We are reviewing the recent experience of this business, and several aspects of the pension fund claims flow are not developing as was contemplated when the reinsurance programs were initially priced. We are considering a reserve addition in the fourth quarter. Any reserve addition would result in a non-cash charge to fourth quarter results, and could range from \$25 million to \$35 million, on a pre-tax basis. We no longer write this business and believe these additional reserves may be needed to absorb claims development associated with the run-off of the current treaties. We expect to conclude our analysis in the next several weeks. Additionally, in an effort to further reduce our exposure to what has become an extremely volatile Argentine economy, we sold a significant amount of our Argentine based bond investments during the third quarter. This action resulted in \$17.7 million in realized investment losses, on a pre-tax basis."

Woodring concluded, "While disappointing, the unexpected charges this quarter and next quarter are manageable and do not alter our plans for growth in our core businesses."

For the first nine months of 2001, the company reported operating earnings from continuing operations of \$84.9 million compared with the prior-year total of \$91.6 million. Operating earnings per diluted share from continuing operations totaled \$1.70 compared with \$1.83 reported the year before. Net premiums totaled \$1,179.7 million compared with \$991.1 million the year before.

During the quarter, the company announced that its board of directors approved a stock repurchase plan authorizing the company to purchase up to \$25 million of its shares of stock, as conditions warrant. To date, the company has not purchased any shares under this plan. The company also announced that its board of directors declared a regular quarterly dividend of \$0.06 per share, payable November 27 to shareholders of record as of November 6.

A conference call to discuss the company's third quarter results will begin at 9:00 a.m. Eastern Time on Friday October 26. A live audio webcast of the conference call will be available on the company's investor relations web page at www.rgare.com. A replay of the conference call will be available at the same address for ten days following the conference call.

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, Spain, Mexico, Hong Kong, Japan, Taiwan, South Africa and the United Kingdom. Worldwide, the Company has approximately \$586 billion of life reinsurance in force, and assets of \$6.5 billion. Metropolitan Life Insurance Company is the beneficial owner of approximately 59 percent of RGA's outstanding shares.

Forward-Looking Statements

This news release is based on preliminary financial results, which are subject to further review and adjustment. Statements in this press release regarding the business of Reinsurance Group of America, Incorporated which are not historical facts, including, without limitation, statements and information relating to the Company's future financial performance, growth potential, increases in premiums, the effect of mortality rates and experience, claims levels, its views on the life reinsurance industry and other statements related to the Company's business are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Important factors that could cause actual results and events to

differ materially from those expressed or implied by forward-looking statements include, without limitation, (1) market conditions and the timing of sales of investment securities, (2) regulatory action taken by the New York or Missouri Departments of Insurance with respect to Metropolitan Life Insurance Company ("MetLife"), General American Life Insurance Company ("General American"), or the Company or its subsidiaries, (3) changes in the credit ratings of the Company, MetLife or General American and the effect of such changes on the Company's future results of operations and financial condition, (4) material changes in mortality and claims experience, (5) competitive factors and competitors' responses to the Company's initiatives, (6) general economic conditions affecting the demand for insurance and reinsurance in the Company's current and planned markets, (7) successful execution of the Company's entry into new markets, (8) successful development and introduction of new products, (9) the stability of governments and economies in foreign markets in which we operate, (10) fluctuations in U.S. and foreign currency exchange rates, interest rates, and securities and real estate markets, (11) the success of the Company's clients, (12) changes in laws, regulations, and accounting standards applicable to the Company and its subsidiaries, and (13) other risks and uncertainties described in its Annual Report and in the Company's 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 the cautionary statements described in the periodic reports filed by the company with the Securities and Exchange Commission. For a discussion of these risks and uncertainties, which could cause actual results to differ materially from those contained in the forward-looking statements, you are advised to consult the section named "Forward-Looking and Cautionary Statements" contained in Item 7 of the Company's Annual Report on Form 10-K for the year ended December 31, 2000 and other documents filed with the Securities and Exchange Commission, which discussions are incorporated by reference into this document.

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

(Unaudited)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2001	2000	2001	2000
Revenues:				
Net premiums	\$387,825	\$316,116	\$1,179,746	\$991,059
Net investment income	90,693	82,118	251,058	238,420
Realized capital gains/ (losses), net	(26,324)	(2,821)	(35,356)	(18,345)
Other income	5,922	6,949	21,850	12,637
Total revenue	458,116	402,362	1,417,298	1,223,771
Benefits and expenses:				
Claims and other policy benefits	314,882	242,921	954,652	776,326
Interest credited	32,639	26,087	79,590	74,562
Policy acquisition costs and other insurance expenses	70,672	57,595	203,947	171,257
Other expenses	22,802	19,964	66,880	59,189
Interest expense	4,431	5,108	13,719	12,417
Total benefits and expenses	445,426	351,675	1,318,788	1,093,751
Income from continuing operations before taxes and minority interest	12,690	50,687	98,510	130,020
Income taxes	3,705	19,011	37,369	52,743
Income from continuing operations before minority interest	8,985	31,676	61,141	77,277
Minority interest	-	306	-	593
Net income from continuing operations	8,985	31,370	61,141	76,684
Discontinued operations:				
Loss from discontinued operations, net of taxes	-	(2,261)	-	(8,249)

Net income	\$ 8,985	\$ 29,109	\$ 61,141	\$ 68,435
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REINSURANCE GROUP OF AMERICA, INCORPORATED AND SUBSIDIARIES
Condensed Consolidated Statements of Income
(Dollars in thousands, except per share data)

(Unaudited)	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2001	2000	2001	2000
Earnings per share from continuing operations:				
Basic earnings per share	\$ 0.18	\$ 0.64	\$ 1.24	\$ 1.55
Diluted earnings per share	\$ 0.18	\$ 0.63	\$ 1.22	\$ 1.53
Diluted earnings before realized investment gains/ (losses)	\$ 0.52	\$ 0.66	\$ 1.70	\$ 1.83
Earnings per share from net income:				
Basic earnings per share	\$ 0.18	\$ 0.59	\$ 1.24	\$ 1.38
Diluted earnings per share	\$ 0.18	\$ 0.59	\$ 1.22	\$ 1.37
Weighted average number of common and common equivalent shares outstanding (in thousands)	49,970	49,720	49,922	49,961

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

(Unaudited)	At or For the Nine Months Ended September 30,	
	2001	2000
Gross life reinsurance in force (in billions)		
North American business	\$ 519.2	\$ 441.0
International business	66.6	53.3
Gross life reinsurance written (in billions)		
North American business	78.1	89.0
International business	36.3	5.5
Consolidated cash and invested assets (in millions)	4,931.1	4,501.5
Invested Asset book yield - trailing three months	6.99%	7.29%
Investment portfolio mix		
Cash and short-term investments	4.83%	4.66%
Fixed maturity securities	54.30%	56.54%
Mortgage loans	3.16%	2.86%
Policy loans	14.52%	14.84%
Funds withheld at interest	21.86%	20.54%
Other invested assets	1.33%	0.56%
Book value per share outstanding	\$ 18.57	\$ 16.84
Book value per share outstanding, before impact of FAS 115	19.14	18.20
Treasury stock	1,578,280	1,794,954

REINSURANCE GROUP OF AMERICA, INCORPORATED AND SUBSIDIARIES
U.S. OPERATIONS
(Dollars in thousands)

Nine Months Ended September 30, 2001				
	Non-traditional			
	Traditional	Asset- Intensive	Financial Reinsurance	Total U.S.
Revenues:				
Net premiums	\$ 864,105	\$ 2,127	\$ --	\$ 866,232
Investment income, net of related expenses	112,334	64,698	462	177,494
Realized investment gains/ (losses), net	(16,460)	1,802	--	(14,658)
Other revenue	787	1,720	16,217	18,724
Total revenues	960,766	70,347	16,679	1,047,792
Benefits and expenses:				
Claims and other policy benefits	691,184	4,095	--	695,279
Interest credited	37,890	40,256	--	78,146
Policy acquisition costs and other insurance expenses	121,971	13,486	5,744	141,201
Other operating expenses	21,826	567	6,199	28,592
Total benefits and expenses	872,871	58,404	11,943	943,218
Income before income taxes and minority interest	\$ 87,895	\$ 11,943	\$ 4,736	\$ 104,574
Nine Months Ended September 30, 2000				
	Non-traditional			
	Traditional	Asset- Intensive	Financial Reinsurance	Total U.S.
Revenues:				
Net premiums	\$ 727,449	\$ 1,566	\$ --	\$ 729,015
Investment income, net of related expenses	102,273	64,302	60	166,635
Realized investment gains/(losses), net	(5,718)	(664)	--	(6,382)
Other revenue	621	201	7,730	8,552
Total revenues	824,625	65,405	7,790	897,820
Benefits and expenses:				
Claims and other policy benefits	549,921	2,918	--	552,839
Interest credited	34,803	37,760	--	72,563
Policy acquisition costs and other insurance expenses	102,498	16,765	3,500	122,763
Other operating expenses	18,931	514	1,135	20,580
Total benefits and expenses	706,153	57,957	4,635	768,745
Income before income taxes and minority interest	\$ 118,472	\$ 7,448	\$ 3,155	\$ 129,075

CANADIAN OPERATIONS
(Dollars in thousands)

	Nine Months Ended September 30,	
	2001	2000
Revenues:		
Net premiums	\$126,689	\$126,856
Investment income, net of related expenses	48,739	45,609
Realized investment gains/(losses), net	8,015	(810)
Other revenue	179	569
Total revenues	183,622	172,224
Benefits and expenses:		
Claims and other policy benefits	126,259	124,787
Interest credited	248	635
Policy acquisition costs and other insurance expenses	10,163	14,096
Other operating expenses	6,508	6,215
Total benefits and expenses	143,178	145,733
Income before income taxes and minority interest	\$ 40,444	\$ 26,491

REINSURANCE GROUP OF AMERICA, INCORPORATED AND SUBSIDIARIES
OTHER INTERNATIONAL
(Dollars in thousands)

	Nine Months Ended September 30, 2001			
	Latin America	Asia Pacific	Other Markets	Total Inter-national
Revenues:				
Net premiums	\$41,567	\$85,774	\$59,484	\$186,825
Investment income, net of related expenses	10,992	3,279	1,110	15,381
Realized investment gains / (losses), net	(20,568)	76	(61)	(20,553)
Other revenue	297	2,234	581	3,112
Total revenues	32,288	91,363	61,114	184,765
Benefits and expenses:				
Claims and other policy benefits	42,760	54,252	36,102	133,114
Interest credited	1,196	--	--	1,196
Policy acquisition costs and other insurance expenses	8,777	26,350	17,455	52,582
Other operating expenses	6,341	7,989	7,371	21,701
Interest expense	--	683	471	1,154
Total benefits and expenses	59,074	89,274	61,399	209,747
Income before income taxes and minority interest	\$(26,786)	\$ 2,089	\$ (285)	\$(24,982)

	Nine Months Ended September 30, 2000			
	Latin America	Asia Pacific	Other Markets	Total Inter-national
Revenues:				
Net premiums	\$49,885	\$66,384	\$18,919	\$135,188
Investment income, net of related expenses	14,505	3,473	1,310	19,288

Realized investment gains				
/ (losses), net	(8,960)	(6)	439	(8,527)
Other revenue	315	1,259	1,796	3,370
Total revenues	55,745	71,110	22,464	149,319
Benefits and expenses:				
Claims and other policy				
benefits	47,646	37,951	13,103	98,700
Interest credited	1,364	--	--	1,364
Policy acquisition costs and				
other insurance expenses	4,721	24,200	5,477	34,398
Other operating expenses	8,652	7,110	7,092	22,854
Interest expense	--	552	306	858
Total benefits and				
expenses	62,383	69,813	25,978	158,174
Income before income taxes				
and minority interest	\$(6,638)	\$ 1,297	\$(3,514)	\$ (8,855)

SOURCE: Reinsurance Group of America, Incorporated

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