UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-K

X Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended December 31, 1997

--- Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission file number 1-11848

REINSURANCE GROUP OF AMERICA, INCORPORATED
(Exact name of registrant as specified in its charter)

Missouri	43-1627032
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
660 Mason Ridge Center Drive, St. Louis, Missouri	63141
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (314) 453-7300

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, par value $0.01	New York Stock Exchange
Preferred Stock Purchase Rights	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes X No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

The aggregate market value of the voting stock held by non-affiliates of the registrant, based upon the closing sale price of the Common Stock on March 1, 1998, as reported on the New York Stock Exchange was approximately $460,325,743.

As of March 1, 1998, Registrant had outstanding 25,225,480 shares of Common Stock.

DOCUMENTS INCORPORATED BY REFERENCE

Certain portions of the Annual Report to Shareholders for the year ended December 31,1997 ("the Annual Report") are incorporated by reference in Part I of this Form 10-K. Certain portions of the Definitive Proxy Statement in connection with the 1998 Annual Meeting of Shareholders ("the Proxy Statement") which will be filed with the Securities and Exchange Commission not later than 120 days after the Registrant's fiscal year ended December 31, 1997, are incorporated by reference in Part III of this Form 10-K.

REINSURANCE GROUP OF AMERICA, INCORPORATED

Form 10-K

YEAR ENDED DECEMBER 31, 1997

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Item 1. BUSINESS

A. Overview

Reinsurance Group of America, Incorporated (RGA) is an insurance holding company formed December 31, 1992. Approximately 64% of RGA's outstanding shares are indirectly owned by General American Life Insurance Company (General American) at December 31, 1997. The consolidated financial statements include the assets, liabilities, and results of operations of RGA; RGA Reinsurance Company (RGA Reinsurance); RGA Australian Holdings PTY, Limited (Australian Holdings); RGA Reinsurance Company (Barbados) Ltd. (RGA Barbados); RGA Insurance Company (Bermuda) Ltd. (RGA Bermuda); RGA International, Ltd. (RGA International), formerly G.A. Canadian Holdings, Ltd., a Canadian marketing and insurance holding company; RGA Sudamerica, S.A., a Chilean holding company; RGA Holdings Limited (U.K.) (RGA UK), a United Kingdom holding company; and Manantial Seguros de Vida, S.A. (Manantial) now know as General American Argentina Seguros de Vida, S.A., an Argentine life insurance company; along with the subsidiaries of RGA Reinsurance, Australian Holdings, RGA International, RGA Sudamerica, S.A., and RGA UK subject to an ownership position of fifty percent or more (collectively, the Company).

The Company is primarily engaged in life reinsurance, accident and health reinsurance, and international life and disability on a direct and reinsurance basis. In addition, the Company provides reinsurance of non-traditional business including asset-intensive products and financial reinsurance. RGA and its predecessor, the Reinsurance Division of General American, have been engaged in the business of life reinsurance since 1973. As of December 31, 1997, the Company had approximately $4.7 billion in consolidated assets.

Reinsurance is an arrangement under which an insurance company, the "reinsurer," agrees to indemnify another insurance company, the "ceding company," for all or a portion of the insurance risks underwritten by the ceding company. Reinsurance is designed to (i) reduce the net liability on individual risks, thereby enabling the ceding company to increase the volume of business it can underwrite, as well as increase the maximum risk it can underwrite on a single life or risk; (ii) stabilize operating results by leveling fluctuations in the ceding company's loss experience; (iii) assist the ceding company to meet applicable regulatory requirements; and (iv) enhance the ceding company's financial strength and surplus position.

Life reinsurance primarily refers to reinsurance of individual term life insurance policies, whole life insurance policies, universal life insurance policies, and joint and survivor insurance policies. Ceding companies typically contract with more than one company to reinsure their business. Reinsurance may be written on an indemnity or an assumption basis. Indemnity reinsurance does not discharge a ceding company from liability to the policyholder; a ceding company is required to pay the full amount of its insurance obligations regardless of whether it is entitled or able to receive payments from its reinsurers. In the case of assumption reinsurance, the ceding company is discharged from liability to the policyholder, with such liability passed to the reinsurer. Reinsurers also may purchase reinsurance, known as retrocession reinsurance, to cover their own risk exposure. Reinsurance companies enter into retrocession agreements for reasons similar to those that cause primary insurers to purchase reinsurance.

Reinsurance may be written on a facultative basis or an automatic treaty basis. Facultative reinsurance is individually underwritten by the reinsurer for each policy to be reinsured, with the pricing and other terms established at the time the policy is underwritten based upon rates negotiated in advance. Facultative reinsurance normally is purchased by insurance companies for medically impaired lives, unusual risks, or liabilities in excess of binding limits on their automatic treaties.

An automatic reinsurance treaty provides that the ceding company will cede risks to a reinsurer on specified blocks of business where the underlying policies meet the ceding company's underwriting criteria. In contrast to facultative reinsurance, the reinsurer does not approve each individual risk. Automatic reinsurance treaties generally provide that the reinsurer will be liable for a portion of the risk associated with the specified policies written by the ceding company. Automatic reinsurance treaties specify the ceding company's binding limit, which is the maximum amount of risk on a given life that can be ceded automatically and that the reinsurer must accept. The binding limit may be stated either as a multiple of the ceding company's retention or as a stated dollar amount.

Facultative and automatic reinsurance may be written as yearly renewable term, coinsurance, or modified coinsurance, which vary with the type of risk assumed and the manner of pricing the reinsurance. Under a yearly renewable term treaty, the reinsurer assumes only the mortality or morbidity risk. Under a coinsurance arrangement, depending upon the terms of the contract, the reinsurer may share in the risk of loss due to mortality or morbidity, lapses, and the investment risk, if any, inherent in the underlying policy. Modified coinsurance differs from coinsurance only in that the assets supporting the reserves are retained by the ceding company while the risk is transferred to the reinsurer.

Generally, the amount of life reinsurance ceded under facultative and automatic reinsurance agreements is stated on either an excess or a quota share basis. Reinsurance on an excess basis covers amounts in excess of an agreed-upon retention limit. Retention limits vary by ceding company and also vary by age and underwriting classification of the insured, product, and other factors. Under quota share reinsurance, the ceding company states its retention in terms of a fixed percentage of the risk that will be retained, with the remainder up to the maximum binding limit to be ceded to one or more reinsurers.

Reinsurance agreements, whether facultative or automatic, may provide for recapture rights on the part of the ceding company. Recapture rights permit the ceding company to reassume all or a portion of the risk formerly ceded to the reinsurer after an agreed-upon period of time (generally 10 years), subject to certain other conditions. Recapture of business previously ceded does not affect premiums ceded prior to the recapture of such business.

The potential adverse effects of recapture rights are mitigated by the following factors: (i) recapture rights vary by treaty and the risk of recapture is a factor which is taken into account when pricing a reinsurance agreement; (ii) ceding companies generally may exercise their recapture rights only to the extent they have increased their retention limits for the reinsured policies; and (iii) ceding companies generally must recapture all of the policies eligible for recapture under the agreement in a particular year if any are recaptured, which prevents a ceding company from recapturing only the most profitable policies. In addition, when a ceding company increases its retention and recaptures reinsured policies, the reserves maintained by the reinsurer to support the recaptured portion of the policies are released by the reinsurer.

B. Corporate Structure

RGA is a holding company, the principal assets of which consist of the common stock of RGA Reinsurance and RGA International, as well as investments in several other subsidiaries or joint ventures. The primary source of funds for RGA to make dividend distributions is dividends paid to RGA by RGA Reinsurance and RGA International, securities maintained in its investment portfolio, and its ability to raise additional capital. RGA Reinsurance's principal source of funds is derived from current operations. RGA International's principal source of funds is dividends on its equity interest in RGA Canada Management Company, Ltd. (RGA Canada Management), whose principal source of funds is dividends paid by RGA Life Reinsurance Company of Canada (RGA Canada). RGA Canada's principal source of funds is derived from current operations.

The U.S. life reinsurance business represented 66.3% of the Company's business as measured by 1997 net premiums and has experienced significant growth since inception through 1997. The U.S. operations market life reinsurance, reinsurance of asset-intensive products, and financial reinsurance, through RGA Reinsurance, primarily to the largest U.S. life insurance companies. RGA Reinsurance, a Missouri domiciled stock life insurance company, is wholly-owned by RGA. As of December 31, 1997, RGA Reinsurance had regulatory capital and surplus of $249.3 million.

The Company's Canadian life reinsurance business, which represented 10.0% of the Company's business as measured by 1997 net premiums, is conducted primarily through RGA Canada, an indirect subsidiary of RGA International. RGA International, a wholly-owned subsidiary of RGA, is a New Brunswick, Canada, marketing and insurance holding company which owns 100% of RGA Canada Management, also a New Brunswick, Canada, holding company, which in turn owns 100% of RGA Canada. During 1997, RGA International issued 250,000 Class A Preferred Shares, Series I to RGA for a cash consideration of $17.4 million. The funds were contributed to RGA Canada Management in exchange for 250,000 Class A Preferred Shares, Series I. RGA Canada Management then contributed the same amount to RGA Canada in exchange for 500,000 newly issued Common Shares. The Canadian operations provide insurers with traditional reinsurance as well as assistance with capital management activity. As of December 31, 1997, RGA Canada had regulatory capital and surplus of $64.5 million.

The Company's accident and health reinsurance business, which represented 10.9% of the Company's business as measured by 1997 net premiums, is assumed by RGA Reinsurance. As of December 31, 1997, RGA Reinsurance owned 51% of Fairfield Management Group, Inc. (Fairfield), formerly known as Great Rivers Holding Company, which in turn owns 100% of Great Rivers Reinsurance Management, Inc. (Great Rivers Reinsurance Management). Great Rivers Reinsurance Management performs underwriting and administrative services for the accident and health business reinsured by RGA Reinsurance. In addition, Fairfield owns 100% of Reinsurance Partners, Inc. (Re Partners), formerly known as Adrian Baker Reinsurance Intermediaries Inc. Fairfield also owns 80% of RGA U.K. Underwriting Agency Limited (RGA UK Underwriting), a contact office for RGA Reinsurance in the United Kingdom. Management of Fairfield owns the remaining 49% of Fairfield. Management of RGA UK Underwriting owns the remaining 20% of RGA UK Underwriting. RGA and management have granted each other certain rights of first refusal with respect to the stock of Fairfield. In December 1997, RGA Reinsurance was notified by management of Fairfield of their intent to exercise their put options for their 49% minority ownership interest as of January 1, 1998. Based upon the Company's decision to cease marketing accident and health business, the Company established a reserve of approximately $3,000,000 against the intangible asset that will arise related to the excess of the purchase price over the fair value of net assets acquired for this put option. See Item 13 "Certain Relationships and Related Transactions."

Business in the other international segment represented 12.8% of the Company's business as measured by 1997 net premiums. The other international operations include results from the Latin American operations, Asia Pacific operations, and Market Development operations. Other international business includes direct and reinsurance business from a joint venture and subsidiaries in Latin America, Australia, and the United Kingdom, as well as traditional reinsurance of life and health products through RGA Reinsurance. Latin American direct business is comprised primarily of Chilean single premium annuities and Argentine group life and individual universal life products. RGA Sudamerica, S.A., which is 99% owned by RGA and 1% owned by RGA Barbados, is a Chilean holding company which currently has a 50% investment in BHIF America Seguros de Vida, S.A. (BHIF America), and a 99% investment in RGA Reinsurance Company Chile S.A. (RGA Chile), (the remaining 1% of RGA Chile is owned by RGA Barbados). BHIF America sells Chilean insurance products, including single premium immediate annuities, credit life, and disability insurance. In July 1996, RGA created RGA Chile, which is licensed to assume life reinsurance business in Chile. To date, all business assumed by RGA Chile was ceded from BHIF America. RGA also operates in Argentina through Manantial, a subsidiary which is 99% owned by RGA and 1% owned by RGA Sudamerica S.A. Manantial markets and sells individual, group, credit and universal life and disability insurance. RGA Reinsurance also provides life and certain forms of disability reinsurance to life insurance companies throughout the world.

In January 1996, RGA formed Australian Holdings, a wholly-owned holding company, and RGA Reinsurance Company of Australia Limited (RGA Australia), a wholly-owned reinsurance company of Australian Holdings licensed to assume life reinsurance in Australia.

RGA Barbados was formed and capitalized in 1995, providing reinsurance for a portion of certain business assumed by RGA Reinsurance from the ITT Lyndon Life Insurance Company and certain other reinsurance business. During 1996, RGA also formed a subsidiary in Bermuda, RGA Bermuda, which had not commenced any business as of December 31, 1997.

Historical Review

On December 31, 1992, RGA Canada assumed the General American Reinsurance Division's Canadian business by means of a retrocession reinsurance agreement with General American (the Canadian Retrocession Agreement). On the same date, RGA Canada retroceded back to the Reinsurance Division pursuant to a retrocession agreement with General American amounts assumed by RGA Canada pursuant to the Canadian Retrocession Agreement which exceeded RGA Canada's retention limits (the RGA Canada Retrocession Agreement). On December 31, 1992, the Reinsurance Division also made a C$10 million capital contribution to RGA Canada through RGA International and transferred to RGA Canada cash equal to the liabilities assumed by RGA Canada pursuant to the Canadian Retrocession Agreement, net of amounts retroceded back to the Reinsurance Division pursuant to the RGA Canada Retrocession Agreement.

On January 1, 1993, RGA Reinsurance entered into a retrocession reinsurance agreement with General American (known as the U.S. Retrocession Agreement and, together with the Canadian Retrocession Agreement, known as the Retrocession Agreements) pursuant to which all of the business of the General American Reinsurance Division (including the Canadian business retroceded back to the Reinsurance Division by RGA Canada pursuant to the RGA Canada Retrocession Agreement) was transferred to RGA Reinsurance, net of the financial effects of all other retrocession agreements of the Reinsurance Division. As of January 1, 1993, the Reinsurance Division also made a $10 million capital contribution to RGA Reinsurance and transferred to RGA Reinsurance investment assets equal to the liabilities assumed by RGA Reinsurance pursuant to the U.S. Retrocession Agreement. The remainder of the investment portfolio was transferred by the Reinsurance Division to RGA in April 1993, along with the stock of RGA Reinsurance and RGA International to RGA. As of the first day of June 1993, all of the full time employees in the Reinsurance Division transferred to RGA Reinsurance.

The foregoing transactions, including the transfer to RGA of the stock of RGA Reinsurance and RGA International, the execution of the Retrocession Agreements, the transfers of investment assets to RGA and RGA Reinsurance, and the capital contributions to RGA Canada and RGA Reinsurance, are hereinafter collectively referred to as the "Restructuring."

Intercorporate Relationships

As a result of the Restructuring, the Company has all the economic benefits and risks of the reinsurance agreements ceded by General American pursuant to the Retrocession Agreements, although General American currently remains the contracting party with some of the underlying ceding companies.

RGA operates on a stand-alone basis, however General American or its affiliates continue to provide certain administrative and other services to RGA and RGA Reinsurance pursuant to separate administrative services agreements, and provide investment management and advisory services to RGA, RGA Reinsurance, Australian Holdings, RGA Barbados, and RGA Canada pursuant to separate agreements.

The transfer of the Reinsurance Division to RGA has had no material effect on the existing reinsurance business of the Reinsurance Division. Some business of RGA Reinsurance continues to be written through General American pursuant to a marketing agreement between RGA Reinsurance and General American. Under the marketing agreement, General American has agreed to amend and terminate its existing assumed and retroceded reinsurance agreements pursuant to the Retrocession Agreements only at the direction of RGA Reinsurance, thus giving RGA Reinsurance the contractual right to direct future changes to existing reinsurance agreements. Further, General American has agreed, during the term of the marketing agreement, to enter into additional reinsurance agreements under which it is the reinsurer at, and only upon, the direction of RGA Reinsurance. Therefore, until January 1, 2000, the date on which the marketing agreement expires, General American will be precluded from competing with the Company without the Company's consent, unless RGA Reinsurance elects to terminate the marketing agreement earlier. Pursuant to the U.S. Retrocession Agreement, any new reinsurance contracts will automatically be retroceded to RGA Reinsurance. Although primary insurers must look to General American for payment in the first instance with respect to reinsurance business written through General American, the Company will be ultimately liable to General American with respect to such reinsurance. General American charges RGA Reinsurance quarterly an amount equal to, on an annual basis, 0.25% of specified policy-related liabilities that are associated with existing reinsurance treaties written by General American for the benefit of RGA Reinsurance. Most of the existing reinsurance agreements between General American and various ceding companies were transferred to RGA Reinsurance, replacing General American as the direct party to the treaties. As of December 31, 1997, eleven companies had not novated their business directly to RGA Reinsurance, which represented approximately 2.4% of consolidated net premiums.

Ratings

The ability of RGA Reinsurance to write reinsurance for its own account will depend on its financial condition and its ratings. A.M. Best, an independent insurance company rating organization, has rated RGA Reinsurance "A+." A.M. Best's ratings are based upon an insurance company's ability to pay policyholder obligations and are not directed toward the protection of investors. A.M. Best's ratings for insurance companies currently range from "A++" to "F", and some companies are not rated. Publications of A.M. Best indicate that "A+" and "A++" ratings are assigned to those companies which, in A.M. Best's opinion, have achieved superior overall performance when compared to the standards established by A.M. Best and generally have demonstrated a strong ability to meet their policyholder obligations over a long period of time. In evaluating a company's financial strength and operating performance, A.M. Best reviews the company's profitability, leverage, and liquidity as well as its spread of risk, the quality and appropriateness of its reinsurance program, the quality and diversification of its assets, the adequacy of its policy or loss reserves, the adequacy of its surplus, its capital structure, management's experience and objectives, and policyholders' confidence.

Additionally, RGA Reinsurance has received an "AA" rating from Standard & Poor's and an "A1" rating from Moody's Investor Services (Moody's) for claims-paying ability. These ratings represent Standard & Poor's (S&P's) third highest rating and Moody's fifth highest rating. RGA has an "A" long-term debt rating from S&P and "A3" long term debt rating from Moody's.

Regulation

RGA Reinsurance, RGA Canada, BHIF America, RGA Chile, Manantial, RGA Barbados, RGA Bermuda, RGA Australia, and RGA UK are regulated by authorities in Missouri, Canada, Chile, Argentina, Barbados, Bermuda, Australia, and the United Kingdom, respectively. RGA Reinsurance is subject to regulations in the other jurisdictions in which it is licensed or authorized to do business. Insurance laws and regulations, among other things, establish minimum capital requirements and limit the amount of dividends, distributions, and intercompany payments affiliates can make without prior regulatory approval. Missouri law imposes restrictions on the amounts and type of investments insurance companies like RGA Reinsurance may hold.

Guidelines on Minimum Continuing Capital and Surplus Requirements (MCCSR) became effective for Canadian insurance companies in December 1992, and Risk-Based Capital (RBC) guidelines promulgated by the National Association of Insurance Commissioners (NAIC) became effective for U.S. companies in 1993. The MCCSR risk-based capital guidelines, which are applicable to RGA Canada, prescribe surplus requirements and take into account both assets and liabilities in establishing solvency margins. The RBC guidelines, applicable to RGA Reinsurance, similarly identify minimum capital requirements based upon business levels and asset mix. Both RGA Canada and RGA Reinsurance maintain capital levels in excess of the amounts required by the applicable guidelines. Regulations in Chile, Argentina, Australia, Barbados and Bermuda, also require certain minimum capital levels, and subject the companies operating there to oversight by the applicable regulatory bodies. The Company's subsidiaries in Chile, Argentina, Australia, Barbados, and Bermuda meet the minimum capital requirements in their respective jurisdiction. The Company cannot predict the effect that any proposed or future legislation or rule-making in the countries in which the Company operates may have on the financial condition or operations of the Company or its subsidiaries.

RGA is regulated in Missouri as an insurance holding company. The Company is subject to regulation under the insurance and insurance holding company statutes of Missouri. The Missouri insurance holding company laws and regulations generally require insurance and reinsurance subsidiaries of insurance holding companies to register with the Missouri Department of Insurance and to file with the Missouri Department of Insurance certain reports describing, among other information, their capital structure, ownership, financial condition, certain intercompany transactions, and general business operations. The Missouri insurance holding company statutes and regulations also require prior approval of, or in certain circumstances, prior notice to the Missouri Department of Insurance of certain material intercompany transfers of assets, as well as certain transactions between insurance companies, their parent companies and affiliates.

Under Missouri insurance laws and regulations, unless (i) certain filings are made with the Missouri Department of Insurance, (ii) certain requirements are met, including a public hearing, and (iii) approval or exemption is granted by the Missouri Director of Insurance, no person may acquire any voting security or security convertible into a voting security of an insurance holding company, such as RGA, which controls a Missouri insurance company, or merge with such a holding company, if as a result of such transaction such person would "control" the insurance holding company. "Control" is presumed to exist under Missouri law if a person directly or indirectly owns or controls 10% or more or the voting securities of another person.

Current Missouri law (applicable to RGA and RGA Reinsurance) permits the payment of dividends or distributions which, together with dividends or distributions paid during the preceding 12 months, do not exceed the greater of (i) 10% of statutory capital and surplus as of the preceding December 31 or (ii) statutory net gain from operations for the preceding calendar year. Any proposed dividend in excess of this amount is considered an "extraordinary dividend" and may not be paid until it has been approved, or a 30-day waiting period has passed during which it has not been disapproved, by the Missouri Director of Insurance. In addition, dividends may be paid only to the extent the insurer has earned surplus (as opposed to contributed surplus). For example, the maximum amount available for payment of dividends in 1998 by RGA Reinsurance under Missouri law, without the prior approval of the Missouri Director of Insurance, is $24.9 million.

In contrast to current Missouri law, the NAIC Model Insurance Holding Company Act (the Model Act) defines an extraordinary dividend as a dividend or distribution which, together with dividends or distributions paid during the preceding 12 months, exceeds the lesser of (i) 10% of statutory capital and surplus as of the preceding December 31 or (ii) statutory net gain from operations for the preceding calendar year. The Company is unable to predict whether, when, or in what form Missouri will enact a new measure for extraordinary dividends. The maximum amount available for payment on dividends in 1998 by RGA Reinsurance under the Model Act without prior approval of the Missouri Director of Insurance would have been $12.1 million at December 31, 1997.

In addition to the foregoing, Missouri insurance laws and regulations require that the statutory surplus of RGA Reinsurance following any dividend or distribution be reasonable in relation to its outstanding liabilities and adequate to meet its financial needs. The Missouri Director of Insurance may bring an action to enjoin or rescind the payment of a dividend or distribution by RGA Reinsurance that would cause its statutory surplus to be inadequate under the standards of Missouri.

There are no express restrictions on the declaration of dividends by RGA International, RGA Canada Management, or RGA Canada under Canadian insurance laws and regulations. However, RGA Canada must give notice of any dividend to the Superintendent of Financial Institutions of Canada at least 10 days prior to the date of payment. In addition, the Canadian MCCSR guidelines consider both assets and liabilities in establishing solvency margins, the effect of which could limit the maximum amount of dividends that may be paid by RGA Canada. RGA Canada's ability to declare and pay dividends in the future will be affected by its continued ability to comply with such guidelines. The maximum amount available for payment of dividends by RGA Canada to RGA Canada Management under the Canadian MCCSR guidelines was $15.5 million at December 31, 1997.

The insurance laws and regulations, as well as the level of supervisory authority that may be exercised by the various insurance departments, vary by jurisdiction, but generally grant broad powers to supervisory agencies or regulators to examine and supervise insurance companies and insurance holding companies with respect to every significant aspect of the conduct of the insurance business, including approval or modification of contractual arrangements. These laws and regulations generally require insurance companies to meet certain solvency standards and asset tests, to maintain minimum standards of business conduct, and to file certain reports with regulatory authorities, including information concerning their capital structure, ownership, and financial condition, and subject insurers to potential assessments for amounts paid by guarantee funds.

RGA Reinsurance and RGA Canada are required to file annual or quarterly statutory financial statements in each jurisdiction in which they are licensed. Additionally, RGA Reinsurance and RGA Canada are subject to periodic examination by the insurance departments of the jurisdictions in which each is licensed, authorized, or accredited. The most recent examination of RGA Reinsurance by the Missouri Department of Insurance was for the year ended December 31, 1995. The result of this examination contained no material adverse findings. RGA Canada, which was formed in 1992, was reviewed by the Canadian Superintendent of Financial Institutions during 1997. The result of this examination contained no material adverse findings.

RGA Australia is required to file a quarterly statistical return and annual financial statement with the Insurance and Superannuation Commission of Australia (ISC). RGA Australia is subject to additional reviews by the ISC on an as required basis. In August 1997, RGA Australia was reviewed by the ISC with no material adverse findings.

RGA Barbados is required to file an annual financial statement with the Office of the Supervisor of Insurance of Barbados.

Manantial as a direct life insurance company is required to file annual and quarterly statutory financial statements in Argentina which are reviewed by external auditors and filed with the Superintendencia de Seguros de la Nacion (Superintendencia-Argentina). Additionally, Manantial is subject to periodic examination by the Superintendencia-Argentina. The most recent examination by the Superintendencia-Argentina was in March 1997. The results of this examination were discussed with management and all adjustments were reflected during 1997.

BHIF America and RGA Chile are required to file annual and quarterly regulatory financial statements in Chile which are reviewed by external auditors annually and filed with the Superintendencia de Valores y Seguros de Chile (Superintendencia-Chile). The most recent examination by the Supeintendencia-Chile was during 1997. The result of this examination contained no material adverse findings.

Although some of the rates and policy terms of U.S. direct insurance agreements are regulated by state insurance departments, the rates, policy terms, and conditions of reinsurance agreements generally are not subject to regulation by any regulatory authority. However, the NAIC Model Law on Credit for Reinsurance, which has been adopted in most states, impose certain requirements for an insurer to take reserve credit for reinsurance ceded to a reinsurer. Generally, the reinsurer is required to be licensed or accredited in the insurer's state of domicile, or security must be posted for reserves transferred to the reinsurer in the form of letter of credit or assets placed in trust. The NAIC Life and Health Reinsurance Agreements Model Regulation, which has been passed in most states, imposes additional requirements for insurers to claim reserve credit for reinsurance ceded (excluding YRT reinsurance and non-proportional reinsurance). These requirements include bona fide risk transfer, an insolvency clause, written agreements, and filing of reinsurance agreements involving in force business, among other things.

In the event of a default on any debt that may be incurred by RGA or the bankruptcy, liquidation, or other reorganization of RGA, the creditors and stockholders of RGA will have no right to proceed against the assets of RGA Reinsurance, RGA Canada, or other insurance or reinsurance company subsidiaries of RGA. If RGA Reinsurance were to be liquidated, such liquidation would be conducted by the Missouri Director of Insurance as the receiver with respect to such insurance company's property and business. If RGA Canada were to be liquidated, such liquidation would be conducted pursuant to the general laws relating to the winding-up of Canadian federal companies. In both cases, all creditors of such insurance company, including, without limitation, holders of its reinsurance agreements and, if applicable, the various state guaranty associations, would be entitled to payment in full from such assets before RGA, as a direct or indirect stockholder, would be entitled to receive any distributions made to it prior to commencement of the liquidation proceedings, and, if the subsidiary was insolvent at the time of the distribution, shareholders of RGA might likewise be required to refund dividends subsequently paid to them.

If RGA Australia were to be liquidated, such liquidation would be conducted pursuant to the general laws relating to winding-up of Australian insurance companies as prescribed in the Australian Life Insurance Act 1995 and conducted in accordance with the Corporations Law of the State or internal territory under which RGA Australia was incorporated. The assets of RGA Australia would then be applied by specific priority as specified in the Corporations Law of the State.

Certain state legislatures have considered or enacted laws that alter, and in many cases increase, state regulation of insurance holding companies. In recent years, the NAIC and state legislators have begun re-examining existing laws and regulations, specifically focusing on insurance company investments and solvency issues, risk-based capital guidelines, intercompany transactions in a holding company system, and rules concerning extraordinary dividends.

Discussions continue in the Congress of the United States concerning the future of the McCarran-Ferguson Act, which exempts the "business of insurance" from most federal laws, including anti-trust laws, to the extent such business is subject to state regulation. Judicial decisions narrowing the definition of what constitutes the "business of insurance" and repeal or modification of the McCarran-Ferguson Act may limit the ability of the Company, and RGA Reinsurance in particular, to share information with respect to matters such as rate-setting, underwriting, and claims management. It is not possible to predict the effect of such decisions or change in the law on the operation of the Company.

Competition

Reinsurers compete on the basis of many factors, including financial strength, pricing and other terms and conditions of reinsurance agreements, reputation, service, and experience in the types of business underwritten. The U.S. and Canadian life reinsurance markets are served by numerous international and domestic reinsurance companies. The Company believes that RGA Reinsurance's primary competitors in the U.S. life reinsurance market are currently Transamerica Occidental Life Insurance Company, Swiss Re Life of America, Security Life of Denver, Life Reassurance Corporation of America, and Lincoln National Corporation. However, within the reinsurance industry, this can change from year to year. The Company believes that RGA Canada's major competitors in the Canadian life reinsurance market are Swiss Re Life Canada and Munich Reinsurance Company of Canada.

The other international life operations compete with subsidiaries of several U.S. individual and group life insurers and reinsurers and other internationally-based insurers and reinsurers, some of which are larger and have access to greater resources than the Company. Competition is primarily on the basis of price, service, and financial strength.

Employees

As of December 31, 1997, the Company had 379 employees located in the United States, Canada, Argentina, Chile, the United Kingdom, Hong Kong, Australia, and Japan. None of these employees are represented by a labor union. The Company believes that employee relations at all of its subsidiaries are good.

C. Industry Segments

The Company obtains substantially all of its revenues through reinsurance agreements that cover a portfolio of life insurance products, including term life, credit life, universal life, whole life, and joint and last survivor (JLS) insurance, as well as annuities, financial reinsurance, accident and health insurance, and direct premiums which include single premium pension annuities and group life. Generally, the Company, through a subsidiary, has provided reinsurance and to a lesser extent insurance for mortality and morbidity risks associated with such products. With respect to asset-intensive products, the Company has also provided reinsurance for investment-related risks. RGA Reinsurance also writes a small amount of primary insurance on General American directors and officers, and a small amount of short term life insurance.

The Company's reinsurance and insurance operations are classified into four main operational segments: U.S., Canadian, accident and health, and other international. The U.S. operations provide life reinsurance and non-traditional reinsurance to domestic clients. The Canadian operations provide insurers with traditional reinsurance as well as assistance with capital management activity. The accident and health operations include both domestic and international reinsurance. Other international business includes direct and reinsurance business from a joint venture and subsidiaries in Latin America, Australia, and the United Kingdom, as well as reinsurance of life and health products through RGA Reinsurance. Of the other international segment, 52.8% related to direct insurance based on 1997 net premiums. Revenue, income (loss) before income taxes and minority interest, assets, and aggregate depreciation and amortization attributable to each industry segment for 1997, 1996, and 1995, are set forth in Note 14 of Notes to Consolidated Financial Statements, which Note is hereby incorporated by reference.

The following table sets forth the Company's gross and net premiums from new business and renewal business attributable to each of the industry segments for the periods indicated:

New Business and Renewal Premiums by Segment
(dollars in millions)

	Year Ended December 31					
	1997		1996		1995	
	Amount	%	Amount	%	Amount	%
Gross Premiums:						
New business:						
U.S. operations	$ 167.9	59.7	$142.9	65.6	$111.5	66.5
Canadian operations	20.6	7.3	14.7	6.7	9.8	5.8
Accident and health operations	-	-	-	-	-	-
Other international operations	92.7	33.0	60.3	27.7	46.4	27.7
Subtotal	281.2	100.0	217.9	100.0	167.7	100.0
Renewals:						
U.S. operations	519.3	64.3	477.7	71.7	403.4	69.5
Canadian operations	84.8	10.5	66.8	10.0	55.2	9.5
Accident and health operations	187.5	23.2	112.3	16.8	107.8	18.6
Other international operations	16.0	2.0	9.9	1.5	14.2	2.4
Subtotal	807.6	100.0	666.7	100.0	580.6	100.0
Total:						
U.S. operations	687.2	63.1	620.6	70.2	514.9	68.8
Canadian operations	105.4	9.7	81.5	9.2	65.0	8.7
Accident and health operations	187.5	17.2	112.3	12.7	107.8	14.4
Other international operations	108.7	10.0	70.2	7.9	60.6	8.1
Total	$1,088.8	100.0	$884.6	100.0	$748.3	100.0
Net Premiums:						
New Business:						
U.S. operations	$ 95.2	46.8	$102.9	58.6	$ 66.4	54.9
Canadian operations	16.4	8.1	14.4	8.2	8.4	6.9
Accident and health operations	-	-	-	-	-	-
Other international operations	91.7	45.1	58.3	33.2	46.2	38.2
Subtotal	203.3	100.0	175.6	100.0	121.0	100.0
Renewals:						
U.S. operations	459.1	72.6	383.5	76.8	347.7	77.4
Canadian operations	67.2	10.6	48.7	9.8	40.9	9.1
Accident and health operations	90.7	14.4	57.2	11.4	47.8	10.7
Other international operations	15.2	2.4	9.9	2.0	12.6	2.8
Subtotal	632.2	100.0	499.3	100.0	449.0	100.0
Total:						
U.S. operations	$ 554.3	66.3	$486.4	72.1	$414.1	72.7
Canadian operations	83.6	10.0	63.1	9.3	49.3	8.6
Accident and health operations	90.7	10.9	57.2	8.5	47.8	8.4
Other international operations	106.9	12.8	68.2	10.1	58.8	10.3
Total	$ 835.5	100.0	$674.9	100.0	$570.0	100.0

The term "new business" is not applicable to the accident and health segment, which generally writes reinsurance agreements with terms of one year.

Direct single premium annuities in Chile are reported as new business in the other international segment.

The following table sets forth selected information concerning assumed reinsurance business in force for the Company's U.S., Canadian and other international segments for the indicated periods. (The term "in force" refers to face amounts or net amounts at risk and is not applicable to the accident and health segment.)

Reinsurance Business In Force by Segment
(dollars in billions)

	Year Ended December 31,					
	1997		1996		1995	
	Amount	%	Amount	%	Amount	%
U.S. operations	$171.7	75.5	$137.3	81.6	$127.9	83.1
Canadian operations	27.7	12.2	22.7	13.4	17.3	11.2
Other international operations	27.9	12.3	8.3	5.0	8.7	5.7
Total	$227.3	100.0	$168.3	100.0	$153.9	100.0

The following table sets forth selected information concerning assumed new business volume for the Company's U.S., Canadian, and other international operations for the indicated periods. (The term "volume" refers to face amounts or net amounts at risk and is not applicable to the accident and health segment.)

New Business Volume by Segment
(dollars in billions)

	Year Ended December 31,					
	1997		1996		1995	
	Amount	%	Amount	%	Amount	%
U.S. operations	$50.2	66.1	$27.0	71.2	$27.7	76.9
Canadian operations	8.0	10.5	6.9	18.2	4.2	11.7
Other international operations	17.7	23.4	4.0	10.6	4.1	11.4
Total	$75.9	100.0	$37.9	100.0	$36.0	100.0

Reinsurance business in force reflects the addition or acquisition of new reinsurance business, offset by terminations (e.g., voluntary surrenders of underlying life insurance policies, lapses of underlying policies, deaths of insureds, the exercise of recapture options, changes in foreign exchange, and any other changes in the amount of insurance in force). As a result of terminations, assumed in force amounts at risk of $16.9 billion, $23.5 billion, and $24.5 billion were released in 1997, 1996, and 1995, respectively.

U.S. Operations

General

The Company's U.S. life reinsurance business, which totaled 66.3%, 72.1%, and 72.7%, of the Company's net premiums in 1997, 1996, and 1995, respectively, consists of the reinsurance of various types of life insurance products. This business has been accepted under many different rate scales, with rates often tailored to suit the underlying product and the needs of the ceding company. Premiums typically vary for smokers and non-smokers, males and females, and may include a preferred underwriting class discount. Regardless of the premium mode for the underlying primary insurance, reinsurance premiums are generally paid annually. This business is made up of facultative and automatic treaty business.

In addition, several of the Company's U.S. clients have purchased life insurance policies insuring the lives of their executives. These policies have generally been issued to fund deferred compensation plans and have been reinsured with the Company. As of December 31, 1997, reinsurance of such policies was reflected in interest sensitive contract reserves of approximately $775.5 million and policy loans of $480.2 million.

Facultative Business

The U.S. facultative reinsurance operation involves the assessment of the risks inherent in (i) multiple impairments, such as heart disease, high blood pressure, and diabetes; (ii) cases involving large policy face amounts; and (iii) financial risk cases, i.e., cases involving policies disproportionately large in relation to the financial characteristics of the proposed insured. The U.S. operations' marketing efforts have focused on developing facultative relationships with client companies because management believes facultative reinsurance represents a substantial segment of the reinsurance activity of many large insurance companies and has been an effective means of expanding the U.S. operations' automatic business. In 1997, 1996, and 1995, approximately 39.6%, 39.2%, and 38.3% respectively, of the U.S. gross premiums were written on a facultative basis. The U.S. operations have emphasized personalized service and prompt response to requests for facultative risk assessment.

Only a portion of approved facultative applications result in paid reinsurance. This is because applicants for impaired risk policies often submit applications to several primary insurers, which in turn seek facultative reinsurance from several reinsurers; ultimately, only one insurance company and one reinsurer are likely to obtain the business. The U.S. operations track the percentage of declined and placed facultative applications on a client-by-client basis and generally work with clients to seek to maintain such percentages at levels the U.S. operations deem acceptable.

Mortality studies by RGA Reinsurance have shown that the U.S. operations' facultative mortality experience is comparable to its automatic mortality experience relative to expected mortality rates. Because the U.S. operations apply its underwriting standards to each application submitted to it facultatively, the U.S. operations generally do not require ceding companies to retain any portion of the underlying risk when business is written on a facultative basis.

Automatic Business

Automatic business, including financial reinsurance treaties, is generated pursuant to treaties which generally require that the underlying policies meet the ceding company's underwriting criteria, although a number of such policies may be rated substandard. In contrast to facultative reinsurance, reinsurers do not engage in underwriting assessments of the risks assumed through an automatic treaty. Automatic business tends to be very price-competitive; however, clients are likely to give favorable consideration to their existing reinsurers.

Because RGA Reinsurance does not apply its underwriting standards to each policy ceded to it under automatic treaties, the U.S. operations generally require ceding companies to keep their full retention when business is written on an automatic basis, thereby increasing the ceding companies' incentives to underwrite risks with due care and, when appropriate, to contest claims diligently.

Non-traditional Business

The Company also provides non-traditional reinsurance of asset-intensive products and financial reinsurance. Asset-intensive business includes the reinsurance of stable value products, corporate-owned and bank-owned life insurance, and annuities. The Company earns investment income on the deposits underlying the asset-intensive products which is largely offset by earnings credited and paid to the ceding companies. Financial reinsurance assists ceding companies in meeting applicable regulatory requirements and enhances ceding companies' financial strength and regulatory surplus position. The Company provides ceding companies financial reinsurance by committing cash or assuming insurance liabilities. Generally, such amounts are offset by receivables from ceding companies which are supported by the future profits from the reinsured block of business. The Company earns a return based on the amount of outstanding reinsurance.

Customer Base

The U.S. reinsurance operation markets life reinsurance primarily to the largest U.S. life insurance companies and currently has treaties with most of the top 100 companies. These treaties generally are terminable by either party on 90 days written notice, but only with respect to future new business; existing business generally is not terminable, unless the underlying policies terminate or are recaptured. In 1997, 32 clients had annual gross premiums of $5 million or more and the aggregate gross premiums from these clients represented approximately 76.7% of 1997 U.S. life gross premiums.

In 1997, no U.S. client accounted for more than 10% of the Company's consolidated gross premiums. However, one client accounted for more than 10% of the Company's U.S. operations gross premiums. Also, three clients ceded more than 5% of U.S. life gross premiums. Together they ceded $167.7 million, or 24.4%, of U.S. operations gross premiums in 1997.

General American and its affiliates generated less than 4.2% of U.S. operations gross premiums in 1997, 1996, and 1995, exclusive of the Retrocession Agreements. The Company's stable value products are reinsured from General American. Deposits from stable value products totaled approximately $483.0 million and $429.3 million during 1997 and 1996, respectively. In addition, the Company entered into annuity reinsurance transactions during the second quarter of 1997 with Cova Financial Services Life Insurance Company, a subsidiary of General American. Deposits related to this business were $124.4 million as of December 31, 1997.

During 1997, $243.9 million of U.S. operations net premium related to facultative business. The U.S. life operations accepted new facultative business from over 100 U.S. clients in 1997, and has been receiving facultative business from most of these clients for an average of 10 years.

Underwriting

Facultative. Senior management has developed underwriting guidelines, policies, and procedures with the objective of controlling the quality of U.S. life business written as well as its pricing. The U.S. operations' underwriting process emphasizes close collaboration among its underwriting, actuarial, and operations departments. Management periodically updates these underwriting policies, procedures, and standards to account for changing industry conditions, market developments, and changes occurring in the field of medical technology; however, no assurance can be given that all relevant information has been analyzed or that additional risks will not materialize. These policies, procedures, and standards are documented in an on-line underwriting manual.

The U.S. operations determine whether to accept facultative reinsurance business on a prospective insured by reviewing the client company's applications and medical requirements, and assessing financial information and any medical impairments. Most facultative applications involve a prospective insured with multiple impairments, such as heart disease, high blood pressure, and diabetes, requiring a difficult underwriting assessment. To assist its underwriters in making this assessment, the U.S. life operations employ two full-time and one part-time medical director, as well as one medical consultant.

Automatic. The U.S. operations' management determines whether to write automatic reinsurance business by considering many factors, including the types of risks to be covered; the ceding company's retention limit and binding authority, product, and pricing assumptions; and the ceding company's underwriting standards, financial strength and distribution systems. For automatic business, the U.S. operations endeavor to ensure that the underwriting standards and procedures of its ceding companies are compatible with those of RGA. To this end, the U.S. operations conduct periodic reviews of the ceding companies' underwriting and claims personnel and procedures. Approximately 12 client audits are conducted each year.

Financial Reinsurance. The financial reinsurance provided by the Company is repaid by the future profit stream associated with the reinsured block of business. The Company structures its financial reinsurance transactions so that the future profits of the underlying reinsured business conservatively exceed the amount of regulatory surplus provided to the ceding company.

AIDS. Since 1987, the U.S. life insurance industry has implemented the practice of antibody blood testing to detect the presence of the HIV virus associated with Acquired Immune Deficiency Syndrome (AIDS). Prior to the onset of routine antibody testing, it was possible for applicants with AIDS to purchase significant amounts of life insurance. Since 1987, the guidelines used by the U.S. operations have required ceding companies to conduct HIV testing for life insurance risks at or above $100,000.

The Company believes that the antibody test for AIDS is effective. No assurance can be given, however, that additional AIDS-related death claims involving insureds who test negative for AIDS at the time of underwriting will not arise in the future. The Company believes that its primary exposure to the AIDS risk is related to business issued before the onset of AIDS antibody testing in 1987. Each year, this business represents a smaller portion of RGA Reinsurance's reinsurance in force.

Risk Management

Prior to January 1, 1996, RGA Reinsurance's practice was to retain up to $2 million of liability on any one life for all life reinsurance. Effective January 1, 1996, RGA Reinsurance increased this retention limit to up to $2.5 million. RGA Reinsurance has a number of retrocession arrangements whereby certain business in force is retroceded on a quota share or facultative basis. All of the U.S. retrocessionaires under such arrangements were rated "A-" or better by A.M. Best as of December 31, 1996. RGA Reinsurance also retrocedes business to foreign reinsurers. In these instances, additional security in the form of letters of credit or trust assets have been given by such retrocessionaires as additional security in favor of RGA Reinsurance. The Company also retrocedes most of its financial reinsurance business to other insurance companies to alleviate the strain on statutory surplus created by this business.

RGA Reinsurance has never experienced a default in connection with its retrocession arrangements, nor has it experienced any difficulty in collecting claims recoverable from its retrocessionaires; however, no assurance can be given as to the future performance of such retrocessionaires or as to recoverability of any such claims.

RGA Reinsurance has catastrophe insurance coverage issued by an insurer rated "A" by A.M. Best that provides benefits of up to $100 million per occurrence for claims involving three or more deaths in a single accident, with a deductible of $1.5 million per occurrence. This coverage is terminable annually on 90 days notice and is ultimately provided through a pool of seventeen unaffiliated insurers. The Company believes such catastrophe insurance coverage is adequate to protect the Company from the risks of multiple deaths of lives reinsured by policies with RGA Reinsurance in a single accident. However, several large corporate plans reinsured by RGA Reinsurance cover aggregate amounts substantially in excess of these limits.

Operations

During 1997, substantially all gross U.S. life business was obtained directly, rather than through brokers. The U.S. operations have an experienced marketing staff which works to maintain existing relationships and to provide responsive service.

The U.S. operations' auditing and accounting department is responsible for treaty compliance auditing, financial analysis of results, generation of internal management reports, and periodic audits of administrative practices and records. A significant effort is focused on periodic audits of administrative and underwriting practices, records, and treaty compliance of reinsurance clients.

The U.S. operations' claims department (I) reviews and verifies reinsurance claims, (ii) obtains the information necessary to evaluate claims, (iii) determines the Company's liability with respect to claims, and (iv) arranges for timely claims payments. Claims are subjected to a detailed review process to ensure that the risk was properly ceded, the claim complies with the contract provisions, and the ceding company is current in the payment of reinsurance premiums to the U.S. life operation. The claims department also investigates claims generally for evidence of misrepresentation in the policy application and approval process. In addition, the claims department monitors both specific claims and the overall claims handling procedure of ceding companies.

Claims personnel work closely with their counterparts at client companies to attempt to uncover fraud, misrepresentation, suicide, and other situations where the claim can be reduced or eliminated. By law, the ceding company cannot contest claims made after two years of the issuance of the underlying insurance policy. By developing good working relationships with the claims departments of client companies, major claims or problem claims can be addressed early in the investigation process. Claims personnel review material claims presented to RGA Reinsurance in detail to find potential mistakes such as claims ceded to the wrong reinsurer and claims submitted for improper amounts.

Canadian Life Reinsurance
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Canadian life reinsurance business represented 10.0%, 9.4%, and 8.6%, of RGA's net premiums in 1997, 1996, and 1995, respectively. In 1997, the Canadian life operations wrote $8.0 billion in new business. Approximately 85% of the 1997 Canadian new business was written on an automatic basis. During 1997, the Canadian operations began supporting preferred underwriting products, added creditor business, and began offering reinsurance of critical illness coverage. These new products and continued growth in traditional reinsurance have contributed to the overall increase in business.

Clients include virtually all of Canada's principal life insurers with no single client representing more than 10% of the Company's consolidated net premium in 1997 and the two largest clients representing less than 5% of consolidated gross premiums. The Canadian life operations compete with a small number of individual and group life reinsurers. The Canadian life operations compete primarily on the basis of price, service, and financial strength.

RGA Canada's policy is to retain up to C$100,000 of individual life and up to C$100,000 of Accidental Death and Dismemberment liability on any one life. RGA Canada retrocedes amounts in excess of its retention mostly to RGA Reinsurance through General American in accordance with the U.S. Retrocession Agreement. Retrocessions are arranged through RGA Reinsurance's retrocession pool. RGA Canada has never experienced a default in connection with its retrocession arrangements, nor has it experienced any difficulty in collecting claims recoverable from its retrocessionaires. However, no assurance can be given as to the future performance of such retrocessionaires or as to the recoverability of any such claims.

In 1987, the Canadian life insurance industry implemented the practice of antibody blood testing to detect the presence of the HIV virus associated with AIDS. Prior to the onset of routine antibody testing, it was possible for applicants with AIDS to purchase significant amounts of life insurance. Since 1987, the accepted industry practice is to conduct HIV testing for life insurance risks over C$100,000. Accordingly, RGA Canada believes that its main exposure to the AIDS risk is related to business issued before the onset of AIDS antibody testing in 1987. Each year, this business represents a smaller portion of RGA Canada's reinsurance in force.

RGA Canada maintains a staff of fifty-one people at the Montreal office and eleven people in an office in Toronto. RGA Canada employs its own underwriting, actuarial, claims, pricing, accounting, systems, marketing and administrative staff.

RGA's Canadian life reinsurance business was originally conducted by General American. General American entered the Canadian life reinsurance market in 1978 and was primarily engaged in the retrocession business, writing only a small amount of business with primary Canadian insurers. In April 1992, General American, through RGA Canada, purchased the life reinsurance assets and business of National Reinsurance Company of Canada (National Re), including C$26.0 million of Canadian life reinsurance gross in force premiums. National Re had been engaged in the life reinsurance business in Canada since 1972, writing reinsurance on a direct basis with primary Canadian insurers. Accordingly, this acquisition represented a significant expansion of General American's Canadian life reinsurance business.

Accident and Health Reinsurance
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In 1987, the Company began reinsuring accident and health risks on both a group and individual basis. The Company's accident and health reinsurance business represented 10.9%, 8.5%, and 8.4% of the Company's net premiums in 1997, 1996, and 1995, respectively. During the first quarter of 1997, the Company recorded a charge of $18.0 million, $10.4 million after-tax, to increase reserves associated with run-off claims from certain accident and health insurance pools in which it had formerly participated. That action was a result of management's strategic decision to exit all outside-managed accident and health pools. The charge reflects management's intent to reserve fully for all anticipated claim payments attributed to outside-managed accident and health pools. Due to continuing losses emanating from certain of the Company's accident and health operations in the third and fourth quarters of 1997, the strategic decision was made to cease marketing accident and health business and to place the operation into run-off at year-end. The Company estimates that future accident and health premiums compared to 1997 premiums will remain level in 1998. Premiums will decrease, compared to each preceding year, by approximately 20%, 70%, 90%, and 100% by the end of 1999, 2000, 2001, and 2002, respectively. The Company established an additional $3.0 million in reserves in the fourth quarter of 1997 to handle the business run-off. In December 1997, RGA

Reinsurance was notified by the holders of minority interests in its accident and health subsidiaries of their intent to exercise certain put options for their 49% ownership interest. Based upon the Company's decision to cease marketing accident and health business, in December 1997, the Company established a reserve of approximately $3.0 million against the intangible asset that will arise related to the excess of the purchase price over the fair value of net assets acquired when put options are exercised by certain minority interests.

The Company principally reinsures stop-loss medical insurance and accident insurance providing benefits for death, disability, and dismemberment. Unlike life reinsurance, most accident and health reinsurance is short-term in nature. The majority of such insurance is subject to renegotiation or cancellation on an annual basis. Accordingly, increasing health care costs generally do not have a significant adverse effect on the profitability of accident and health reinsurance agreements.

More than 50% of the Company's accident and health reinsurance business was accepted through participation in reinsurance pools. The Company generally pursues a strategy of following an underwriting manager, who is responsible for negotiating the price and terms of reinsurance with the ceding company. However, in certain cases, the Company sets the price and terms of the risks it reinsures.

Accident and health reinsurance is written on both a facultative and treaty basis. Also, coverage provided can be through either a quota-share treaty or an excess-basis treaty. Generally, the Company retains not more than $500,000 of risk on one person, although it occasionally writes up to $1 million of risk on one person. The Company retains not more than $5 million of risk per occurrence, per contract involving multiple insureds. The Company typically retrocedes amounts in excess of these limits to certain underwriters of Lloyd's of London, either through Great Rivers Reinsurance Management, which has certain binding authority from such underwriters, as described below, or on a facultative basis.

The Company had marketed its accident and health reinsurance to a broad cross-section of primary insurers, which vary in size, corporate structure, and geographic location, but which are generally smaller than the primary insurers in the Company's U.S. life reinsurance business. Most of the Company's accident and health reinsurance business was generated by reinsurance intermediaries who were compensated on a commission basis. The Company's accident and health reinsurance business competes with other reinsurers and with reinsurance management pools.

Since October 1992, Great Rivers Reinsurance Management has underwritten accident and health risks on behalf of General American. Since January 1, 1993, accident and health reinsurance written by General American has been retroceded to RGA Reinsurance pursuant to the U.S. Retrocession Agreement. Pursuant to a management agreement that can be terminated annually by either party, Great Rivers Reinsurance Management has the authority to bind RGA Reinsurance or General American to reinsurance risks subject to underwriting standards that have been established by RGA Reinsurance and General American. Great Rivers Reinsurance Management maintains a staff of eight people which includes three underwriters who occasionally consults with RGA Reinsurance regarding certain cases. Great Rivers Reinsurance Management receives a commission for each risk it underwrites and may receive additional compensation based on the profitability of the business underwritten.

Great Rivers Reinsurance Management is not required to, and does not, operate exclusively for the Company. Currently, it also has authority from certain underwriters at Lloyd's of London to bind such underwriters to certain types of accident and health reinsurance risks, including certain risks suitable for the Company, up to $5 million per person and up to $30 million per occurrence.

Other International Reinsurance

The other international segment includes the Latin American operations, Asia Pacific operations, and Market Development operations. Beginning in 1994, the Company started various international initiatives that continued to develop during 1997. In Chile, the Company is represented by a 50% investment in BHIF America, a Chilean insurance company, and a 100% investment in RGA Chile, a life reinsurance company. The Company owns 100% of Manantial, an Argentine insurance company. In addition, RGA Reinsurance has provided reinsurance on mortality risk reinsurance associated with the privatization of the Argentine pension system. The Company has a presence in the Asia Pacific region with a licensed branch office in Hong Kong and a representative office in Tokyo. The Company also established subsidiary companies in Australia in January 1996: Australian

Holdings, a wholly-owned holding company, and RGA Australia, a wholly-owned life reinsurance company. In addition, RGA Reinsurance provides direct reinsurance to several companies within the Asia Pacific region. The Company's Market Development operations provide marketing support for operations in existing and potential future markets.

Other international life reinsurance business represented 12.8%, 10.1%, and 10.3% of the Company's consolidated net premiums in 1997, 1996, and 1995, respectively. No single client in the other international segment represented more than 10% of the Company's consolidated net premium for 1997.

For other international business, RGA Reinsurance retains up to $2.5 million for U.S., Canadian, Australian, and New Zealand currency-denominated business. For other currencies and based on countries with higher risk factors, RGA Reinsurance systematically reduces its retention. The Chilean subsidiaries have a policy of ceding business in excess of approximately $22,000, while the Argentine subsidiary cedes business in excess of $40,000. RGA Australia has a retrocession arrangement with RGA Reinsurance in which life risks above $100,000 Australian dollars are retroceded to RGA Reinsurance. On an aggregate basis among all of its subsidiaries, the Company does not retain more than $2.5 million on any one life.

BHIF America and RGA Chile maintain staffing of thirty people at the head offices in Santiago, Chile. Manantial maintains a staff of thirty people in Buenos Aires, Argentina. These subsidiaries employ their own underwriting, actuarial, claims, pricing, accounting, systems, marketing and administrative staff. Within Asia Pacific, six people were on staff in the Hong Kong office, four people were on staff in the Tokyo office, and RGA Australia maintained a staff of twelve people in Sydney. The Hong Kong and Tokyo offices primarily provide marketing and underwriting service to the direct life insurance companies with other service support provided directly by RGA Reinsurance operations.

RGA Australia directly maintains its own underwriting, actuarial, claims, pricing, accounting, systems, marketing and administration service with additional support provided by RGA Reinsurance operations.

D. Financial Information About Foreign Operations

The Company's foreign operations are primarily in Canada, Latin America, and the Asia Pacific region which includes Australia. Revenue, income (loss) which includes net realized gains (losses) before income tax and minority interest, and identifiable assets attributable to these geographic regions are identified in the following table:

Financial Information Relating to Foreign Operations
(dollars in millions)

	1997	1996	1995
Revenues:			
Canada	$120.1	$ 78.5	$ 60.3
Latin America	77.1	52.0	49.1
Asia Pacific	38.3	22.0	12.5
Other International	2.9	0.3	-
Total	$238.4	$152.8	$121.9
Income (Loss):			
Canada	$ 15.1	$ 13.4	$ 10.9
Latin America	(0.1)	2.1	3.5
Asia Pacific	(5.0)	(4.4)	(1.7)
Other International	(3.1)	(1.8)	-
Total	$ 6.9	$ 9.3	$ 12.7
Total Assets:			
Canada	$580.6	$321.3	$247.4
Latin America	178.0	128.0	80.1
Asia Pacific	80.5	41.8	19.9
Other International	9.1	0.9	3.6
Total	$848.2	$492.0	$351.0

E. Executive Officers of the Registrant

For information regarding the executive officers of the Company, see Part III, Item 10, entitled "Directors and Executive Officers of the Registrant."

Item 2. PROPERTIES

RGA Reinsurance houses its employees and the majority of RGA's officers in 71,994 square feet of office space at 660 Mason Ridge Center Drive, St. Louis County, Missouri. These premises are leased from General American for an initial term ending August 31, 1998, at an annual rent of $1,538,872 plus a pro-rated share of increases in taxes and operating expenses for the building beyond the levels of 1995. A portion of this office space is subleased to subsidiaries, Re Partners and RGA/Swiss Financial Group, L.L.C.

RGA Reinsurance also conducts business from approximately 1,800 square feet of office space located in Hong Kong and approximately 1,300 square feet of office space located in Tokyo, Japan. The rental expenses paid by RGA Reinsurance under the leases during 1997 were approximately $162,000 and $76,000 for Hong Kong and Tokyo, respectively. RGA Australia conducts business from approximately 3,600 square feet of office space located in Sydney, Australia and paid $58,200 during 1997 for lease expense. The Hong Kong and Tokyo leases expire in January 2001 and December 1998 respectively. The Sydney lease expires in December 1998.

Manantial conducts business from approximately 15,200 square feet of office space in Buenos Aires, Argentina, pursuant to several leases. Rental expense paid for the office was approximately $182,500 during 1997. BHIF America and RGA Chile conduct business from approximately 4,700 square feet of office space in Santiago, Chile. The lease expense paid during 1997 was approximately $48,800. Three of the Buenos Aires leases expire in 1999 with the remaining lease expiring in 2000. The Santiago lease expires in April 1999.

RGA Canada's operations are conducted from approximately 9,800 square feet of office space located in Montreal, Canada. The lease with respect to such space expires in 2010. Rental expenses paid by RGA Canada under the lease during 1997 were approximately $205,000. RGA Canada also sub-leases approximately 800 square feet of space in Montreal, Canada. The sub-lease expires in 2000. The rental expenses paid by RGA Canada under the sub-lease during 1997 were approximately $13,000. RGA Canada also leases approximately 5,900 square feet of space in Toronto, Canada. This lease expires in 2005. The rental expenses paid by RGA Canada under the Toronto lease during 1997 were approximately $122,000. RGA International conducts operations from approximately 4,200 square feet of office space located in Toronto, Canada. The lease with respect to such space expires in 2009. The rental expenses paid by RGA International under the lease during 1997 were approximately $32,000.

Great Rivers Reinsurance Management conducts business from approximately 5,900 square feet of office space located in St. Louis, Missouri. The rental expenses paid for the office were approximately $110,000 during 1997. This lease expires in March 2002. RGA UK Underwriting conducts business from approximately 1,200 square feet of office space located in London, England. The rental expenses paid for the office were approximately $43,000. This lease expires in March 2003.

The Company believes its facilities have been generally well-maintained, are in good operating condition, and are adequate for its current requirements.

Item 3. LEGAL PROCEEDINGS

From time to time, the Company is subject to litigation and arbitration related to its reinsurance business and to employment-related matters in the normal course of its business. Management does not believe that the Company is party to any such pending litigation or arbitration which would have a material adverse effect on its future operations.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There were no matters that were submitted to a vote of security holders during the fourth quarter of 1997.

Part II

Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Information on this subject is incorporated by reference to the Annual Report for 1997 under the caption "Quarterly Data (Unaudited)."

Dividend Policy

RGA began paying a dividend of $0.06 per pre-split share each quarter, starting in August 1993. In August 1995, the dividend was raised to $0.07 per pre-split share and raised to $0.08 per pre-split share in August 1996. In July 1997, a three-for-two stock split was declared and the dividend was raised to $0.09 per pre-split share ($0.06 per share after the split). It is expected that payments at this level will continue for the foreseeable future. All future payments of dividends are at the discretion of the Company's Board of Directors and will depend on the Company's earnings, capital requirements, insurance regulatory conditions, operating conditions, and such other factors as the Board of Directors may deem relevant. The amount of dividends that the Company can pay will depend in part on the operations of its reinsurance subsidiaries. The transfer of funds from the subsidiaries to RGA is subject to applicable insurance laws and regulations.

Insurance companies are subject to statutory regulations which restrict the payment of dividends. In the case of RGA Reinsurance, Missouri regulations impose a limit of the greater of 10% of statutory capital and surplus or statutory operating income, both as of the end of the preceding year. Any dividend proposed by RGA Reinsurance in excess of these measures would, under Missouri law, be "extraordinary" and subject to review by the Missouri Director of Insurance. See "Business - Corporate Structure - Regulation."

Item 6. SELECTED FINANCIAL DATA

These data are found at page 56 in the Annual Report for 1997 under the caption "Selected Consolidated Financial and Operating Data" which section is incorporated herein by reference.

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This discussion and analysis is incorporated by reference to the Annual Report for 1997 under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

This information is incorporated by reference to the Annual Report for 1997 under the following captions:

Index	Page of Annual Report
Consolidated Balance Sheets	34
Consolidated Statements of Income	35
Consolidated Statements of Stockholders' Equity	36
Consolidated Statements of Cash Flows	37
Notes to Consolidated Financial Statements	38-53
Independent Auditors' Report	54

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

Part III

Item 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information with respect to Directors of the Company is incorporated by reference to the Proxy Statement under the captions "Nominees and Continuing Directors" and "Section 16(a) Beneficial Ownership Reporting Compliance." The Proxy Statement will be filed pursuant to Regulation 14A within 120 days of the end of the Company's fiscal year.

The following is certain additional information concerning the executive officers of the Company. With the exception of Mr. Atkinson, Mr. McCauley, Mr. Nitsou, Mr. St-Amour, and Mr. Watson, each individual holds the same position at RGA and RGA Reinsurance.

David B. Atkinson has been Executive Vice President and Chief Operating Officer since January 1997. He is also President and Chief Executive Officer of RGA Reinsurance. He served as Executive Vice President and Chief Operating Officer, U.S. Operations of the Company from 1995 to 1996 and Executive Vice President and Chief Financial Officer from 1993 to 1994. Prior to the formation of RGA, Mr. Atkinson served as Reinsurance Operations Vice President of General American. Mr. Atkinson joined General American in 1987 as Second Vice President and was promoted to Vice President later the same year. Prior to joining General American, he served as Vice President and Actuary of Atlas Life Insurance Company from 1981 to 1987, as Chief Actuarial Consultant at Cybertek Computer Products from 1979 to 1981, and in a variety of actuarial positions with Occidental Life Insurance Company of California from 1975 to 1979. Mr. Atkinson also serves as a director and officer of certain RGA subsidiaries.

Bruce E. Counce has been Executive Vice President and Chief Corporate Operating Officer since January 1997. He served as Executive Vice President, U.S. Traditional Reinsurance from 1993 to 1997. Prior to the formation of RGA, Mr. Counce served as Reinsurance Sales and Marketing Vice President for General American. After joining General American in 1967, Mr. Counce joined the Reinsurance Division in 1980 in a sales capacity and held a series of increasingly responsible positions leading to his current position.

Jack B. Lay is Executive Vice President and Chief Financial Officer. Prior to joining the Company in 1994, Mr. Lay served as Second Vice President and Associate Controller at General American. In that position, he was responsible for all accounting and external financial reporting as well as merger and acquisition support. Before joining General American in 1991, Mr. Lay was a partner in the financial services practice with the St. Louis office of KPMG Peat Marwick LLP. Mr. Lay also serves as a director and officer of certain RGA subsidiaries.

Brendan J. Galligan is Senior Vice President, Asia Pacific Division. Prior to joining RGA, Mr. Galligan was Senior Vice President of RGA Canada, and its predecessor, National Re, for five years. His insurance and reinsurance career commenced in Canada in 1977.

Joel S. Iskiwitch is Senior Vice President, Accident and Health Division. In 1995, Mr. Iskiwitch joined Great Rivers Reinsurance, a subsidiary of RGA, as a participant in General American's Management Rotation Program. Prior to joining Great Rivers Reinsurance Management and RGA, Mr. Iskiwitch held the position of Vice President of Business Markets and Advanced Underwriting for GenMark/Individual Line at General American. After joining General American in 1988, Mr. Iskiwitch held a series of responsible positions leading to his current position at RGA.

Paul A. Schuster has been Senior Vice President, U.S. Division since January 1997. He served as Reinsurance Actuarial Vice President in 1995 and Senior Vice President & Chief Actuary of the Company in 1996. Prior to the formation of RGA, Mr. Schuster served as Second Vice President and Reinsurance Actuary of General American. Prior to joining General American in 1991, he served as Vice President and Assistant Director of Reinsurance Operations of the ITT Lyndon Insurance Group from 1988 to 1991, and in a variety of actuarial positions with General Reassurance Corporation from 1976 to 1988.

Kenneth D. Sloan has been Senior Vice President, U.S. Facultative Division since January 1997. He served as Vice President, Underwriting of the Company from 1993 to 1997. Prior to the formation of RGA, Mr. Sloan served as Second Vice President of Reinsurance Underwriting for General American. Mr. Sloan joined General American in 1968 in an underwriting capacity and held a series of increasingly responsible positions leading to his current position.

Matthew P. McCauley is General Counsel and Secretary of the Company. Mr. McCauley has served as Associate General Counsel of General American since 1985 and is a director and officer of General American Capital Company and an officer of The Walnut Street Funds, Inc., both of which are registered investment companies affiliated with General American. He serves as a director or officer of a number of General American subsidiaries, including Conning Corporation, formerly known as General American Investment Management Company, a registered investment advisor, and Walnut Street Securities, Inc., a registered broker/dealer.

Paul Nitsou is Senior Vice President, Market Development Division for RGA. Prior to joining RGA in 1996, Mr. Nitsou was Vice President, Reinsurance for Manulife Financial. Mr. Nitsou joined RGA in 1996 as Vice President, Market Development and was promoted within his first year of employment to Senior Vice President, Market Development Division.

Andre St-Amour is President and Chief Executive Officer of RGA Canada and Chief Agent for the General American Life Insurance Company Canadian Branch. Prior to January 1995, he was President and Chief Operating Officer. Mr. St-Amour joined RGA Canada in 1992 when the company acquired the reinsurance business of National Re. Mr. St-Amour served as Executive Vice President, Life Division, of National Re from 1989 to 1991. Prior to joining National Re, Mr. St-Amour served in a variety of actuarial positions with Canadian National Railways and Laurentian National Insurance Company.

Graham S. Watson is Executive Vice President and Chief Marketing Officer of RGA. Upon joining RGA in 1996, Mr. Watson was President and CEO of RGA Australia. Prior to joining RGA in 1996, Mr. Watson was the President and CEO of Intercedent Limited in Canada and has held various positions of increasing responsibility for other life insurance companies. Mr. Watson also serves as a director and officer of certain RGA subsidiaries.

A. Greig Woodring is President, Chief Executive Officer, and director. As President and CEO of the Company, Mr. Woodring is also an executive officer of General American Life Insurance Company. Prior to the formation of RGA, Mr. Woodring had headed General American's reinsurance business since 1986. He also serves as a director and officer of a number of the Company's subsidiaries. Before joining General American Life Insurance Company, Mr. Woodring was an actuary at United Insurance Company.

Richard A. Liddy is Chairman of the Board of the Company. He also serves as President, Chief Executive Officer and Chairman of the Board of General American Life Insurance Company, and President and Chairman of GenAmerica Corporation and General American Mutual Holding Company (General American Holding). From 1982 through 1988, he was Senior Vice President and Executive Vice President of Continental Corporation, and President, Financial Services Group of Continental Insurance Company. He is also Chairman of the Board of General American Capital Company and The Walnut Street Funds, Inc., each a registered investment company, and is a director of Ameren Corporation, Brown Group, Inc., Conning Corporation and Ralston Purina Company. Mr. Liddy is also Chairman of Cova Corporation, Paragon Life Insurance Company, Security Equity Life Insurance Company and Security Mutual Life Insurance Company of New York, and a number of other subsidiaries and affiliates of General American Holding.

Item 11. EXECUTIVE COMPENSATION

Information on this subject is incorporated by reference to the Proxy Statement under the captions "Executive Compensation" and "Nominees and Continuing Directors." The Proxy Statement will be filed pursuant to Regulation 14A within 120 days of the end of the Company's fiscal year.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Information on this subject is incorporated by reference to the Proxy Statement under the caption "Common Stock Ownership of Management and Certain Beneficial Owners." The Proxy Statement will be filed pursuant to Regulation 14A within 120 days of the end of the Company's fiscal year.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information on this subject is incorporated by reference to the Proxy Statement under the caption "Certain Relationships and Related Transactions." The Proxy Statement will be filed pursuant to Regulation 14A within 120 days of the end of the Company's fiscal year.

Part IV

Item 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) 1. Financial Statements

The following consolidated statements are incorporated by reference to the Annual Report for 1997 under the following captions:

2. Schedules, Reinsurance Group of America, Incorporated and Subsidiaries

All other schedules specified in Regulation S-X are omitted for the reason that they are not required, are not applicable, or that equivalent information has been included in the consolidated financial statements, and notes thereto, appearing in Appendix I attached hereto.

3. Exhibits

See the Index to Exhibits on page 31.

(b) No reports on Form 8-K were filed during the fourth quarter of 1997.

Independent Auditors' Report

Board of Directors and Stockholders
Reinsurance Group of America, Incorporated:

Under date of January 29, 1998, we reported on the consolidated balance sheets of Reinsurance Group of America, Incorporated and subsidiaries (the Company) as of December 31, 1997 and 1996, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 1997, as contained in the 1997 annual report to stockholders. These consolidated financial statements and our report thereon are incorporated by reference in the annual report on Form 10-K for the year 1997. In connection with our audits of the aforementioned consolidated financial statements, we also audited the related consolidated financial statement schedules as listed in the accompanying index. These financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statement schedules based on our audits.

In our opinion, such financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

/s/ KPMG Peat Marwick LLP

St. Louis, Missouri
January 29, 1998

REINSURANCE GROUP OF AMERICA, INCORPORATED

SCHEDULE I--SUMMARY OF INVESTMENTS--OTHER THAN INVESTMENTS IN RELATED PARTIES

December 31, 1997

(in millions)

Type of Investment	Cost	Fair Value	Amount at which shown in the Balance Sheets
Fixed maturities:			
Bonds:			
United States government and government agencies and authorities	$ 90.9	$ 92.2	$ 92.2
Foreign governments	202.0	270.5	270.5
Public utilities	126.4	145.9	145.9
All other corporate bonds	1,997.0	2,019.7	2,019.7
Total fixed maturities	2,416.3	2,528.3	2,528.3
Equity securities	10.7	10.7	10.7
Mortgage loans on real estate	165.5	xxx	165.5
Policy loans	480.2	xxx	480.2
Funds withheld at interest	165.4	xxx	165.4
Short-term investments	277.6	xxx	277.6
Other	6.3	xxx	6.3
Total investments	$3,522.0	xxx	$3,634.0

Fixed maturities are classified as available for sale and carried at fair value.

The following exchange rates have been used to convert foreign securities to U.S. dollars:

Canadian dollar	$0.6992/C$1.00
Argentina dollar	$1.0001/A$1.00
Chilean Peso	$0.0023/$1.00 Peso
Australian dollar	$0.6503/$1.00 Aus

Fair value represents the closing sales prices of marketable securities. Estimated fair values for private placement securities of $386.2 million, included in all other corporate bonds, are based on the credit quality and duration of marketable securities deemed comparable by the Company, which may be of another issuer.

REINSURANCE GROUP OF AMERICA, INCORPORATED
SCHEDULE III--SUPPLEMENTARY INSURANCE INFORMATION
(in thousands)

	as of December 31,						Years Ended December 31,				
	Deferred Policy Acquisition Costs		Future Policy Benefits, Losses and Claims		Other Policy Claims and Benefits Payable						
	Assumed	Ceded	Assumed	Ceded	Assumed	Ceded	Premium Income	Net Invest-ment Income	Benefits, Claims and Losses	Amorti-zation of DAC	Other Operating Expenses
1995											
U.S. Operations	$132,300	(4,961)	1,010,142	(52,659)	114,625	(10,556)	$414,132	73,959	(345,765)	(31,875)	(55,089)
Canadian Operations	41,614	(336)	138,707	(29,079)	9,712	(3,671)	49,248	11,064	(36,683)	(2,176)	(10,576)
Accident and Health	651	(5)	7,931	(76)	60,973	(23,660)	47,789	730	(33,640)	(6,827)	(9,083)
Other International	17,551	(1)	43,829	(3)	22,363	(2,570)	58,821	2,805	(47,779)	(454)	(11,573)
Adjustments and Eliminations	0	0	0	0	0	0	0	1,559	0	0	(1,993)
Total	$192,116	(5,303)	1,200,609	(81,817)	207,673	(40,457)	$569,990	90,117	(463,867)	(41,332)	(88,314)
1996											
U.S. Operations	$160,737	(7,182)	1,578,172	(52,754)	111,257	(5,342)	$486,717	111,801	(414,643)	(33,921)	(82,300)
Canadian Operations	52,039	(1,220)	184,800	(35,366)	11,390	(4,094)	63,118	12,722	(49,270)	(1,603)	(14,240)
Accident and Health	848	(11)	10,866	(252)	60,485	(20,228)	57,182	1,019	(42,250)	(15,888)	(4,851)
Other International	28,354	0	88,446	(3)	23,152	(2,772)	67,868	6,135	(54,282)	(575)	(21,449)
Adjustments and Eliminations	0	0	0	0	0	0	0	5,151	0	0	(7,696)
Total	$241,978	(8,413)	1,862,284	(88,375)	206,284	(32,436)	$674,885	136,828	(560,445)	(51,987)	(130,536)
1997											
U.S. Operations	$203,486	(6,968)	2,735,772	(185,761)	157,240	(13,577)	$554,253	154,303	(498,671)	(37,469)	(88,928)
Canadian Operations	50,506	(505)	278,738	(54,627)	49,267	(34,536)	83,563	16,321	(76,265)	(10,775)	(18,023)
Accident and Health	2,680	(36)	23,587	(1,146)	101,205	(31,323)	90,692	1,249	(88,658)	(25,260)	(8,746)
Other International	40,679	0	175,714	(34,132)	37,136	(3,744)	106,952	10,876	(86,509)	(3,485)	(36,541)
Adjustments and Eliminations	0	0	0	0	0	0	0	5,584	0	0	(8,114)
Total	$297,351	(7,509)	3,213,811	(275,666)	344,848	(83,180)	$835,460	188,333	(750,103)	(76,989)	(160,352)

REINSURANCE GROUP OF AMERICA, INCORPORATED

SCHEDULE IV - REINSURANCE
(in millions)

	Gross Amount	Ceded to Other Companies	Assumed from Other Companies	Net Amount	Percentage of Amount Assumed to Net
1995					
Life insurance in force	$ 85	$25,275	$153,861	$128,671	119.58%
Premiums					
U.S. Operations	$ 2.6	$ 100.7	$ 512.2	$ 414.1	123.69%
Canadian Operations	-	15.8	65.1	49.3	132.05%
Accident and Health	-	60.0	107.8	47.8	225.52%
Other International	33.8	1.8	26.8	58.8	45.58%
Total	$36.4	$ 178.3	$ 711.9	$ 570.0	124.89%
1996					
Life insurance in force	$ 85	$39,050	$168,339	$129,374	130.12%
Premiums					
U.S. Operations	$ 2.5	$ 134.2	$ 618.1	$ 486.4	127.08%
Canadian Operations	-	18.4	81.5	63.1	129.16%
Accident and Health	-	55.0	112.2	57.2	196.15%
Other International	41.7	2.0	28.5	68.2	41.79%
Total	$44.2	$ 209.6	$ 840.3	$ 674.9	124.51%
1997					
Life insurance in force	$ 83	$28,720	$227,260	$198,623	114.42%
Premiums					
U.S. Operations	$ 2.4	$ 132.9	$ 684.8	$ 554.3	123.54%
Canadian Operations	-	21.8	105.4	83.6	126.08%
Accident and Health	-	96.8	187.5	90.7	206.73%
Other International	62.6	1.8	46.1	106.9	43.12%
Total	$65.0	$ 253.3	$1,023.8	$ 835.5	122.54%

REINSURANCE GROUP OF AMERICA, INCORPORATED

SCHEDULE V - VALUATION AND QUALIFYING ACCOUNTS

December 31, 1997

(in millions)

Description	Balance at Beginning of Period	Charges to Costs and Expenses	Charged to Other Accounts-Describe	Deductions-Describe	Balance at End of Period
1996					
Mortgage loan valuation allowance	$ -	$0.3	$ -	$ -	$0.3
Total	$ -	$0.3	$ -	$ -	$0.3
1997					
Mortgage loan valuation allowance	$0.3	$0.1	$ -	$ -	$0.4
Total	$0.3	$0.1	$ -	$ -	$0.4

SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Reinsurance Group of America, Incorporated.

By: /s/ A. Greig Woodring March 18, 1998

A. Greig Woodring
President and Chief Executive Officer

Date: March 18, 1998

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant and in the capacities indicated on March 18, 1998.

Signatures		Title
/s/ Richard A. Liddy Richard A. Liddy	March 18, 1998	Chairman of the Board and Director
/s/ A. Greig Woodring A. Greig Woodring	March 18, 1998	President, Chief Executive Officer, and Director (Principal Executive Officer)
/s/ J. Cliff Eason J. Cliff Eason	March 18, 1998	Director
/s/ Bernard A. Edison Bernard A. Edison	March 18, 1998	Director
/s/ Stuart I. Greenbaum Stuart I. Greenbaum	March 18, 1998	Director
/s/ William A. Peck, M.D. William A. Peck, M.D.	March 18, 1998	Director
/s/ Leonard M. Rubenstein Leonard M. Rubenstein	March 18, 1998	Director
/s/ William P. Stiritz William P. Stiritz	March 18, 1998	Director
/s/ Edwin Trusheim H. Edwin Trusheim	March 18, 1998	Director
/s/ Jack B. Lay Jack B. Lay	March 18, 1998	Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)

By: /s/ Jack B. Lay March 18, 1998

Jack B. Lay Attorney-in-fact

Index to Exhibits

Exhibit Number	Description	Source (See footnotes that follow)
2.1.	Reinsurance Agreement dated as of December 31, 1992 between General American Life Insurance Company ("General American") and General American Life Reinsurance Company of Canada ("RGA Canada")	
2.2.	Retrocession Agreement dated as of July 1, 1990 between General American and The National Reinsurance Company of Canada, as amended between RGA Canada and General American on December 31, 1992	
2.3.	Reinsurance Agreement dated as of January 1, 1993 between RGA Reinsurance Company ("RGA Reinsurance", formerly "Saint Louis Reinsurance Company") and General American	
3.1.	Restated Articles of Incorporation of Reinsurance Group of America, Incorporated ("RGA")	
3.2.	Bylaws of RGA	
3.3.	Certificate of Designations for Series A Junior Participating Preferred Stock (included as Exhibit A to Exhibit 4.2)	
4.1.	Form of Specimen Certificate for Common Stock of RGA	
4.2.	Rights Agreement dated as of May 4, 1993, between RGA and ChaseMellon Shareholder Services, L.L.C., as Rights Agent	
10.1.	Marketing Agreement dated as of January 1, 1993 between RGA Reinsurance and General American	
10.2.	Tax Allocation Agreement dated October 30, 1992 between RGA Reinsurance and General American	
10.3.	Tax Allocation Agreement dated as of January 15, 1993 among RGA, RGA Reinsurance, and General American	
10.4.	Tax Sharing Agreement dated as of January 15, 1993 among RGA, RGA Reinsurance, and General American	
10.5.	Administrative Services Agreement dated as of January 1, 1993 between RGA and General American	
10.6.	Administrative Services Agreement dated as of January 1, 1993 between RGA Reinsurance and General American	

Exhibit Number	Description	Source (See footnotes that follow)
10.7.	Management Agreement dated as of January 1, 1993 between RGA Canada and General American	
10.8.	Investment Advisory Agreement dated as of January 1, 1993 between RGA and Conning Asset Management Company, formerly General American Investment Management Company ("CAM")	
10.9.	Investment Advisory Agreement dated as of January 1, 1993 between RGA Reinsurance and CAM	
10.10.	Lease Agreement dated as of May 17, 1993 between RGA and General American and Assignment to RGA Reinsurance	
10.11	Standard Form of General American Automatic Agreement	
10.12	Standard Form of General American Facultative Agreement	
10.13	Standard Form of General American Automatic and Facultative YRT Agreement	
10.14	Shareholders' Agreement dated as of November 24, 1992 among General American, Fairfield Holding, Adrian N. Baker II, Richard H. Chomeau, and Anthony J. Sutcliffe, as amended with RGA and RGA Reinsurance	
10.15	Shareholders' Agreement dated as of March 20, 1992 among General American, RGA International, Ltd., formerly G.A. Canadian Holdings, Ltd., Penta-Life Group Inc., Claude M. Genest, Brendan Galligan, Graham Watson, Societe FSA 50 Inc., Aenigma Holdings Limited, Andre St-Amour, and Andr Primeau, as amended with RGA	
10.16	Registration Rights Agreement dated as of April 15, 1993 between RGA and General American	
10.17	RGA Reinsurance Management Incentive Plan as amended and restated effective November 1, 1996	
10.18	RGA Reinsurance Management Deferred Compensation Plan (ended January 1, 1995)	
10.19	RGA Reinsurance Executive Deferred Compensation Plan (ended January 1, 1995)	

Exhibit Number	Description	Source (See footnotes that follow)
10.20	RGA Reinsurance Executive Supplemental Retirement Plan (ended January 1, 1995)	
10.21	RGA Reinsurance Augmented Benefit Plan (ended January 1, 1995)	
10.22	RGA Flexible Stock Plan as amended and restated effective November 1, 1996	
10.23	Form of Directors' Indemnification Agreement	
10.24	RGA Executive Performance Share Plan as amended and restated effective November 1, 1996	
10.25	RGA Flexible Stock Plan for Directors	
10.26	Employment Agreement dated April 6, 1992 between RGA Canada and Andre St-Amour	
13.1	Portions of Annual Report to Shareholders for 1997 Incorporated by Reference in the Form 10-K	--
21.1	Subsidiaries of RGA	--
23.1	Consent of KPMG Peat Marwick LLP	--
24.1	Powers of Attorney for Messrs. Eason, Edison, Peck Greenbaum, Rubenstein, Stiritz, and Trusheim	--
27.1	Financial Data Schedule	--

Documents incorporated by reference to Registration Statement on Form S-1 (No. 33-58960) filed on 2 March 1993 at the corresponding exhibit.

Documents incorporated by reference to Amendment No. 1 to Registration Statement on Form S-1 (No. 33-58960), filed on 14 April 1993 at the corresponding exhibit.

Documents incorporated by reference to Amendment No. 2 to Registration Statement on Form S-1 (No. 33-58960), filed on 29 April 1993 at the corresponding exhibit.

Documents incorporated by reference to Form 10-K for fiscal year ended December 31, 1993 filed 29 March 1994 at the corresponding exhibit.

Documents incorporated by reference to Amendment No. 1 to Form 10-Q for the quarter ended March 31, 1997 (No. 1-11848) filed on 21 May 1997 at the corresponding exhibit.

Documents incorporated by reference to Form 10-K for the year ended December 31, 1996 (No. 1-11848) filed on 24 March 1997 at the corresponding exhibit.

Documents incorporated by reference to Registration Statement on Form S-8 (No. 333-27167) filed on 15 May 1997 at the corresponding exhibit

Represents a management contract or compensatory plan or arrangement required to be filed as an exhibit to this form pursuant to Item 14C of this Part IV.

Exhibit 10.26

EMPLOYMENT AGREEMENT

MEMORANDUM OF AGREEMENT entered into at Montreal, this 6th day of April, 1992.

BY AND BETWEEN: GENERAL AMERICAN LIFE REINSURANCE COMPANY OF CANADA, a company duly incorporated under the laws of Canada, having a principal place of business at 1140 de Maisonneuve Blvd. West Suite 802, in the City of Montreal, Province of Quebec, Canada, herein acting and represented by Mr. Albert G. Woodring, duly authorized to act hereunder for the purposes of the present Agreement as he so declares;

(hereinafter the "Employer")

OF THE FIRST PART

AND Andre St-Amour, having his address at 7735 Place Mairaux, in the City of Brossard, Province of Quebec, Canada;

(hereinafter "St-Amour" and collectively with the Employer, "the Parties")

THE PARTIES DECLARE AS FOLLOWS:

WHEREAS the Employer wishes to enlist St-Amour's services and St-Amour wishes to offer his services to the Employer, the whole in accordance with the conditions stipulated in the present agreement;

ARTICLE I

Duties
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1. As President and Chief Operating Officer of the Employer, St-Amour's duties and responsibilities shall include, above and beyond those inherent to his office and normally

pertaining to it, those compatible with his position and which the Employer may delegate to him from time to time.

ARTICLE II

Salary

2. As President and Chief Operating Officer of the Employer, St-Amour shall receive an annual gross compensation of one hundred sixty two thousand five hundred dollars ($162,500), to be paid in 26 equal installments of $6,250. Such compensation shall be adjusted annually by the Employer on the anniversary date by an amount equal to the percentage increase in the CPI-Urban Consumers - All items for Montreal plus two percent (2%).

ARTICLE III

Benefits and Vacation

3. St-Amour shall have the right to participate to all benefit programs and plans granted to management employees of the Employer. St-Amour shall be granted four (4) weeks vacation in accordance with the Employer's existing policy as amended from time to time.

ARTICLE IV

Expenses

4. The Employer hereby agrees to reimburse St-Amour, upon presentation of appropriate receipts or other evidence thereof, for all expenses and fees reasonably incurred by St-Amour in the exercise of his duties, the whole in accordance with the policy of the Employer as modified from time to time at its sole discretion. Expenses shall include a parking space at the place of business.

ARTICLE V

Confidentiality

5.1 St-Amour hereby agrees that he shall not, use, divulge, diffuse, sell, transfer, give, circulate, or otherwise distribute to any Person whatsoever or whomsoever, or otherwise make public, any Confidential Information during the term of this Agreement and for a period of two (2) years following upon the termination of this Agreement.

5.2 Notwithstanding any provision of this Agreement, St-Amour shall not, at any time while he is an employee of the Employer or at any time thereafter, use, discuss or disclose to any Person a trade secret of the Employer.

5.3 For the purposes hereof, "Confidential Information" shall mean all information, howsoever received by St-Amour from, through or relating to the Employer, and in whatever form (whether oral, written, machine readable or otherwise), which pertains to the Employer; provided, however, that the phrase "Confidential Information" shall not include information which:

i. is in the public domain, without any fault or responsibility on St-Amour's part;

ii. is properly within the legitimate possession of St-Amour prior to its disclosure and without any obligations of confidence attaching thereto;

iii. is approved by the Employer for disclosure prior to its actual disclosure.

ARTICLE VI

Obligation of non-solicitation of customers

6.1 St-Amour shall not, for a period of twelve (12) months after the termination of this Agreement, on his own behalf or on behalf of any other Person, whether directly or indirectly, in any capacity whatsoever, including, without limitation, as an employer, employee, mandator, mandatory, principal, agent, joint venturer, partner, shareholder or other equity holder, independent contractor, licensor, licensee, franchisor, franchisee, distributor, consultant, supplier, trustee, or through any person for any purpose which is the same as, is substantially similar to or is in competition with the Business.:

i. canvass or solicit any Customer, or procure, or assist the canvassing or soliciting of any Customer;

ii. canvass or solicit any Prospective Customer, or procure, or assist the canvassing or soliciting of any Prospective Customer.

6.2 St-Amour shall not, for a period of twelve (12) months after the termination of this Agreement, on his own behalf or on behalf of any other Person, directly or indirectly, in any capacity whatsoever, including, without limitation, as an employer, employee, mandator, mandatory, principal, agent, joint venturer, partner, shareholder or other equity holder, independent contractor, licensor, licensee, franchisor, franchisee, distributor, consultant, supplier, trustee, or through any Person for any purpose which is the same as, is substantially similar to or is in competition with the Business:

i. accept, or procure, or assist in the acceptance of, any business from any Customer;

ii. accept, or procure, or assist in the acceptance of, any business from any Prospective Customer.

ARTICLE VII

Non-solicitation of employees

7.1 St-Amour shall not, for a period of twelve (12) months after the termination of this Agreement, on his own behalf or on behalf of any other Person, whether directly or indirectly, in any capacity whatsoever, including, without limitation, as an employer, employee, mandator, mandatory, principal, agent, joint venturer, partner, shareholder or other equity holder, independent contractor, licensor, licensee, franchisor, franchisee, distributor, consultant, supplier, trustee, or through any Person:

i. employ, offer employment to, or solicit the employment or engagement of, or otherwise entice away from the employment of the Employer any individual who is employed by the Employer at the time of termination of this Agreement or who was employed by the Employer within the six (6) months preceding the termination of this Agreement; or

ii. procure or assist any Person to employ, offer employment or solicit the employment or engagement of, or otherwise entice away from the employment of the Employer any individual who is employed by the Employer at the time of termination of this Agreement or who was employed by the Employer within the six (6) months preceding the termination of this Agreement.

ARTICLE VIII

Duration

8.1 This Agreement is made for an indefinite period of time, commencing on January 1, 1992, but the compensation terms and adjustments thereof are set for a period of five (5) years terminating on December 31, 1996.

ARTICLE IX

Termination of the Agreement
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9. Should St-Amour be terminated by the Employer without cause, St-Amour shall receive, and the Employer hereby undertakes to pay to St-Amour in one installment, an indemnity in lieu of notice equal to twelve (12) months of his gross compensation.

ARTICLE X

Language

10.1. The parties hereto acknowledge that they have required and are satisfied that this Agreement and all related documents be drawn up in the English language. Les parties aux presentes reconnaissent avoir requis que la presente entente et les documents qui y sont relatifs soient rediges en anglais.

Exhibit 10.26

Governing Law

10.2 This Agreement shall be governed by and interpreted in accordance with the laws of the Province of Quebec and the laws of Canada applicable therein.

Definitions

10.3 For the purpose of this Agreement, or for the purposes of any notice or communication required hereunder, the capitalized words and expressions shall have the respective meanings, except where the context dictates otherwise, set out in Schedule A, attached hereto.

IN WITNESS WHEREOF this Agreement has been executed by the parties hereto on the date and at the place first hereinabove mentioned.

In Montreal, Quebec, Canada, this 6th day of April 1992.

/s/ Andre St-Amour

ANDRE ST-AMOUR

GENERAL AMERICAN LIFE REINSURANCE
COMPANY OF CANADA

per: /s/ A. Greig Woodring

Exhibit 10.26

SCHEDULE A

(a) "Affiliate" shall mean any Person not dealing at arm's length, within the meaning of any applicable law, with any party hereto, and (ii) with respect to any corporation or company, an other body corporate which directly or indirectly controls or is controlled by or is under directly or indirect common control with such corporation or company, or any body corporate which is directly or indirectly controlled by a corporate body which controls such corporation or company; and for the purposes hereof (I) "control" shall mean, with respect to any body corporate, the ownership of more than fifty percent (50%) of the voting shares of such body corporate, and (ii) "Voting Shares" shall mean shares of the body corporate having the right to elect directors of such body corporate;

(b) "Agreement" shall mean this Employment Agreement and all instruments supplemental hereto or in amendment or confirmation hereof; "herein", "hereof", "hereto", "hereunder" and similar expressions mean and refer to this Agreement and not to any particular Article, Section, Subsection or other subdivision; "Article", "Section", "Subsections" or other subdivision of this Agreement means and refers to the specified Article, Section, Subsection or other subdivision of this Agreement;

(c) "Business" shall mean, in relation to the Employer, the business now and heretofore or hereafter conducted by the Employer, including, without limitation, the business of life reinsurance underwriting as it now stands in Canada;

(d) "Customer" shall mean any Person having purchased, retained or utilized the Employer's goods or services in the course of Business at any time during the twelve (12) month period preceding the termination of this Agreement;

(e) "Governmental Body" shall mean:

   i. any domestic or foreign national, federal provincial, state, municipal or other government body;

ii. any subdivision, ministry, department, secretariat, bureau, agency, commission, board, instrumentality or authority of any of the foregoing governments or bodies;

iii. any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing governments or bodies;

iv. any domestic or foreign judicial, quasi-judicial, arbitration or administrative court, grand jury, commission, board or panel;

(f) "Person" shall man any individual not employed by the Employer or any other entity possessed or juridical personality, including, without limitation, a corporation, company, cooperative, partnership, trust, unincorporated association, Affiliate or Governmental Body; and pronouns when they refer to a Person shall have a similar extended meaning;

(g) "Prospective Customer" shall mean (I) any Person solicited by St-Amour on behalf of the Employer at any time during the twelve (12) month period preceding the termination of this Agreement for any purpose relating to the Business, and (ii) any Person solicited by the Employer with St-Amour's knowledge for any purpose relating to the Business at any time during the six (6) month period preceding the termination of this Agreement.

DIVISIONAL HIGHLIGHTS

U.S. Operations

1997

	Traditional	Non-traditional Asset-Intensive	Non-traditional Financial Reinsurance	Total
Revenues:				
Net premiums	$554,253	$ --	$ --	$554,253
Investment income, net of related expenses	98,666	55,636	--	154,302
Realized investment gains/(losses), net	1,816	(1,726)	--	90
Other revenue	872	--	25,308	26,180
Total revenues	655,607	53,910	25,308	734,825
Benefits and expenses:				
Claims and other policy benefits	405,590	2,414	--	408,004
Interest credited	42,564	48,102	--	90,666
Policy acquisition costs and other insurance expenses	89,556	1,548	14,368	105,472
Other operating expenses	20,924	--	--	20,924
Total benefits and expenses	558,634	52,064	14,368	625,066
Income before income taxes and minority interest	$96,973	$1,846	$10,940	$109,759

1996

	Traditional	Non-traditional Asset-Intensive	Non-traditional Financial Reinsurance	Total
Revenues:				
Net premiums	$486,431	$ --	$ --	$486,431
Investment income, net of related expenses	87,163	24,638	--	111,801
Realized investment (losses), net	(1,340)	--	--	(1,340)
Other revenue	(564)	--	16,957	16,393
Total revenues	571,690	24,638	16,957	613,285
Benefits and expenses:				
Claims and other policy benefits	360,081	--	--	360,081
Interest credited	34,168	20,224	--	54,392
Policy acquisition costs and other insurance expenses	80,667	3,044	12,841	96,552
Other operating expenses	17,768	--	--	17,768
Total benefits and expenses	492,684	23,268	12,841	528,793
Income before income taxes and minority interest	$ 79,006	$ 1,370	$ 4,116	$ 84,492

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U.S. OPERATIONS continued

1995

	Traditional	Non-traditional Asset-Intensive	Non-traditional Financial Reinsurance	Total
Revenues:				
Net premiums	$414,133	$ --	$ --	$414,133
Investment income, net of related expenses	73,093	866	--	73,959
Realized investment gains, net	640	--	--	640
Other revenue	(318)	--	7,742	7,424
Total revenues	487,548	866	7,742	496,156
Benefits and expenses:				
Claims and other policy benefits	311,974	--	--	311,974
Interest credited	33,023	768	--	33,791
Policy acquisition costs and other insurance expenses	65,526	34	6,037	71,597
Other operating expenses	15,367	--	--	15,367
Total benefits and expenses	425,890	802	6,037	432,729
Income before income taxes and minority interest	$ 61,658	$ 64	$1,705	$ 63,427

Canadian Operations

	1997	1996	1995
Revenues:			
Net premiums	$ 83,563	$63,118	$49,248
Investment income, net of related expenses	16,321	12,722	11,064
Realized investment gains/(losses), net	109	2,419	(198)
Other revenue	20,152	290	201
Total revenues	120,145	78,549	60,315
Benefits and expenses:			
Claims and other policy benefits	74,972	48,983	36,683
Interest credited	1,293	287	--
Policy acquisition costs and other insurance expenses	22,411	10,161	8,087
Other operating expenses	6,387	5,682	4,665
Total benefits and expenses	105,063	65,113	49,435
Income before income taxes and minority interest	$ 15,082	$13,436	$10,880

DIVISIONAL HIGHLIGHTS

Accident and Health

	1997	1996	1995
Revenues:			
Net premiums	$ 90,692	$57,182	$47,789
Investment income, net of related expenses	1,249	1,019	730
Realized investment gains/(losses), net	2	2	(2)
Other revenue	1,379	666	335
Total revenues	93,322	58,869	48,852
Benefits and expenses:			
Claims and other policy benefits	70,658	42,250	33,640
Accident and health pool charge	18,000	--	--
Policy acquisition costs and other insurance expenses	28,354	18,389	13,630
Other operating expenses	5,652	2,350	2,280
Total benefits and expenses	122,664	62,989	49,550
(Loss) before income taxes and minority interest	$(29,342)	$(4,120)	$ (698)

Other International
1997

	Latin America Direct	Latin America Reinsurance	Asia Pacific	Other Markets	Total
Revenues:					
Net premiums	$56,460	$11,730	$36,591	$ 2,170	$106,951
Investment income, net of related expenses	7,067	1,701	1,730	378	10,876
Realized investment gains, net	--	--	14	--	14
Other revenue	185	--	--	332	517
Total revenues	63,712	13,431	38,335	2,880	118,358
Benefits and expenses:					
Claims and other policy benefits	53,181	10,327	21,164	1,755	86,427
Interest credited	82	--	--	--	82
Policy acquisition costs and other insurance expenses	3,820	329	15,616	479	20,244
Other operating expenses	6,553	2,962	6,119	3,680	19,314
Interest expense	--	--	468	--	468
Total benefits and expenses	63,636	13,618	43,367	5,914	126,535
Income/(loss) before income taxes and minority interest	$ 76	$ (187)	$(5,032)	$(3,034)	$ (8,177)

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Other International continued
1996

	Latin America Direct	Latin America Reinsurance	Asia Pacific	Other Markets	Total
Revenues:					
Net premiums	$41,672	$5,130	$21,066	$ 287	$68,155
Investment income, net of related expenses	3,722	1,400	1,013	-	6,135
Realized investment (losses)/gains, net	-	-	-	-	-
Other revenue	36	1	-	-	37
Total revenues	45,430	6,531	22,079	287	74,327
Benefits and expenses:					
Claims and other policy benefits	39,492	3,122	11,641	170	54,425
Interest credited	27	-	-	-	27
Policy acquisition costs and other insurance expenses	1,379	169	9,808	52	11,408
Other operating expenses	4,434	1,214	4,536	1,850	12,034
Interest expense	-	-	484	-	484
Total benefits and expenses	45,332	4,505	26,469	2,072	78,378
Income/(loss) before income taxes and minority interest	$ 98	$2,026	$(4,390)	$(1,785)	$(4,051)

Other International
1995

	Latin America Direct	Latin America Reinsurance	Asia Pacific	Other Markets	Total
Revenues:					
Net premiums	$33,794	$12,292	$12,735	$ -	$58,821
Investment income, net of related expenses	2,050	986	(231)	-	2,805
Realized investment (losses)/gains, net	-	-	-	-	-
Other revenue	(30)	1	-	-	(29)
Total revenues	35,814	13,279	12,504	-	61,597
Benefits and expenses:					
Claims and other policy benefits	30,654	8,024	9,096	-	47,774
Interest credited	5	-	-	-	5
Policy acquisition costs and other insurance expenses	2,276	90	2,392	-	4,758
Other operating expenses	3,299	1,264	2,706	-	7,269
Interest expence	-	-	-	-	-
Total benefits and expenses	36,234	9,378	14,194	-	59,806
(Loss)/income before income taxes and minority interest	$ (420)	$ 3,901	$(1,690)	$ -	$ 1,791

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following analysis of Reinsurance Group of America, Incorporated's consolidated financial condition and results of operations should be read in conjunction with "Selected Consolidated Financial and Operating Data" and the consolidated financial statements and accompanying notes beginning on page 34.

General

In 1993, Reinsurance Group of America, Incorporated (RGA) completed an initial public offering of 9,961,875 shares of common stock at $17.33 per share (adjusted for the stock split in the form of a dividend during 1997). At December 31, 1997, General American Life Insurance Company (General American) indirectly owned approximately 64% of the common stock issued by RGA.

During 1993, General American contributed its investment in RGA Reinsurance Company (RGA Reinsurance, formerly Saint Louis Reinsurance Company) and RGA International, Ltd. (RGA International, formerly G.A. Canadian Holdings, Ltd.) to RGA. Additionally, General American entered into an indemnity reinsurance agreement to retrocede virtually all of its net reinsurance business to RGA Reinsurance effective January 1, 1993. Subsequently, most of the existing reinsurance agreements between General American and various ceding companies were transferred to RGA Reinsurance, replacing General American as the direct party to the treaties.

The net proceeds to RGA from the sale of shares in the initial public offering were approximately $160.4 million. These proceeds have been utilized to finance expansion, both domestically and internationally. During 1993, RGA contributed $95.0 million in the form of capital to its domestic life insurance subsidiary, RGA Reinsurance, to strengthen its capital base, finance expansion of its business, and for other general corporate purposes. Some of the remaining proceeds have been invested in subsidiaries in Argentina, Australia, Barbados, Bermuda, Canada, Chile and the United Kingdom.

On March 19, 1996, RGA issued 7 1/4% Senior Notes (Senior Notes) with a face value of $100,000,000 in accordance with Rule 144A of the Securities Act of 1933. The net proceeds from the offering of approximately $98,943,000, have been utilized to finance the continuing development of RGA's operations and investments in subsidiaries.

The Board of Directors of RGA approved a three-for-two split of RGA's stock for all shareholders of record as of August 8, 1997, which was payable on August 29, 1997. Effective September 2, 1997, RGA stock began trading at a new, post-split price. All share information is presented on a post-split basis, except where otherwise indicated.

Results of Operations

RGA and its subsidiaries (the Company) derive revenues primarily from renewal premiums from existing reinsurance treaties, new business premiums from existing or new reinsurance treaties, and income earned on invested assets, as well as direct insurance premiums from its Latin American subsidiaries.

The Company's primary business is life reinsurance, which involves reinsuring life insurance policies that are often in force for the lifetime of the underlying individual insureds, with premiums earned typically over a period of 10 to 30 years. Each year, however, a portion of the business under existing treaties terminates due to, among other things, voluntary surrenders of underlying life insurance policies, lapses of underlying policies, deaths of underlying insureds, and the exercise of recapture options.

Most of the Company's existing life reinsurance treaties provide for contractual increases in premium rates. These premium increases are constructed to offset expected increases in claims associated with insureds' advancing ages. New business premiums during each of the last three years have contributed more than $130.0 million to total net premiums for each period. "New business" refers to reinsurance resulting from newly issued underlying policies or blocks of existing business, regardless of whether the reinsurance is associated with new or existing treaties.

Insurance in force for the Company increased $59.0 billion to $227.3 billion at December 31, 1997. New business production for 1997 totaled $75.9 billion compared to $37.9 billion in 1996 and $36.0 billion in 1995. Significant growth in new business in U.S. and Latin American operations contributed to most of this increase.

As is customary in the reinsurance business, life insurance clients continually update, refine, and revise reinsurance information provided to the Company. Such revised information is used by the Company in the preparation of its financial statements and the financial effects resulting from the incorporation of revised data are reflected in income currently.

The Company's profitability primarily depends on the volume and amount of death claims incurred. While death claims are reasonably predictable over a period of many years, claims become less predictable over shorter periods and are subject to fluctuation from quarter to quarter and year to year. RGA Reinsurance has catastrophe insurance coverage issued by an insurer rated "A" by A.M. Best that provides benefits of up to $100.0 million per occurrence for claims involving three or more deaths in a single accident, with a deductible of $1.5 million per occurrence. This coverage is terminable annually on 90 days notice and is ultimately provided through a pool of 17 unaffiliated insurers. The Company believes such catastrophe insurance coverage is adequate to protect the Company from risks of multiple deaths of lives reinsured by policies with RGA Reinsurance in a single accident. Additionally, the Company's practice is to limit its retention to $2.5 million on any one insured life.

The Company has foreign currency risk on business conducted in foreign currency to the extent that the exchange rate of the foreign currency is subject to adverse change over time. The Company's Canadian operations transact business in Canadian dollars. The exchange rate from Canadian to U.S. currency was 0.6992, 0.7297, and 0.7344 at December 31, 1997, 1996, and 1995, respectively. The Company's Latin American operations primarily conduct business in Chilean pesos and Argentine dollars. The exchange rate from these currencies to the U.S. currency remained relatively stable during 1997, 1996, and 1995. The business generated from the Asia Pacific region is primarily denominated in U.S. dollars and Australian dollars and the Company was not materially effected by the decline in the foreign exchange rates within the Asia Pacific region during 1997.

The Company has four main operational segments: U.S., Canadian, accident and health, and other international. The U.S. operations provide life reinsurance and non-traditional reinsurance to domestic clients. Non-traditional business includes asset-intensive and financial reinsurance. Asset-intensive products include reinsurance of stable value products, corporate-owned and bank-owned life insurance, and annuities. The Canadian operations provide insurers with traditional reinsurance as well as assistance with capital management activity. The accident and health operations include both domestic and international reinsurance. The other international operations include results from Latin American operations, Asia Pacific operations, and Market Development operations. Other international business includes direct and reinsurance business from a joint venture and subsidiaries in Latin America, Australia, and the United Kingdom, as well as reinsurance of life and health products through RGA Reinsurance. Latin American direct business is comprised primarily of Chilean single-premium annuities and Argentine group life and universal life products. The operational segment results do not include the corporate investment activity, general expenses and interest expense of RGA.

Year Ended December 31, 1997
Compared to Year Ended December 31, 1996

Income Before Income Taxes and Minority Interest Consolidated income before income taxes and minority interest decreased 3.4% in 1997. Diluted earnings per share were $2.13 for 1997 compared with $2.17 for 1996. After tax consolidated net income before realized capital gains and losses decreased slightly to $54.4 million in 1997 from $54.6 million in 1996. During the first quarter of 1997, the Company recorded a charge of $18.0 million, $10.4 million after-tax, to increase reserves associated with run-off claims from certain accident and health insurance pools in which it had formerly participated. That action was a result of management's strategic decision to exit all outside-managed accident and health pools. The charge reflects management's intent to reserve fully for all anticipated claim payments attributed to outside-managed accident and health pools. Due to continuing losses emanating from certain of the Company's accident and health operations in the third and fourth quarters of 1997, the strategic decision was made to cease marketing accident and health business and to place the operation into run-off at year-end. The Company established an additional $3.0 million in reserves which it believes are sufficient to handle the run-off. In December 1997, RGA Reinsurance was notified by the holders of minority interests in its accident and health subsidiaries of their intent to exercise certain put options for their 49% ownership interest. Based upon the Company's decision to cease marketing accident and health business, the Company also established a reserve of approximately $3.0 million against the intangible asset that will arise related to the excess of purchase price over the fair value of net assets acquired when put options are exercised by certain minority interests.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The increase in the U.S. operations income before income taxes and minority interest in 1997 compared to 1996 was due to fees earned on reinsurance transactions and strong premium and investment income growth of 13.9% and 38.0%, respectively. The increase in the Canadian operations income before income taxes and minority interest in 1997 compared to 1996 was primarily a result of strong new business production and recapture fees earned which were partially offset by adverse mortality experienced in 1997. The decrease in the accident and health operations income before income taxes and minority interest in 1997 compared to 1996 was primarily due to the accident and health charge in the first quarter, the write off of intangibles and establishment of additional reserves in the fourth quarter discussed above, as well as continued adverse experience on the remainder of the business. The other international operations lost $8.2 million before income taxes and minority interest in 1997 compared to $4.1 million loss in 1996. The losses in the segment were due primarily to continued price pressure in highly competitive international markets and adverse mortality for blocks of mortality risk reinsurance from Argentina. Additionally, costs associated with the development of new business in several international markets still exceed the revenue base, due to the relatively recent initiation of market development activities.

Net Premiums Consolidated net premiums increased 23.8%, to $835.5 million in 1997. Net premiums for the U.S. operations rose 13.9% in 1997. Renewal premiums from the existing block of business, new business premiums from facultative and automatic treaties, and premium flows from reinsurance of larger blocks of in force business all contributed to the premium increase. Business premium levels are significantly influenced by large transactions and reporting practices of ceding companies from period to period.

Net premiums in the Canadian operations increased 32.4% to $83.6 million in 1997. New business premiums increased $2.0 million, while renewal premiums increased $18.4 million during 1997. The growth in renewal premiums reflects the normal increase of in force business and the effect of large blocks of in force business acquired in the fourth quarter of 1996 and retained during 1997. The effect of changes in the foreign exchange rate during 1997 was not material.

Accident and health operations net premiums increased 58.6% to $90.7 million in 1997. The net premiums increased primarily from business written by the Company's domestic underwriting facility. With the decision to cease marketing this type of business, it is anticipated that accident and health premiums will decrease in each of the next few years. The Company estimates that future accident and health premiums compared to 1997 premiums will remain level in 1998. Premiums will decrease, compared to each preceding year, by approximately 20%, 70%, 90%, and 100% during 1999, 2000, 2001 and 2002, respectively.

The Company's other international operations reported premiums of $107.0 million in 1997 compared to $68.2 million in 1996. The 1997 premium represented approximately $68.2 million from Latin America, of which approximately $56.5 million was direct premium generated in Argentina and Chile. This increase resulted from continued growth in Chilean single premium annuities and universal life business in Argentina. The Asia Pacific operations and other markets generated $38.8 million of premiums, predominantly through the Hong Kong contact office and Australia.

Net Investment Income Consolidated net investment income increased 37.6% in 1997. The cost basis of invested assets increased $946.7 million, or 64.4%. The increase in invested assets was a result of an increase in operating cash flows and reinsurance transactions involving deposits for asset-intensive products from ceding companies, primarily stable value product deposits, of $834.3 million and $429.3 million during 1997 and 1996, respectively. The average yield earned on investments was 7.23% in 1997 compared with 7.32% earned in 1996. The decrease in overall yield reflected the increase in assets supporting the stable value reinsurance product that are generally of a shorter duration and carry a lower average yield. The asset-intensive products investment portfolios generated approximately $55.6 million and $24.6 million of investment income in 1997 and 1996, respectively, which was largely offset by earnings credited and paid to ceding companies included in interest credited.

Realized Investment Gains/(Losses), Net Consolidated net realized capital gains decreased $0.6 million to $0.3 million in 1997. The 1997 amount included the write down of the value of an investment by $2.5 million, which was more than offset by capital gains within the various operating portfolios.

Other Revenue Consolidated other revenue increased $30.0 million in 1997 to $47.4 million. Other revenue includes items such as treaty recapture fees, profit and risk fees associated with financial reinsurance as well as earnings in unconsolidated subsidiaries, management fee income and miscellaneous income associated with late premium payments. During 1997, financial reinsurance treaties resulted in $16.0 million in financial reinsurance fees which were partially offset by fees paid to retrocessionaires of $14.4 million, included in policy acquisition costs and other insurance expenses. The Company's strategy involves the assumption and subsequent retrocession of these financial reinsurance treaties which resulted in amounts of $147.2 and $148.4 being included in other reinsurance assets and liabilities, respectively, on the Company's consolidated balance sheets. Other revenue also included $9.3 million in earnings in unconsolidated subsidiaries in the U.S. operations and a recapture fee of $20.1 million for a treaty executed in the Canadian operations during December 1997. This recapture fee included the recovery of acquisition costs previously deferred which have been reflected in policy acquisition costs and other insurance expenses.

Claims and Other Policy Benefits Consolidated claims and other policy benefits increased 26.6% in 1997. Claims and other policy benefits as a percentage of net premiums increased to 76.6% in 1997 from 74.9% in 1996. This increase was primarily a result of adverse experience in the Canadian and accident and health operations in 1997 and increasing levels of other international business. The Company expects mortality to fluctuate somewhat from period to period, but believes it is fairly constant over longer periods of time. The Company continues to monitor mortality trends to determine the appropriateness of reserve levels.

U.S. operations claims and other policy benefits increased 13.3% in 1997, primarily as a result of increases from new business production. Claims and other policy benefits as a percentage of net premiums decreased slightly to 73.6% in 1997 from 74.0% in 1996. This decrease was due to normal short-term fluctuations in death claims.

Canadian operations claims and other policy benefits increased 53.1% in 1997. Claims and other policy benefits as a percentage of net premiums increased to 89.7% in 1997 from 77.6% in 1996. The increase as a percent of premiums was primarily due to mortality results which were not as favorable as those experienced in 1996.

Accident and health operations claims and other policy benefits increased 67.2% in 1997. These claims and other policy benefits do not include the $18.0 million, $10.4 million after-tax, accident and health pool charge taken during the first quarter of 1997, which is separately disclosed on the income statement. As a percentage of net premiums, claims and other policy benefits increased to 77.9% in 1997 from 73.9% in 1996. The increase as a percent of premiums was primarily due to an increase in reserves of approximately $3.0 million during 1997 related to the Company's decision to cease marketing these services and place the line into run-off. In addition, the segment continued to experience adverse results in 1997. The accident and health operations reserves are subject to volatility due to the nature of risk covered, primarily accident risks. Reserves are calculated based upon current information, including industry estimates for certain aviation accidents.

The Company's other international business comprised the remaining increase of $32.1 million from the prior year. This increase was the result of reserve and policyholder benefit increases on business from Latin American ventures and blocks of mortality risk reinsurance of $20.9 million. These reserve increases resulted from new business and the continued growth in the Latin American single premium immediate annuity business in 1997. The Asia Pacific operations reflected an increase of $9.5 million resulting primarily from new business written in Australia.

Interest Credited Consolidated interest credited increased $37.3 million in 1997 to $92.0 million. Interest credited represents amounts credited on the Company's asset-intensive and universal life type products. Asset-intensive products include stable value operations, bank-owned and corporate-owned life insurance and annuity products. Reinsurance of these products is primarily written in the U.S. operations, while the Canadian operations have a small annuity block of business and the Latin American operations have a direct universal life product in Argentina. The increase in interest credited was a result of an increase in reinsurance transactions involving deposits for asset-intensive products from ceding companies.

Policy Acquisition Costs and Other Insurance Expenses Consolidated policy acquisition costs and other insurance expenses, consisting primarily of allowances, increased 29.3%, to $176.5 million in 1997. As a percentage of net premiums, consolidated policy acquisition costs and other insurance expenses increased to 21.1% in 1997 from 20.2% in 1996 resulting from growth in financial reinsurance transactions, partially offset by a change in business mix from coinsurance to yearly renewable term reinsurance. Overall, policy acquisition costs and other insurance expenses continue to fluctuate with business volume and changes in product mix from period to period.

Policy acquisition costs and other insurance expenses as a percentage of net premiums for the U.S. operations decreased to 19.0% in 1997 from 19.8% in 1996. Within the U.S. operations, policy acquisition costs and other insurance expenses as a percentage of net premiums for traditional business decreased slightly to 16.2% in 1997 from 16.6% in 1996. The financial reinsurance business within the U.S. operations reflects fees of approximately $14.4 million paid to retrocessionaires during 1997, which represented a partial offset to the fees collected that are reflected as other revenues.

In the Canadian operations, policy acquisition costs and other insurance expenses as a percentage of net premiums increased to 26.8% in 1997, from 16.1% in 1996. The increase was primarily a result of the recovery of deferred acquisition costs of approximately $9.5 million through a treaty recapture in December 1997 which partially offsets the gross recapture fee reported as other revenue. In addition, an increased use of coinsurance versus yearly renewable term reinsurance in 1997 compared to 1996 resulted in higher commissions as a percent of net premiums for 1997 compared to 1996.

Accident and health operations policy acquisition costs and other insurance expenses as a percentage of net premiums decreased to 31.3% in 1997 from 32.2% in 1996. The decrease is not considered significant and will fluctuate resulting from changes in the mixture of business within the accident and health operations.

Other international operations policy acquisitions costs and other insurance expenses as a percentage of net premiums increased to 18.9% in 1997 from 16.7% in 1996. These percentages fluctuate due to the timing of client company reporting and variations in the mixture of business being written within the Latin American and Asia Pacific operations.

Other Operating Expenses Consolidated other operating expenses increased $13.2 million in 1997. The overall increase in operating expenses was attributed to planned increases associated with the ongoing growth of the Company. Other international operations operating expenses comprised $7.3 million of the increase in 1997. The Company believes sustained growth in premiums will lessen the burden of start-up expenses and expansion costs. In addition, $3.0 million of the increase is associated with the write-off of intangibles associated with the Company's decision to cease marketing accident and health operations. Excluding the accident and health write-off, other operating expenses as a percentage of total revenues decreased slightly to 4.7% in 1997 compared to 4.8% in 1996.

Interest Expense Consolidated interest expense during 1997 related to the Senior Notes issued in 1996, and the financing of a portion of the Company's Australian reinsurance operations, RGA Australian Holdings PTY, Limited (Australian Holdings). Interest cost for 1997 and 1996 was $7.8 million and $6.2 million, respectively. Interest related to the Senior Notes was $7.3 million in 1997 and $5.7 million in 1996.

Provision for Income Taxes Consolidated income tax expense decreased 9.3% in 1997 as a result of lower pre-tax income. Income tax expense from operations before realized investment gains/(losses) and accident and health pool charge represented approximately 35.8% and 36.3% of pre-tax income for 1997 and 1996, respectively. The Company calculated a tax benefit of $7.6 million on the $18.0 million accident and health reserve adjustment recorded in the first quarter of 1997.

Year Ended December 31, 1996
Compared to Year Ended December 31, 1995

Income Before Income Taxes and Minority Interest Consolidated income before income taxes and minority interest increased 16.7% in 1996. Diluted earnings per share were $2.17 for 1996 compared with $1.87 for 1995. After tax consolidated net income before realized capital gains and losses increased 15.6%, to $54.6 million in 1996.

Income before income taxes and minority interest for the U.S. operations increased to $84.5 million in 1996 due primarily to strong premium growth of 17.5% in 1996. Income before income taxes and minority interest for the Canadian operations increased 23.5%, to $13.4 million in 1996, primarily as a result of strong new business production and gains on investments. The accident and health operations lost $4.1 million before income taxes and minority interest in 1996 and $0.7 million in 1995. The loss in 1996 was the result of several large claims incurred and strengthening reserves associated with several closed blocks of business. The other international operations lost $4.1 million before income taxes and minority interest in 1996. This represented approximately $2.1 million of income from Latin American operations, offset by a loss of $4.4 million from Asia Pacific operations and $1.8 million from other markets. The loss in the Asia Pacific operations and other markets was attributable to the cost associated with the development of a new operation, which more than offset the increasing premium levels during 1996.

Net Premiums Consolidated net premiums increased 18.4%, to $674.9 million in 1996. Net premiums for the U.S. operations rose 17.5% to $486.4 million in 1996. Renewal premiums from the existing block of business, new business premiums from facultative and automatic treaties, and premium flows from reinsurance of larger blocks of in force business all contributed to the premium increase. Business premium levels are significantly influenced by large transactions and reporting practices of ceding companies from period to period.

Net premiums in the Canadian operations increased 28.2% to $63.1 million in 1996. New business premiums increased $6.0 million, while renewal premiums increased $7.8 million during 1996. The effect of changes in the foreign exchange rate during 1996 was not material.

Accident and health operations net premiums increased 19.7% to $57.2 million in 1996. The net premiums reported from business in the United Kingdom has more than offset premium losses incurred from cancellation of existing U.S. treaties during 1996.

The Company's other international operations reported premiums of $68.2 million in 1996 compared to $58.8 million in 1995. The 1996 premium represented approximately $46.8 million from Latin America, of which approximately $41.7 million was direct premium generated by business ventures in Argentina and Chile. The remaining $21.4 million of premiums was reported from the Asia Pacific operations and other markets, predominantly through the Hong Kong contact office.

Net Investment Income Consolidated net investment income increased 51.8% in 1996. The cost basis of invested assets increased $650.0 million, or 79.3%. The increase in invested assets resulted from an increase in operating cash flows, net proceeds of $99.0 million from the 7 1/4% Senior Notes issued by the Company during 1996, and reinsurance transactions involving deposits for asset-intensive products from ceding companies, primarily the stable value product, of $429.3 million and $112.5 million during 1996 and the second half of 1995, respectively. The average yield earned was 7.32% in 1996 compared with 7.63% earned in 1995. The decrease in overall yield reflected the increase in assets supporting the stable value reinsurance product that are of a shorter duration and carry a lower average yield. The asset-intensive investment portfolio generated $24.1 million of investment income in 1996, which was largely offset by earnings credited and paid to ceding companies included in interest credited.

Realized Investment Gains/(Losses), Net Consolidated net realized capital gains increased $0.9 million to $0.9 million in 1996. This was primarily the result of repositioning the Company's Canadian operating portfolio to achieve a better duration match for the assets and liabilities.

Other Revenue Consolidated other revenue increased $9.4 million in 1996 to $17.4 million. Other revenue includes items such as recapture fees, profit and risk fees associated with financial reinsurance as well as earnings in unconsolidated subsidiaries, management fee income and miscellaneous income associated with late premium payments. During 1996, financial reinsurance treaties resulted in $14.7 million in financial reinsurance fees which were partially offset by fees paid to retrocessionaires of $12.8 million, included in policy aquisition costs and other insurance expenses. Other revenue also included $2.2 million in earnings in unconsolidated subsidiaries. The Company's strategy involves the assumption and subsequent retrocession of these financial reinsurance treaties which resulted in $148.7 million and $137.0 million being included in other reinsurance assets and liabilities, respectively, on the Company's consolidated balance sheet as of December 31, 1996.

Claims and Other Policy Benefits Consolidated claims and other policy benefits increased 17.6%, to $505.7 million in 1996. Consolidated claims and other policy benefits as a percentage of net premiums decreased slightly to 74.9% in 1996, from 75.5% in 1995. This decrease was primarily a result of changes in the mix of business during 1996. The Company expects mortality to fluctuate somewhat from period to period, but believes it is fairly constant over longer periods of time. The Company continues to monitor mortality trends to determine the appropriateness of reserve levels. This fluctuation is due to normal short-term fluctuations in death claims.

U.S. operations claims and other policy benefits increased 15.4% in 1996. However, claims and other policy benefits as a percentage of net premiums decreased to 74.0% in 1996 from 75.3% in 1995. This increase was due to normal short-term fluctuations in death claims.

Canadian operations claims and other policy benefits increased 33.5% in 1996. Claims and other policy benefits as a percentage of net premiums increased to 77.6% in 1996 from 74.5% in 1995. The increase was primarily due to mortality results which were not as favorable as those experienced in 1995.

Accident and health operations claims and other policy benefits increased 25.6% in 1996. As a percentage of net premiums, claims and other policy benefits increased to 73.9% in 1996, from 70.4% in 1995. The increase was primarily due to overall strengthening of claim liabilities on several closed blocks of business. The accident and health operations reserves are subject to volatility due to the nature of risk covered, primarily accident risks and reporting lags which are normal for the industry. Reserves are calculated based upon current information, including industry estimates for certain aviation accidents.

The Company's other international operations claims and other policy benefits increased $6.7 million in 1996. This increase was the result of reserve and policyholder benefit increases on business from Latin American ventures and blocks of mortality risk reinsurance of $3.9 million. These reserve increases resulted from new business and the change in product mix in the Latin American division to more single premium immediate annuity business in 1996. The Asia Pacific operations reflected an increase of $2.5 million. This increase is the result of new business written, partially offset by refinements in reserve calculations.

Interest Credited Consolidated interest credited increased $20.9 million in 1996 to $54.7 million. Interest credited represents amounts credited on the Company's asset-intensive and universal life type products. Asset-intensive products include stable value operations, bank-owned and corporate-owned life insurance and annuity products. Reinsurance on these products is primarily written in the U.S. operations, while the Canadian operations have a small annuity block of business and the Latin American operations have a direct universal life product in Argentina. The increase in interest credited was a result of an increase in reinsurance transactions involving deposits for asset-intensive products from ceding companies.

Policy Acquisition Costs and Other Insurance Expenses Consolidated policy acquisition costs and other insurance expenses, consisting primarily of allowances, increased 39.2%, to $136.5 million in 1996. As a percentage of net premiums, policy acquisition costs and other insurance expenses increased to 20.2% in 1996 from 17.2% in 1995 resulting from growth in financial reinsurance transactions, partially offset by a change in business mix from coinsurance to yearly renewable term reinsurance. Overall, policy acquisition costs and other insurance expenses continue to fluctuate with business volume and changes in product mix from period to period.

Policy acquisition costs and other insurance expenses as a percentage of net premiums for the U.S. operations increased to 19.8% in 1996 from 17.3% in 1995. Within the U.S. operations, policy acquisition costs and other insurance expenses as a percentage of net premiums for traditional business increased slightly to 16.6% in 1996 from 15.8% in 1995. The financial reinsurance business within the U.S. operations reflects fees of approximately $12.8 million paid to retrocessionaires, which represents an offset to the fees collected that are reflected as other revenues.

In the Canadian operations, policy acquisition costs and other insurance expenses as a percentage of net premiums decreased to 16.1% in 1996, from 16.4% in 1995. The decrease was a result of several factors, including the mix of business written during the past several years which continued to transition to a yearly renewable term basis from a coinsurance basis. Business written on a yearly renewable term basis has significantly lower commissions than business written on a coinsurance basis.

Accident and health operations policy acquisition costs and other insurance expenses as a percentage of net premiums increased to 32.2% in 1996 from 28.5% in 1995. The increase was a result of a continued transition in the mix of business during 1996. During 1996, a larger percentage of business continued to be written on a quota share basis resulting in higher commissions.

Other international operations policy acquisition costs and other insurance expenses as a percentage of net premiums increased to 16.7% in 1996 from 8.1% in 1995. These percentages fluctuate due to the timing of client company reporting and the continuing refinement of deferred acquisition cost and policy benefit reserve calculations.

Other Operating Expenses Consolidated other operating expenses increased $8.3 million in 1996. The overall increase in operating expenses was attributed to planned increases associated with the ongoing growth of the Company, of which other international operations operating expenses comprised $4.8 million of the increase. Other operating expenses as a percentage of total revenues remained relatively stable at 4.8% compared to 4.7% in 1995.

Interest Expense Consolidated interest expense during 1996 related to the issuance of $100.0 million of Senior Notes by RGA on March 19, 1996, and the financing of a portion of the Company's Australian reinsurance operations, Australian Holdings. Interest cost for 1996 was $6.2 million with $5.7 million related to Senior Notes.

Provision for Income Taxes Consolidated income tax expense increased 16.7% in 1996 as a result of higher pre-tax income. The Company's effective tax rate was 36.4% for 1996 and 1995.

Liquidity and Capital Resources

RGA is a holding company which has as its principal assets interests in RGA Reinsurance, RGA Life Reinsurance Company of Canada (RGA Canada), BHIF America Seguros de Vida, S.A. (BHIF America), RGA Reinsurance Company Chile S.A. (RGA Chile), Manantial Seguros de Vida, S.A., currently known as General American Argentina Seguros de Vida, S.A. (Manantial), Australian Holdings, RGA Reinsurance Company (Barbados) Ltd. (RGA Barbados), RGA Insurance Company (Bermuda) Ltd. (RGA Bermuda), and RGA Holdings Limited (U.K.) (RGA UK). In addition, the Company has minority ownership interests in RGA/Swiss Financial Group, L.L.C., Malaysian Life Reinsurance Group Berhad (MLRG) and Thomson Barrett Organization Plc (TBO).

RGA began paying a dividend of $0.06 per pre-split share each quarter, starting in August 1993. In August 1995, the dividend was raised to $0.07 per pre-split share and raised to $0.08 per pre-split share in August 1996. In July 1997, a three-for-two stock split was declared and the dividend was raised to $0.09 per pre-split share ($0.06 per share after the split). It is expected that payments at this level will continue for the foreseeable future. All future payments of dividends are at the discretion of the Company's Board of Directors and will depend on the Company's earnings, capital requirements, insurance regulatory conditions, operating conditions, and such other factors as the Board of Directors may deem relevant. The amount of dividends that the Company can pay will depend in part on the operations of its reinsurance subsidiaries. The transfer of funds from the subsidiaries to RGA is subject to applicable insurance laws and regulations.

As RGA continues its expansion efforts, management continually analyzes capital adequacy issues. In 1996, RGA issued $100.0 million of 7 1/4% Senior Notes. Interest is payable semiannually on April 1 and October 1 with the principal amount due on April 1, 2006. The net proceeds from the offering of approximately $98.9 million have been utilized to finance the continuing development of the Company's operations. During 1997, $40.0 million was contributed to RGA Reinsurance in the form of a surplus note and $17.4 million was contributed in the form of capital to RGA Canada to finance the continuing expansion of business. Also, proceeds have been invested in subsidiaries in Argentina, Chile, Malaysia, and the United Kingdom. In addition, Australian Holdings established a line of credit with an outstanding balance at December 31, 1997 and 1996, of $7.8 million and $7.6 million, respectively. The Company also has access to a $25.0 million line of credit. The ability of RGA and Australian Holdings to make principal and interest payments is ultimately dependent on the earnings and surplus of RGA's subsidiaries, the investment earnings on the undeployed debt proceeds, and the Company's ability to raise additional capital.

RGA began repurchasing shares in the open market in May 1997, to enable RGA to satisfy obligations under its stock option program. Purchases were made in the open market from time to time, at the then prevailing market price, or through negotiated transactions. As of December 31, 1997, 322,562 shares had been repurchased since May 1997. Effective January 1998, RGA ceased repurchasing shares, although it may begin repurchasing shares again at some point in the future.

The sources of funds of RGA's operating subsidiaries consist of premiums received from ceding insurers, investment income, and proceeds from sales and redemption of investments. Premiums are generally received in advance of related claims payments. Funds are applied primarily to policy claims and benefits, operating expenses, income taxes, and investment purchases.

As of December 31, 1997, RGA Reinsurance had statutory capital and surplus of $249.3 million. The maximum amount available for payment of dividends in 1998 by RGA Reinsurance under Missouri law, without the prior approval of the Missouri Director of Insurance, is $24.9 million. RGA Canada's statutory capital was $64.5 million at December 31, 1997. The maximum amount available for dividends by RGA Canada under the Canadian Minimum Continuing Capital and Surplus Requirements (MCCSR) is $15.5 million. Dividend payments from other subsidiaries and joint ventures are subject to regulations in the country of domicile. The Company's ability to service debt and pay dividends is dependent on operations and the receipt of dividends from subsidiaries.

The Company's net cash flows from consolidated operating activities for the years ended December 31, 1997, 1996, and 1995, were $432.7 million, $256.7 million, and $171.0 million, respectively. Because the Company's traditional reinsurance business provides positive cash flow, the Company's traditional reinsurance liabilities generally are not subject to disintermediation risk, and because the reinsured treaties offer no withdrawal options and require no return of premium if canceled or allowed to lapse, the Company historically has had more than sufficient funds to pay claims and expenses. The Company expects any future increase in the need for liquidity due to relatively large policy loans or unanticipated material claim levels would be met first by operating cash flows and then by selling fixed-maturity securities or short-term investments.

The Company's asset-intensive products are primarily supported by investments in fixed-maturity securities. Investment guidelines are established to structure the investment portfolio based upon the type, duration and behavior of products in the liability portfolio so as to achieve targeted levels of profitability. The Company manages the asset-intensive business to provide a targeted spread between the interest rate earned on investments and the interest rate credited to underlying liabilities. The Company periodically reviews models projecting different interest rate scenarios and their impact on profitability.

Effective December 31, 1993, the National Association of Insurance Commissioners (NAIC) adopted risk-based capital (RBC) statutory requirements for U.S.-based life insurance companies. These requirements measure statutory capital and surplus needs based on the risks associated with a company's mix of products and investment portfolio. In December 1992, guidelines on MCCSR became effective for Canadian insurance companies. These guidelines prescribe surplus requirements and take into account both assets and liabilities in establishing solvency margins. At December 31, 1997, statutory capital and surplus of RGA Reinsurance significantly exceeded all RBC thresholds and RGA Canada's capital levels significantly exceeded any MCCSR requirements. All of the Company's insurance operating subsidiaries exceed the minimum capital requirements in their respective jurisdictions.

Investments

All investments made by RGA and its subsidiaries conform to the qualitative and quantitative limits prescribed by the applicable jurisdiction's insurance laws and regulations. In addition, the investment portfolios of the international subsidiaries are periodically reviewed by their respective Boards of Directors. All investment portfolios are also reviewed by the RGA Board of Directors. The Company's investment strategy is to maintain a predominantly investment-grade, fixed-maturity portfolio, to provide adequate liquidity for expected reinsurance obligations, and to maximize total return through prudent asset management. The Company's asset/liability duration matching differs between U.S. and Canadian operating segments. The target duration for the U.S. investments is currently a range between four and seven years, with individual investments all along the maturity spectrum. Based on Canadian reserve requirements, a portion of the Canadian liabilities is strictly matched with long duration Canadian assets, with the remaining assets invested to maximize the total rate of return, given the characteristics of the corresponding liabilities and Company liquidity needs. For the year ended December 31, 1997, the Company's earned yield on fixed-maturity securities was 7.23%.

The Company's fixed-maturity securities are invested primarily in U.S. Treasuries, Canadian government securities, public and private corporate bonds, and mortgage and asset-backed securities. As of December 31, 1997, more than 98% of the Company's consolidated investment portfolio of fixed maturity securities was investment-grade. Important factors in the selection of investments include diversification, quality, yield, total rate of return potential, and call protection. The relative importance of these factors is determined by market conditions and the underlying product or portfolio characteristics. Cash equivalents are invested in high-grade money market instruments.

Private placement bonds are issued in negotiated transactions between lenders and borrowers and are not registered with the Securities and Exchange Commission. While less liquid than public securities, private placements often contain investment characteristics favorable to investors, including more stringent financial covenants, additional call protection, and higher yields than similar public securities.

The largest asset class in which fixed maturities were invested was mortgage-backed securities, which represented approximately 24.4% of total invested assets as of December 31, 1997. Approximately 58% of these securities are invested in the investment portfolio supporting stable value reinsurance. Investors are compensated primarily for reinvestment risk rather than credit quality risk. To mitigate prepayment volatility, the Company primarily invests in senior, intermediate, average-life tranches of agency and whole loan collateralized mortgage obligations. All of the Company's mortgage-backed securities are investment-grade, with an average Standard and Poor's rating of AA as of December 31, 1997.

As of December 31, 1997, mortgage loans represented approximately 4.6% of the Company's invested assets, which consisted of approximately $91.8 million in U.S. mortgages and $73.7 million in Chilean mortgage-related instruments, including real estate leasing, mortgage drafts, and mortgage loans. The Company invests primarily in mortgages on commercial offices and retail locations. The Company's domestic mortgage loans generally range in size from $0.3 million to $7.3 million, with the average mortgage loan investment as of December 31, 1997, being approximately $3.0 million. The Company's Chilean mortgage instruments are generally less than $1.0 million, with the average less than $100,000. The mortgage loan portfolio is diversified by geographic region and property type as discussed further in Note 4 to the consolidated financial statements.

As of December 31, 1997, approximately 13.2% of the Company's invested assets consisted of policy loans. These policy loans present no credit risk because the amount of the loan cannot exceed the obligation due the ceding company upon the death of the insured or surrender of the underlying policy. The policy loan interest rates are determined by the provisions of the treaties in force and the underlying policies. Because policy loans represent premature distributions of policy liabilities, they have the effect of reducing future disintermediation risk. In addition, the Company earns a spread between the interest rate earned on policy loans and the interest rate credited to corresponding liabilities.

The Company utilizes derivative financial instruments to improve the management of the investment related risks. The Company uses both exchange-traded and customized, over-the-counter derivative financial instruments. RGA Reinsurance has established minimum credit quality standards for counterparties and seeks to obtain collateral or other credit supports. The Company limits its total financial exposure to counterparties. The Company's use of exchange-traded and customized, over-the-counter derivative financial instruments is currently not significant.

The invested assets of RGA, RGA Reinsurance, RGA Barbados, Australian Holdings, and RGA Canada are managed by Conning Asset Management Company (Conning), a majority owned subsidiary of General American. The investments of BHIF America, RGA Reinsurance Company of Chile, S.A., Manantial, and RGA UK were managed by the staffs of those entities.

Foreign Currency Exposure

The Company is subject to foreign currency translation, transaction, and net income exposure. The Company generally does not hedge the foreign currency translation exposure related to its investment in foreign subsidiaries as it views these investments to be long-term. Translation differences resulting from translating foreign subsidiary balances to U.S. dollars are reflected in equity. The Company generally does not hedge the foreign currency exposure of its subsidiaries transacting business in currencies other than their functional currency (transaction exposure). Currently, the Company believes its foreign currency transaction exposure is not material to the consolidated results of operations. Net income exposure which may result from the strengthening of the U.S. dollar to foreign currencies will adversely affect results of operations since the income earned in the foreign currencies is worth less in U.S. dollars. When evaluating investments in foreign countries, the Company considers the stability of the political and currency environment. Devaluation of the currency after an investment decision has been made will affect the value of the investment when translated to U.S. dollars for financial reporting purposes.

Inflation

The primary, direct effect on the Company of inflation is the increase in operating expenses. A large portion of the Company's operating expenses consists of salaries, which are subject to wage increases at least partly affected by the rate of inflation. The rate of inflation also has an indirect effect on the Company. To the extent that a government's policies to control the level of inflation result in changes in interest rates, the Company's investment income is affected.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year 2000

Many of the Company's data processing systems require modifications to enable them to process dates including the year 2000 and beyond. The Company has established a plan to address the Year 2000 issue and that work is progressing on schedule. The Company also relies on information from external parties such as ceding companies and retrocessionaires. The Company could be adversely affected by those companies' compliance with the Year 2000 issue over which the Company has no direct control. The Company is currently working with its clients to identify their Year 2000 compliance positions and will follow-up with clients on potential interface problems. It is anticipated that testing and resolution will be completed according to the Company's plan. During the years of 1998 and 1999, the Company expects to direct certain internal and external resources to the Year 2000 effort. The Company does not believe the net effect of these efforts will materially affect the Company's consolidated financial statements during the 1998 and 1999 period.

New Accounting Standards

In June 1997, the Financial Accounting Standards Board issued SFAS No. 130, "Reporting Comprehensive Income," effective for years beginning after December 31, 1997. SFAS No. 130 establishes standards for reporting and display of comprehensive income and its components (revenues, expenses, gains and losses) in a full set of general purpose financial statements. The Company anticipates that the most significant items of comprehensive income will be the change in unrealized gains and losses on securities, as well as the change in foreign currency translation, both of which items historically have been reported as a component of stockholders' equity. The adoption of SFAS No. 130 will not affect the Company's results of operation or financial position, but will affect their presentation and disclosures.

Also in June 1997, the Financial Accounting Standards Board issued SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information," effective years beginning after December 15, 1997. SFAS No. 131 requires that a public company report financial and descriptive information about its reportable operating segments pursuant to criteria that differ from current accounting practice. Operating segments, as defined, are components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The adoption of SFAS No. 131 will not affect the Company's results of operations or financial position, but will affect the disclosure of segment information.

Cautionary Statement

Certain statements contained in this Annual Report are or may be deemed to be "forward-looking statements" under the Private Securities Litigation Reform Act of 1995. Such statements inclue, but are not limited to, statements relating to the Company's financial position, growth prospects and targets, industry trends, trends in or expectations regarding operations and capital requirements, the sufficiency of claims reserves, estimated premium declines in the accident and health segment, and Year 2000 compliance. Because such statements are based on management's current views and assumptions, they are subject to risks and uncertainties.

Numerous factors could cause actual results and events to differ materially from those expressed or implied by forward-looking statements, including, without limitation, (i) general economic conditions affecting the demand for insurance and reinsurance in the Company's current and planned markets, (ii) material changes in mortality and claims experience, (iii) competitive factors and competitors' responses to the Company's initiatives, (iv) successful execution of the Company's entry into new markets, (v) successful development and introduction of new products, (vi) the stability of governments and economies in foreign markets, (vii) fluctuations in U.S. and foreign interest rates and securities and real estate markets, (viii) the success of the Company's clients, including General American and its affiliates, and (ix) changes in laws, regulations, and accounting standards applicable to the Company and its subsidiaries.

Readers are therefore cautioned not to place undue reliance on such forward-looking statements.

CONSOLIDATED BALANCE SHEETS

YEAR ENDED DECEMBER 31 (Dollars in thousands)	1997	1996
Assets		
Fixed maturity securities		
Available for sale-at fair value (amortized cost of $2,416,308 and $1,469,649 at December 31, 1997, and December 31, 1996, respectively)	$2,528,290	$1,517,264
Mortgage loans on real estate	165,452	98,262
Policy loans	480,234	426,366
Funds withheld at interest	165,413	129,949
Short-term investments	277,635	93,548
Other invested assets	16,977	6,659
Total investments	3,634,001	2,272,048
Cash and cash equivalents	37,395	13,145
Accrued investment income	34,377	23,308
Premiums receivable	119,554	76,438
Funds withheld	33,957	30,697
Reinsurance ceded receivables	316,156	59,618
Deferred policy acquisition costs	289,842	233,565
Other reinsurance balances	153,134	157,065
Other assets	55,134	27,770
Total assets	$4,673,550	$2,893,654
Liabilities and Stockholders' Equity		
Future policy benefits	$1,244,541	$ 755,793
Interest sensitive contract liabilities	1,969,270	1,106,491
Other policy claims and benefits	344,848	206,284
Other reinsurance balances	232,096	149,289
Deferred income taxes	110,763	73,275
Other liabilities	157,616	63,689
Long-term debt	106,830	106,493
Total liabilities	4,165,964	2,461,314
Minority interest	8,265	6,782
Commitments and contingent liabilities		
Stockholders' equity:		
Preferred stock (par value $.01 per share; 10,000,000 shares authorized; no shares issued or outstanding)	-	-
Common stock (par value $.01 per share; 50,000,000 shares authorized, 26,049,375 and 17,366,250 shares issued and outstanding at December 31, 1997 and 1996, respectively)	261	174
Additional paid in capital	264,748	264,399
Currency translation adjustments	(8,201)	(5,536)
Unrealized appreciation of securities, net of taxes	67,290	28,365
Retained earnings	196,685	147,824
Total stockholders' equity before treasury stock	520,783	435,226
Less treasury shares held of 844,535 and 389,354 at cost at December 31, 1997, and December 31, 1996, respectively	(21,462)	(9,668)
Total stockholders' equity	499,321	425,558
Total liabilities and stockholders' equity	$4,673,550	$2,893,654

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATMENTS OF INCOME

YEAR ENDED DECEMBER 31 (Dollars in thousands, except per share data)	1997	1996	1995
Revenues:			
Net premiums	$ 835,460	$674,885	$569,990
Investment income, net of related expenses	188,333	136,828	90,117
Realized investment gains, net	334	930	31
Other revenue	47,388	17,386	7,994
Total revenues	1,071,515	830,029	668,132
Benefits and expenses:			
Claims and other policy benefits	640,062	505,739	430,071
Interest credited	92,041	54,706	33,796
Accident and health pool charge	18,000	-	-
Policy acquisition costs and other insurance expenses	176,482	136,509	98,072
Other operating expenses	53,058	39,845	31,574
Interest expense	7,801	6,169	-
Total benefits and expenses	987,444	742,968	593,513
Income before income taxes and minority interest	84,071	87,061	74,619
Provision for income taxes			
Current	13,175	17,992	12,780
Deferred	15,575	13,695	14,368
Total provision for income taxes	28,750	31,687	27,148
Income before minority interest	55,321	55,374	47,471
Minority interest in earnings of consolidated subsidiaries	(702)	(302)	(180)
Net income	$ 54,619	$ 55,072	$ 47,291
Basic earnings per share	$ 2.15	$ 2.18	$ 1.87
Diluted earnings per share	$ 2.13	$ 2.17	$ 1.87
Weighted average number of diluted shares outstanding (in thousands)	25,604	25,410	25,292

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(Dollars in thousands)	Preferred Stock	Common Stock	Additional Paid In Capital	Currency Translation Adjustments	Unrealized Appreciation (Depreciation) of Securities	Retained Earnings	Treasury Stock	Total
Balance December 31, 1994	$ -	$174	$263,170	$ (5,791)	$(24,387)	$ 54,887	$(11,265)	$276,788
Currency translation adjustments				2,055				2,055
Unrealized appreciation of securities					57,397			57,397
Net income						47,291		47,291
Dividends to stockholders						(4,376)		(4,376)
Purchase of treasury stock							(2,422)	(2,422)
Reissuance of treasury stock			(1)				197	196
Balance December 31, 1995	-	174	263,169	(3,736)	33,010	97,802	(13,490)	376,929
Currency translation adjustments				(1,800)				(1,800)
Unrealized depreciation of securities					(4,645)			(4,645)
Net income						55,072		55,072
Dividends to stockholders						(5,050)		(5,050)
Reissuance of treasury stock			1,230				3,822	5,052
Balance December 31, 1996	-	174	264,399	(5,536)	28,365	147,824	(9,668)	425,558
Currency translation adjustments				(2,665)				(2,665)
Unrealized appreciation of securities					38,925			38,925
Net income						54,619		54,619
Dividends to stockholders		87	(87)			(5,758)		(5,758)
Purchase of treasury stock							(12,877)	(12,877)
Reissuance of treasury stock			436				1,083	1,519
Balance December 31, 1997	$ -	$261	$264,748	$ (8,201)	$ 67,290	$196,685	$(21,462)	$499,321

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ending December 31, (Dollars in thousands)	1997	1996	1995
Operating Activities:			
Net income	$ 54,619	$ 55,072	$ 47,291
Adjustments to reconcile net income to net cash provided by operating activities:			
Change in:			
Accrued investment income	(11,125)	(5,660)	(1,839)
Premiums receivable	(44,228)	8,214	(14,008)
Deferred policy acquisition costs	(59,485)	(47,122)	(28,575)
Funds withheld	(17,204)	(2,053)	(6,863)
Reinsurance ceded balances	(246,095)	4,422	14,416
Future policy benefits, other policy claims and benefits, and other reinsurance balances	722,286	258,562	169,732
Deferred income taxes	15,575	13,695	14,367
Other assets and other liabilities	31,570	(20,978)	(17,578)
Amortization of goodwill and value of business acquired	1,322	1,233	1,059
Amortization of net investment discounts	(15,471)	(9,071)	(8,384)
Realized investment gains, net	(334)	(930)	(31)
Other, net	1,295	1,297	1,428
Net cash provided by operating activities	432,725	256,681	171,015
Investing Activities:			
Sales of investments:			
Fixed maturity securities - Available for sale	301,685	135,110	154,607
Mortgage loans	42,306	-	-
Maturities of fixed maturity securites			
Held to maturity	-	-	6,365
Available for sale	246,814	189,969	14,443
Purchases of fixed maturity securities			
Held to maturity	-	-	(3,068)
Available for sale	(1,456,450)	(917,743)	(362,390)
Cash invested in			
Mortgage loans	(115,937)	(89,237)	(11,397)
Policy loans	(57,026)	(79,424)	(37,245)
Funds withheld at interest	(35,464)	(28,108)	(21,383)
Principal payments on:			
Mortgage loans	6,045	4,739	285
Policy loans	3,158	-	4,794
Change in short-term and other invested assets	(190,939)	(29,791)	(31,576)
Investment in joint venture and purchase of subsidiary stock	-	(3,207)	(3,366)
Net cash used in investing activities	(1,255,808)	(817,692)	(289,931)
Financing activities:			
Dividends to stockholders	(5,758)	(5,050)	(4,376)
Purchase of treasury stock	(12,877)	-	(2,422)
Reissuance of treasury stock	2,105	4,029	196
Minority interest capital contribution	702	302	180
Minority interest in earnings			
Excess deposits on universal life and other investment type policies and contracts	861,352	450,079	131,833
Proceeds from long-term debt issuance	1,857	106,403	-
Net cash provided by financing activities	847,381	555,763	125,411
Effect of exchange rate changes	(48)	135	267
Change in cash and cash equivalents	24,250	(5,113)	6,762
Cash and cash equivalents, beginning of period	13,145	18,258	11,496
Cash and cash equivalents, end of period	37,395	13,145	18,258

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Organization

Reinsurance Group of America, Incorporated (RGA) is an insurance holding company formed December 31, 1992. Approximately 64% of RGA's outstanding shares are indirectly owned by General American Life Insurance Company (General American) at December 31, 1997. The consolidated financial statements include the assets, liabilities, and results of operations of RGA; RGA Reinsurance Company (RGA Reinsurance); RGA Australian Holdings PTY, Limited (Australian Holdings); RGA Reinsurance Company (Barbados) Ltd. (RGA Barbados); RGA Insurance Company (Bermuda) Ltd. (RGA Bermuda); RGA International, Ltd. (RGA International), formerly G.A. Canadian Holdings, Ltd., a Canadian marketing and insurance holding company; RGA Sudamerica, S.A., a Chilean holding company; RGA Holdings Limited (U.K.) (RGA UK), a United Kingdom holding company; and Manantial Seguros de Vida, S.A., currently known as General American Argentina Seguros de Vida, S.A. (Manantial), an Argentine life insurance company; along with the subsidiaries of RGA Reinsurance, Australian Holdings, RGA International, and RGA Sudamerica, S.A., subject to an ownership position of fifty percent or more (collectively, the Company). The Company is primarily engaged in life reinsurance, accident and health reinsurance, and international life and disability on a direct and reinsurance basis. Reinsurance is an arrangement under which an insurance company, the reinsurer, agrees to indemnify another insurance company, the ceding company, for all or a portion of the insurance risks underwritten by the ceding company. Reinsurance is designed to (i) reduce the net liability on individual risks, thereby enabling the ceding company to increase the volume of business it can underwrite, as well as increase the maximum risk it can underwrite on a single life or risk; (ii) stabilize operating results by leveling fluctuations in the ceding company's loss experience; (iii) assist the ceding company to meet applicable regulatory requirements; and (iv) enhance the ceding company's financial strength and surplus position.

Note 2. Summary of Significant Accounting Policies

Consolidation and Basis of Presentation. The consolidated financial statements of the Company have been prepared in accordance with generally accepted accounting principles for stock life insurance companies. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the reporting period. Accounts that the Company deems to be sensitive to changes in estimates include deferred policy acquisition costs, premiums receivable, future policy benefits, and other policy claims and benefits. In all instances, actual results could differ materially from such estimates or assumptions.

The accompanying financial statements consolidate the accounts of RGA and its subsidiaries, both direct and indirect, subject to an ownership position of fifty percent or more. Unconsolidated subsidiaries with an ownership position less than fifty percent are recorded on the equity method of accounting. All significant intercompany balances and transactions have been eliminated.

Investments. Fixed maturities available for sale are reported at fair value and are so classified based upon the possibility that such securities could be sold prior to maturity if that action enables the Company to execute its investment philosophy and appropriately match investment results to operating and liquidity needs. Effective December 31, 1995, the Company reclassified the entire portfolio of fixed maturities held to maturity as available for sale in accordance with the Financial Accounting Standards Board's "Guide to Implementation of Statement 115 on Accounting for Certain Investments in Debt and Equity Securities," which was issued during November 1995. This reclassification enabled the Company to gain an added measure of flexibility in managing credit quality in coordination with appropriate asset/liability matching.

Impairments in the value of securities held by the Company are recorded as a reduction of the carrying value of the security, and a corresponding realized capital loss is recognized in the consolidated statements of income. The Company's policy is to recognize such an impairment when the projected cash flows of these securities have been reduced on other than a temporary basis so that the realizable value is reduced to an amount less than the carrying value.

Mortgage loans are carried at unpaid principal balances, net of any unamortized premium or discount and valuation allowances. Valuation allowances on mortgage loans are being established based upon losses expected by management to be realized in connection with future dispositions or settlement of mortgage loans, including foreclosures. The valuation allowances are being established after management considers, among other things, the value of underlying collateral and payment capabilities of debtors.

Policy loans are reported at the unpaid principal balance.

Other invested assets, which consists primarily of Chilean common stocks, are carried at fair value.

The Company utilizes some derivative financial instruments to improve the management of the investment related risks. These derivatives are included in other invested assets on the consolidated balance sheet. The Company uses both exchange-traded and customized, over-the-counter derivative financial instruments. RGA Reinsurance has established minimum credit quality standards for counterparties and seeks to obtain collateral or other credit support. The Company limits its total financial exposure to counterparties.

The Company's use of exchange-traded and customized over-the-counter derivatives is currently not significant.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Investment income is recognized as it accrues or is legally due. Realized gains and losses on sales of investments are included in net income, as are write-downs of securities where declines in value are deemed to be other than temporary in nature. The cost of investment securities sold is determined based upon the specific identification method. Unrealized gains and losses on marketable equity securities and fixed maturity securities, less applicable deferred income taxes, are reflected as a direct charge or credit to stockholders' equity.

Additional Information Regarding Statements of Cash Flows. Cash and cash equivalents include cash on deposit and highly liquid debt instruments purchased with an original maturity of three months or less.

Funds Withheld. For reinsurance transactions executed prior to December 31, 1994, assets and liabilities related to treaties written on a modified coinsurance basis with funds withheld are reported gross. Assets equal to the statutory reserves are held and legally owned by the ceding company and are reflected as funds withheld at interest on the balance sheet. Interest accrues to these assets at a stated rate, which adjusts annually, based on the underlying assets retained by the ceding company. For reinsurance transactions executed subsequent to December 31, 1994, assets and liabilities from reinsurance agreements written on a modified coinsurance basis with funds withheld have been netted and included in other reinsurance balances on the balance sheet, where a right of offset exists.

Deferred Policy Acquisition Costs. Costs of acquiring new business, which vary with and are primarily related to the production of new business, have been deferred to the extent that such costs are deemed recoverable from future premiums or gross profits. Such costs include commissions and allowances as well as certain costs of policy issuance and underwriting. Periodically, the Company performs tests to determine that the cost of business acquired remains recoverable.

Deferred costs related to traditional life insurance are amortized over the premium paying period of the related policies in proportion to the ratio of annual premium revenues to total anticipated premium revenues. Such anticipated premium revenues are estimated using the same assumptions used for computing liabilities for future policy benefits.

Deferred costs related to interest sensitive life and investment-type policies are amortized over the lives of the policies, in relation to the present value of estimated gross profits from mortality, investment income, and expense margins.

Other Reinsurance Balances. The Company assumes and retrocedes financial reinsurance contracts which represent low mortality risk reinsurance treaties. These contracts are reported as deposits and included in other reinsurance assets/liabilities. The amount of revenue reported on these contracts represents fees and the cost of insurance under the terms of the reinsurance agreement.

Goodwill and Value of Business Acquired. Goodwill representing the excess of purchase price over the fair value of net assets acquired is amortized on a straight-line basis over ten to twenty years. The value of business acquired is amortized in proportion to the ratio of annual premium revenues to total anticipated premium revenues. Anticipated premium revenues have been estimated using assumptions consistent with those used in estimating reserves for future policy benefits. The carrying value is reviewed periodically for indicators of impairment in value.

Future Policy Benefits and Interest Sensitive Contract Liabilities. Liabilities for future benefits on life policies are established in an amount adequate to meet the estimated future obligations on policies in force. Liabilities for future policy benefits under long-term life insurance policies have been computed based upon expected investment yields, mortality and withdrawal rates, and other assumptions. These assumptions include a margin for adverse deviation and vary with the characteristics of the plan of insurance, year of issue, age of insured, and other appropriate factors. Interest rates range from 6.6% to 11.0%. The mortality and withdrawal assumptions are based on the Company's experience as well as industry experience and standards. Liabilities for future benefits on interest sensitive life and investment-type contract liabilities are carried at the accumulated contractholder values without reduction for potential surrender or withdrawal charges.

Other Policy Claims and Benefits. Claims payable for incurred but not reported losses are determined using case basis estimates and lag studies of past experience. These estimates are periodically reviewed and required adjustments to such estimates are reflected in current operations. The Company has no material policy contract liability balances that would require fair value disclosure under Statement of Financial Accounting Standards No. 107.

Investment Contracts. The Company began reinsuring asset-intensive products, including stable value products, annuities and bank owned and corporate owned life insurance, on a coinsurance basis in 1995. The product investment portfolios are segregated within the general fund of RGA Reinsurance. The stable value portfolio is primarily invested in fixed maturity securities classified as available for sale and has an effective duration of one year or less. The carrying value of the asset-intensive products investments and related liabilities approximates fair value. The liabilities for the asset-intensive reinsurance contracts are included in interest sensitive contract liabilities.

Income Taxes. RGA and its U.S. subsidiaries file separate federal income returns. RGA Barbados also files a U.S. tax return. The Company's Canadian, Argentine, Australian, Bermudan, Chilean, Malaysian and United Kingdom subsidiaries are taxed under applicable local statutes.

The Company uses the asset and liability method to record deferred income taxes. Accordingly, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, using enacted tax rates.

Foreign Currency Translation. The functional currency is the Argentine dollar for the Company's Argentine operations, the Australian dollar for the Company's Australian operations, the Canadian dollar for the Company's Canadian operations, the Chilean peso for the Company's Chilean operations, and the British Pound Sterling for the Company's United Kingdom operations. The translation of the foreign currency into U.S. dollars is performed for balance sheet accounts using current exchange rates in effect at the balance sheet date and for revenue and expense accounts using a weighted average exchange rate during each year. Gains or losses resulting from such translation are included in stockholders' equity.

Retrocession Arrangements. The Company reports retrocession activity on a gross basis. Amounts paid or deemed to have been paid for reinsurance are reflected in reinsurance receivables. The cost of reinsurance related to long-duration contracts is recognized over the terms of the reinsured policies on a basis consistent with the reporting of those policies.

In the normal course of business, the Company seeks to limit its exposure to loss on any single insured and to recover a portion of benefits paid by ceding reinsurance to other insurance enterprises or reinsurers under excess coverage and coinsurance contracts. The Company retains a maximum of $2.5 million of coverage per individual life. RGA Reinsurance has a number of retrocession arrangements whereby certain business in force is retroceded on an automatic or facultative basis. All of the U.S. retrocessionaires under such arrangements were rated A- or better by the A.M. Best Company as of December 31, 1996. In some instances, security in the form of letters of credit or trust assets have been given by retrocessionaires as additional security in favor of RGA Reinsurance.

Generally, RGA's insurance subsidiaries retrocede amounts in excess of their retention to RGA Reinsurance. Retrocessions are arranged through RGA Reinsurance's retrocession pool for amounts in excess of its retention.

RGA Reinsurance has never experienced a default in connection with retrocession arrangements, nor has it experienced any difficulty in collecting claims recoverable from retrocessionaires; however, no assurance can be given as to the future performance of such retrocessionaires or as to recoverability of any such claims.

Recognition of Revenues and Related Expenses. Revenues and expenses are reported gross, except that initial reserves are netted against premiums when an in force block of business is reinsured. Life and health premiums are recognized as revenue over the premium paying periods of the policies. Benefits and expenses are associated with earned premiums so that profits are recognized over the life of the related contract. This association is accomplished through the provision for future policy benefits and the amortization of deferred policy acquisition costs. Other revenue includes items such as treaty recapture fees, profit and risk fees associated with financial reinsurance as well as earnings in unconsolidated subsidiaries.

Revenues for interest-sensitive and investment-type products consist of policy charges for the cost of insurance, policy administration, and surrenders that have been assessed against policy account balances during the period. Interest-sensitive contract liabilities for these products represent policy account balances before applicable surrender charges. Deferred policy acquisition costs are recognized as expense over the term of the policies. Policy benefits and claims that are charged to expense include claims incurred in the period in excess of related policy account balances and interest credited to policy account balances. The weighted average interest crediting rates for interest-sensitive products were 6.8%, 6.7%, and 6.7% during 1997, 1996, and 1995, respectively. Interest crediting rates for investment-type contracts ranged from 5.7% to 6.2% during 1997 and 1996 and from 6.2% to 6.5% during 1995.

Net Earnings Per Share In February 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (SFAS) No. 128, "Earnings Per Share." SFAS No. 128 replaced the calculation of primary and fully diluted earnings per share with basic earnings per share and diluted earnings per share. Unlike primary earnings per share, basic earnings per share excludes any dilutive effects of options, warrants and convertible securities. Diluted earnings per share is very similar to the previously reported fully diluted earnings per share. Earnings per share amounts for all periods presented have been restated to conform to the provisions of SFAS No. 128.

New Accounting Standards. In June 1997, the Financial Accounting Standards Board issued SFAS No. 130, "Reporting Comprehensive Income," effective for years beginning after December 15, 1997. SFAS No. 130 establishes standards for reporting and display of comprehensive income and its components (revenues, expenses, gains and losses) in a full set of general purpose financial statements. The Company anticipates that the most significant items of comprehensive income will be the change in unrealized gains and losses on securities as well as the change in foreign currency translation, both of which items historically have been reported only as a component of stockholders' equity. The adoption of SFAS No. 130 will not affect the Company's results of operations or financial position, but will affect their presentation and disclosure.

Also in June 1997, the Financial Accounting Standards Board issued SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information" effective for years beginning after December 15, 1997. SFAS No. 131 requires that a public company report financial and descriptive information about its reportable operating segments pursuant to criteria that differ from current accounting practice. Operating segments, as defined, are components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The adoption of SFAS No. 131 will not affect the Company's results of operations or financial position, but will affect the disclosure of segment information.

Reclassification. The Company has reclassified the presentation of certain prior period information to conform with the 1997 presentation.

Note 3. Subsidiary Transactions

In October 1993, RGA, through RGA Sudamerica, S.A., entered into a joint venture, BHIF America Seguros de Vida, S.A. (BHIF America), with local investors in Santiago, Chile. During 1994, RGA and the local investors funded the venture, which sells primarily single premium immediate annuities, with approximately $4,000,000 and $3,000,000 of initial capital contributions, respectively. For contributions made, each party received a 50% ownership interest in the venture. The excess of cost over fair value of net assets acquired, totaling $500,000, has been treated as goodwill and is being amortized over ten years. During 1996 and 1995, RGA contributed $1,275,000 and $565,000, respectively, in additional capital to BHIF America.

In May 1994, RGA formed Manantial, a joint venture, with several local investors in Buenos Aires, Argentina. During 1994, RGA and the local investors funded the venture, which is a direct life insurance company, with approximately $5,000,000 and $275,000 of initial capital contributions, respectively. For contributions made, each party received a 50% ownership interest in the venture. In June 1996, RGA purchased the remaining shares of Manantial for $4,500,000. The excess of cost over fair value of net assets acquired, totaling $4,246,000, has been treated as goodwill and is being amortized over ten years. During 1997, RGA infused $1,000,000 of additional capital contributions as a result of changing capital requirements in Argentina.

In January 1996, RGA formed Australian Holdings, a wholly owned holding company and RGA Reinsurance Company of Australia, Limited (RGA Australia), a wholly owned reinsurance company of Australian Holdings licensed to assume life reinsurance in Australia. During 1996, RGA funded Australian Holdings with approximately $14,800,000, of which approximately one half represents debt as discussed in Note 13. During 1997, approximately $1,950,000 was funded through the debt facility.

In July 1996, RGA, through RGA Sudamerica, S.A., formed RGA Reinsurance Company Chile S.A., a wholly owned reinsurance company licensed to assume life reinsurance business in Chile. During 1996, RGA funded the subsidiary with approximately $6,300,000 and reinsured single premium immediate annuity business written by BHIF America. During 1997, additional capital contributions of approximately $5,800,000 were made to support the continued growth in business.

In July 1997, RGA entered into a joint venture, Malaysian Life Reinsurance Group Berhad (MLRG), with 18 local insurance companies in Kuala Lumpur, Malaysia. RGA funded approximately $6,000,000 in return for a 30% ownership interest in MLRG. MLRG is a licensed life reinsurance company in Malaysia.

In November 1997, RGA, through RGA UK, invested approximately $4,250,000 in Thomson Barrett Organization Plc (TBO) for a 20% ownership interest. TBO is an international financial services consulting firm based in the United Kingdom specializing in insurance distribution. The excess of cost over fair value of net assets acquired, totaling $4,250,000, has been treated as goodwill and is being amortized over twenty years.

In December 1997, RGA Reinsurance was notified by members of management of Fairfield Management Group, Inc. (Fairfield), a holding company for RGA Reinsurance's accident and health intermediaries and underwriting / management subsidiaries, of their intent to exercise their put options for their 49% minority ownership interest. Fairfield is a 51% owned holding company of RGA Reinsurance and the put options are exerciseable as of January 1, 1998. Based upon the Company's decision to cease marketing accident and health business, the Company established a reserve of approximately $3,000,000 against the intangible asset that will arise related to the excess of the purchase price over the fair value of net assets acquired for these put options.

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The excess of purchase price over the fair value of net assets acquired and goodwill totaling approximately $9,050,000 and $6,175,000 at December 31, 1997 and 1996, respectively, are included in other assets on the consolidated balance sheets.

Note 4. Investments

Major categories of net investment income consist of the following (in thousands):

Years Ended December 31	1997	1996	1995
Fixed maturity securities	$133,533	$ 92,721	$53,910
Mortgage loans	5,335	2,510	450
Policy loans	34,326	29,116	26,020
Short-term investments	4,164	3,523	2,829
Funds withheld at interest	11,976	9,813	7,481
Other	688	406	66
Investment revenue	190,022	138,089	90,756
Investment expense	1,689	1,261	639
Net investment income	$188,333	$136,828	$90,117

The amortized cost, gross unrealized gains and losses, and estimated fair values of investments in fixed maturity securities at December 31, 1997 and 1996, are as follows (in thousands):

1997	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Available for sale				
U.S. government and agencies	$ 90,902	$ 1,627	$ 330	$ 92,199
Canadian government	19,779	3,602	7	23,374
Canadian provinces and municipalities	147,098	65,283	740	211,641
Argentine government and agencies	452	-	-	452
Chilean government and agencies	27,265	-	-	27,265
Australian government agencies	7,412	323	-	7,735
Commercial and industrial	747,505	24,733	5,890	766,348
Finance	300,527	6,228	773	305,982
Public utilities	126,355	19,668	161	145,862
Mortgage-backed securities	889,319	9,639	12,169	886,789
Asset-backed securities	59,694	949	-	60,643
	$2,416,308	$132,052	$20,070	$2,528,290

1996	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Available for sale				
U.S. government and agencies	$ 66,236	$ 359	$ 273	$ 66,322
Canadian government	17,531	2,082	-	19,613
Canadian provinces and municipalities	139,701	33,778	466	173,013
Argentine government and agencies	451	-	-	451
Chilean government and agencies	28,591	-	-	28,591
Australian government agencies	9,115	280	20	9,375
Commercial and industrial	409,823	11,827	3,277	418,373
Finance	116,500	2,843	451	118,892
Public utilities	76,699	1,877	562	78,014
Mortgage-backed securities	552,296	2,782	3,297	551,781
Asset-backed securities	52,706	161	28	52,839
	$1,469,649	$ 55,989	$ 8,374	$1,517,264

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

There were no investments in any entity in excess of 10% of stockholders' equity at December 31, 1997 or 1996, other than investments issued or guaranteed by the U.S. government. Publicly traded fixed maturity securities are valued based upon quoted market prices. Private placement securities are valued based on the credit quality and duration of marketable securities deemed comparable by the Company, which may be of another issuer.

At December 31, 1997 and 1996, the aggregate fair value of policy loans approximates the carrying value reflected on the consolidated balance sheet. Policy loans typically carry an interest rate that is tied to the crediting rate applied to the related policy and contract reserves.

The carrying value of short-term investments at December 31, 1997 and 1996, approximates fair value. Equity investments and derivative financial instruments included in other invested assets are reflected at fair value on the consolidated balance sheets. The cost of these equity investments at December 31, 1997 and 1996, was $12,128,000 and $5,997,000, respectively, which approximates fair value. The cost and fair value of the derivative financial instruments at December 31, 1997, was $3,255,000 and $4,849,000, respectively. The cost of the derivative financial instruments at December 31, 1996, was approximately $662,000, which approximated fair value.

At December 31, 1997, the contractual maturities of investments in fixed maturity securities were as follows (in thousands):

	Amortized Cost	Fair Value
Available for sale:		
Due in one year or less	$ 21,149	$ 21,407
Due after one year through five years	230,610	236,136
Due after five years through ten years	454,495	471,300
Due after ten years	820,735	912,658
Mortgage-backed securities	889,319	886,789
	$2,416,308	$2,528,290

Included in net realized losses is a permanent write-down of one fixed maturity of approximately $2.5 million during 1997. Net realized gains from sales of investments in fixed maturity securities and equity securities, all of which represent activity in the investments held for sale, consist of the following (in thousands):

Years Ended December 31	1997	1996	1995
Fixed maturities:			
Realized gains	$ 4,120	$ 5,182	$ 2,462
Realized losses	(3,789)	(3,972)	(2,431)
Other	3	(280)	-
Net gains	$ 334	$ 930	$ 31

Change in net unrealized gains (losses) were as follows (in thousands):

Years Ended December 31	1997	1996	1995
Fixed maturity securities held to maturity	$ -	$ -	$ 2,182
Fixed maturity securities available for sale	64,367	(5,528)	90,651
Derivative securities	888	-	-
	$65,255	$(5,528)	$92,833

Effective December 31, 1995, the Company reclassified its entire portfolio of fixed maturities held to maturity as available for sale. Fixed maturity securities with an amortized cost of $113,485,918 and unrealized gains of $19,405,392 were transferred from the held to maturity classification to available for sale.

Securities with an amortized cost of $2,370,000 were on deposit with various state or governmental insurance departments to comply with applicable insurance laws at December 31, 1997 and 1996. Securities with an amortized cost of approximately $90,159,000 were held in trust in Canada to satisfy collateral requirements for reinsurance business conducted in Canada.

44.

All the Company's mortgage loans are amortizing loans. As of December 31, 1997 and 1996, the Company's mortgage loans were distributed as follows (in thousands):

	1997		1996	
	Carrying Value	Percentage of Total	Carrying Value	Percentage of Total
United States:				
Arizona	$ 12,884	7.77%	$15,554	15.79%
California	23,174	13.97	4,957	5.03
Colorado	2,009	1.21	3,374	3.42
Florida	-	-	1,694	1.72
Georgia	3,169	1.91	5,038	5.11
Illinois	4,472	2.70	4,575	4.64
Kansas	1,633	0.98	1,750	1.78
Maryland	5,308	3.20	-	-
Missouri	7,896	4.76	6,406	6.50
Nevada	1,602	0.96	-	-
North Carolina	14,236	8.58	-	-
Oklahoma	-	-	2,488	2.52
Pennsylvania	5,535	3.34	-	-
South Carolina	476	0.29	-	-
Texas	-	-	3,794	3.85
Utah	1,918	1.15	-	-
Virginia	-	-	3,129	3.17
Washington	7,859	4.74	6,209	6.30
Chile	73,727	44.44	39,597	40.17
	$165,898	100.00%	98,565	100.00%
Less: Allowance	446		303	
Total	$165,452		$98,262	

	1997		1996	
	Carrying Value	Percentage of Total	Carrying Value	Percentage of Total
Property Type				
Apartment	$ 1,349	0.81%	$ 6,452	6.55%
Retail	83,125	50.11	57,367	58.19
Office building	33,970	20.48	19,473	19.76
Industrial	27,782	16.75	7,853	7.97
Other commercial	19,672	11.85	7,420	7.53
	165,898	100.00%	98,565	100.00%
Less: Allowance	446		303	
Total	$165,452		$98,262	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Company makes mortgage loans on income producing properties, such as apartments, retail and office buildings, light warehouses and light industrial facilities. Loan to value ratios at the time of loan approval are 75 percent or less for domestic and Chilean mortgages.

The estimated fair value of the Company's mortgage loan portfolio at December 31, 1997 and 1996, was approximately $172.2 million and $100.1 million, respectively.

All domestic mortgage loans were originated in 1997 and 1996. There were no loans delinquent at December 31, 1997. The Company recorded a valuation allowance of $446,000 and $303,000 in 1997 and 1996, respectively, to be used against possible future losses on the loan portfolio.

The maturities of the mortgage loans are as follows (in thousands):

	1997	1996
Due one year through five years	$ 3,689	$ 3,299
Due after five years	162,209	95,266
	165,898	98,565
Less: Allowance	446	303
Total	$165,452	$98,262

The Company participates in a securities lending program. The amounts involved during the year are not significant and the amount on loan at December 31, 1997 was $13.8 million and was appropriately collateralized.

Note 5. Reinsurance

On January 1, 1993, RGA Reinsurance entered into an indemnity reinsurance agreement with General American pursuant to which all of the business of General American's reinsurance division was transferred to RGA Reinsurance, net of the financial effects of all other retrocession agreements of the reinsurance division. As a result of the indemnity reinsurance agreement and certain other related transactions, the Company has all of the economic benefits and risks of the reinsurance agreements whether under facultative or automatic reinsurance treaties. The amounts stated in the consolidated financial statements reflect the aggregate amounts of all such business retroceded to the Company.

Reinsurance contracts do not relieve the Company from its obligations to direct writing companies. Failure of retrocessionaires to honor their obligations could result in losses to the Company; consequently, allowances would be established for amounts deemed uncollectible. At December 31, 1997 and 1996, no allowances were deemed necessary. The Company evaluates the financial condition of its reinsurers annually.

At December 31, 1997, there were no reinsurance premium receivables associated with a single reinsurer with a carrying value in excess of 5% of total assets.

The effect of reinsurance on premiums and amounts earned is as follows (in thousands):

Years Ended December 31	1997	1996	1995
Direct premiums and amounts assessed against policyholders	$ 64,998	$ 44,210	$ 36,385
Reinsurance assumed	1,023,805	840,349	711,876
Reinsurance ceded	(253,343)	(209,674)	(178,271)
Net premiums and amounts earned	$ 835,460	$ 674,885	$ 569,990

The effect of reinsurance on policyholder claims and other policy benefits is as follows (in thousands):

Years Ended December 31	1997	1996	1995
Direct	$ 34,286	$ 41,598	$ 31,431
Reinsurance assumed	870,112	557,055	502,676
Reinsurance ceded	(264,336)	(92,914)	(104,036)
Net policyholder claims and benefits	$ 640,062	$505,739	$ 430,071

The impact of reinsurance on life insurance in force is shown in the following schedule (in millions):

Life Insurance In Force	Direct	Assumed	Ceded	Net	Assumed/ Net %
December 31, 1997	$83	$227,260	$28,720	$198,623	114.42%
December 31, 1996	85	168,339	39,050	129,374	130.12%
December 31, 1995	85	153,861	25,275	128,671	119.58%

At December 31, 1997, the Company has provided $530,000,000 of statutory financial reinsurance to other insurance companies under financial reinsurance transactions to assist ceding companies in meeting applicable regulatory requirements and enhancing ceding companies' financial strength. Generally, such financial reinsurance is provided by the Company committing cash or assuming insurance liabilities, which are secured by future profits on the reinsured business. The Company has retroceded $450,000,000 of its assumed financial reinsurance to third party companies and $67,000,000 to General American. The Company earns a return based on the amount of net outstanding financial reinsurance.

Note 6. Deferred Policy Acquisition Costs

The following reflects the amounts of policy acquisition costs deferred and amortized (in thousands):

Years Ended December 31	1997	1996	1995
Deferred acquisition cost			
Assumed	$ 297,351	$241,978	$192,116
Retroceded	(7,509)	(8,413)	(5,303)
Net	$ 289,842	$233,565	$186,813
Beginning of year	$ 233,565	$186,813	$157,159
Capitalized			
Assumed	163,150	115,732	78,847
Retroceded	(29,884)	(16,993)	(7,860)
Amortized			
Assumed	(107,777)	(65,870)	(49,402)
Retroceded	30,788	13,883	8,069
End of year	$ 289,842	$233,565	$186,813

Note 7. Income Tax

Income tax expense attributable to income from operations consists of the following (in thousands):

Years Ended December 31	1997	1996	1995
Current income tax	$ 8,613	$15,776	$11,406
Deferred income tax	12,919	10,211	12,289
Foreign current tax	4,562	2,216	1,374
Foreign deferred tax	2,656	3,484	2,079
Total income tax	$28,750	$31,687	$27,148

Income tax expense differed from the amounts computed by applying the U.S. federal income tax rate of 35% to pre-tax income as a result of the following (in thousands):

Years Ended December 31	1997	1996	1995
Computed "expected" tax expense	$29,425	$30,471	$26,117
Increase in income taxes resulting from:			
Foreign tax rate in excess of U.S. tax rate	556	941	763
Foreign tax credit	(594)	-	-
Other, net	(637)	275	268
Total tax expense	$28,750	$31,687	$27,148

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Total income taxes were as follows (in thousands):

Years Ended December 31	1997	1996	1995
Income tax from continuing operations:	$28,750	$31,687	$27,148
Income tax from stockholders' equity			
Unrealized holding gain or loss on debt and equity securities recognized for financial reporting purposes	26,330	(910)	33,496
Exercise of stock options	(436)	(1,023)	-
Foreign currency translation	(4,416)	-	-
Total income tax provided	$50,228	$29,754	$60,644

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities at December 31, 1997 and 1996, are presented below (in thousands):

Years Ended December 31	1997	1996
Deferred tax assets:		
Nondeductible accruals	$ 6,631	$ 3,067
Differences in foreign currency translation	4,416	-
Deferred acquisition costs capitalized for tax	10,318	8,323
Net operating loss	39,828	21,876
Subtotal	61,193	33,266
Valuation allowance	(347)	(371)
Total deferred assets	$ 60,846	$ 32,895
Deferred tax liabilities:		
Deferred acquisition costs capitalized for financial reporting	$101,445	$101,708
Differences between tax and financial reporting amounts concerning certain reinsurance transactions and reserve for policies	24,382	(14,991)
Pension plan overfunding	231	231
Differences in the tax basis of cash and invested assets	45,551	19,222
Total deferred liabilities	171,609	106,170
Net deferred liabilities	$110,763	$ 73,275

As of December 31, 1997, and 1996, a valuation allowance for deferred tax assets of $347,166 and $370,581, respectively, was provided on the net operating losses of RGA Australia, Manantial, and RGA UK. The Company has not recognized a deferred tax liability for the undistributed earnings of its wholly owned domestic and foreign subsidiaries because the Company currently does not expect those unremitted earnings to become taxable to the Company in the foreseeable future. This is due to the fact that the unremitted earnings will not be repatriated in the foreseeable future, or because those unremitted earnings that may be repatriated will not be taxable through the application of tax planning strategies that management would utilize.

At December 31, 1997, the Company had capital loss carry forwards of $778,000. During 1997, 1996, and 1995, the Company made approximately $15,037,000, $8,585,000, and $18,948,000 in income tax payments, respectively. At December 31, 1997, the Company recognized deferred tax assets associated with net operating losses of approximately $115,700,000. This net operating loss is expected to be utilized in the normal course of business during the period allowed for carryforwards and in any event, will not be lost due to the application of tax planning strategies that management would utilize.

Note 8. Employee Benefit Plans

Most of the Company's U.S. employees participate in a non-contributory multi-employer defined benefit pension plan jointly sponsored by RGA Reinsurance and General American. The benefits are based on years of service and compensation levels. RGA Reinsurance's funding policy is to contribute the maximum amount deductible for federal income tax purposes annually.

Also, certain management individuals participate in several nonqualified defined benefit and defined contribution plans sponsored by General American and RGA Reinsurance. Those plans are unfunded and are deductible for federal income tax purposes when the benefits are paid. Additionally, full-time salaried employees with at least one year of service participate in a profit-sharing plan sponsored by RGA Reinsurance which is tied to RGA's operating results. Contributions to that plan have been determined annually by the RGA Board of Directors and are based upon the salaries of eligible employees. Full vesting occurs after five years of continuous service.

The Company also provides certain health care and life insurance benefits for retired employees through a self-insured unfunded plan. Employees become eligible for these benefits if they meet minimum age and service requirements. The retiree's cost for health care benefits varies depending upon the credited years of service. The liabilities and periodic pension costs associated with these plans are not material to the consolidated financial statements.

Note 9. Related Party Transactions

The Company and General American are parties to shareholder agreements with the minority shareholders of Fairfield, which afford the minority shareholders certain preferential shareholder rights (put and first refusal rights) which were exercised by the minority shareholders on January 1, 1998. The Company established a reserve for $3,000,000 in 1997 associated with intangible assets arising from the exercise of the preferential shareholder rights.

Conning Asset Management Company (Conning), a majority indirectly owned subsidiary of General American, provides investment management and advisory services to RGA, RGA Reinsurance, RGA Barbados, Australian Holdings and RGA Life Reinsurance Company of Canada (RGA Canada). These services are provided pursuant to agreements at the rate of 0.09% of fixed maturity assets managed and 0.22% of mortgage loans managed, payable quarterly, based on the average book value of the portfolios managed during each calendar quarter. The cost for the years ended December 31, 1997, 1996, and 1995, was approximately $1,701,000, $1,160,000, and $616,000, respectively.

Subject to written agreements with RGA and RGA Reinsurance, General American has historically provided certain administrative services to RGA and RGA Reinsurance. Such services include legal, treasury, employee benefit, payroll, and personnel. The cost for the years ended December 31, 1997, 1996, and 1995, was approximately $1,837,000, $1,786,000, and $1,474,000, respectively. Management does not believe that the various amounts charged by General American to the Company would be materially different if they had been incurred from an unrelated third party.

Pursuant to a marketing agreement, beginning January 1, 1993, General American agreed to amend and terminate its assumed and retrocession reinsurance agreements only at the direction of RGA Reinsurance, thus giving RGA Reinsurance the contractual right to direct future changes to existing reinsurance agreements. General American charges RGA Reinsurance quarterly an amount equal to, on an annual basis, 0.25% of specified policy-related liabilities that are associated with existing and future treaties written by General American for the benefit of RGA Reinsurance. RGA Reinsurance is currently writing reinsurance business for its own account, and may, at its sole option, terminate the marketing agreement at any time before its expiration date of January 1, 2000. Payment under the agreement for the years ended December 31, 1997, 1996, and 1995, was $157,000, $186,000, and $196,000, respectively.

The Company has utilized the services of a consulting firm, a former principal of which is an executive officer of RGA. The Company has used the consulting firm primarily for market research and development. Payments under consulting agreements for the years ended December 31, 1997, 1996, and 1995, were approximately $234,000, $588,000, and $606,000, respectively.

The Company conducts its business primarily from premises leased by RGA Reinsurance. RGA Reinsurance made rental payments in 1997, 1996, and 1995 to General American principally for office space of approximately $1,599,000, $1,458,000, and $952,000, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Company also has direct policies and reinsurance agreements with General American and its subsidiaries. Under these agreements, the Company reflected earned premiums of approximately $32,146,000, $20,640,000, and $32,107,000 in 1997, 1996, and 1995, respectively. Underwriting (loss) gain on this business was approximately $(413,000), $1,162,000, and $183,000 in 1997, 1996, and 1995, respectively. Also, the Company's stable value products are reinsured from General American. Deposits from stable value products totaled approximately $483.0 million and $429.3 million during 1997 and 1996, respectively. In addition, the Company entered into annuity reinsurance transactions during the second quarter of 1997 with Cova Financial Services Life Insurance Company, a subsidiary of General American. Deposits related to this business were $124.4 million as of December 31, 1997.

Note 10. Lease Commitments

The Company leases office space and furniture and equipment under non-cancelable operating lease agreements which expire at various dates. Future minimum office space annual rentals under non-cancelable operating leases at December 31, 1997 are as follows:

1998	$2,174,191
1999	814,392
2000	742,953
2001	719,746
2002	455,897

Rent expenses amount to approximately $2,885,000, $2,551,000, and $1,630,000 for the years ended December 31, 1997, 1996, and 1995, respectively.

Note 11. Financial Condition and Net Income on a Statutory Basis-Subsidiaries

The statutory basis financial condition of RGA Reinsurance and RGA Canada, as of December 31, 1997 and 1996 was as follows (in thousands):

	RGA Reinsurance		RGA Canada	
	1997	1996	1997	1996
Admitted assets	$3,430,501	$1,972,598	$347,778	$187,908
Liabilities	3,181,169	1,766,731	$283,314	151,540
Total capital and surplus	$ 249,332	$ 205,867	$ 64,464	$ 36,368

The statutory basis net income of RGA Reinsurance and RGA Canada for the periods indicated was as follows (in thousands):

	RGA Reinsurance			RGA Canada		
	1997	1996	1995	1997	1996	1995
Net income	$12,059	$25,988	$25,422	$12,512	$4,389	$3,464

RGA Reinsurance is subject to statutory regulations that restrict the payment of dividends. It may not pay dividends in any 12-month period in excess of the greater of the prior year's statutory operating income or 10% of capital and surplus at the preceding year-end, without regulatory approval. Accordingly, dividends from RGA Reinsurance to its parent in 1998 are limited to $24.9 million without such regulatory approval. RGA Reinsurance has made no dividend payments to RGA to date. The maximum amount available for dividends by RGA Canada under the Canadian Minimum Continuing Capital and Surplus Requirements (MCCSR) is $15.5 million.

Note 12. Commitments and Contingent Liabilities

From time to time, the Company is subject to litigation and arbitration related to its reinsurance business and to employment-related matters in the normal course of its business. Management does not believe that the Company is a party to any such pending litigation or arbitration which would have a material adverse effect on its future operations.

The Company has obtained letters of credit in favor of various unaffiliated insurance companies from which the Company assumes business. This allows the ceding company to take statutory reserve credit. The letters of credit issued by banks represent a guarantee of performance under the reinsurance agreements. At December 31, 1997, there was approximately $23,199,000 outstanding bank letters of credit to the favor of unaffiliated entities.

Note 13. Financing Activities

On March 19, 1996, RGA issued 7 1/4% Senior Notes with a face value of $100,000,000 in accordance with Rule 144A of the Securities Act of 1933, as amended. The net proceeds from the offering were approximately $98,943,000, and interest is payable semiannually on April 1 and October 1, with the principal amount due April 1, 2006. The estimated fair value of the debt as of December 31, 1997, was approximately $103.2 million. The ability of the Company to make debt principal and interest payments as well as make dividend payments to shareholders is ultimately dependent on the earnings and surplus of subsidiaries and the investment earnings on the undeployed debt proceeds. The transfer of funds from the insurance subsidiaries to RGA is subject to applicable insurance laws and regulations. In addition, the debt agreement contains certain restrictions related to liens and the issuance and disposition of stock of restricted subsidiaries. The Company must also comply with specific reporting requirements with notices given to the fiscal agent at prescribed dates. As of December 31, 1997, the Company was in compliance with all covenants under the debt agreement.

On January 8, 1996, Australian Holdings established a $15,894,000 unsecured, three month, revolving line of credit. The debt is guaranteed by the Company and is utilized to provide operating capital to RGA Australia. The outstanding balance as of December 31, 1997 and 1996, was $7,804,000 and $7,550,000, respectively, which approximates fair value. Principal repayments are due in April 1998 and are expected to be renewed under the terms of the line of credit. Interest is paid every three months at a current rate of 5.46% as of December 31, 1997. This agreement contains various restrictive covenants which primarily pertain to limitations on the quality and types of investments, minimum requirements of net worth, and minimum rating requirements. Additionally, the Company must comply with several financial covenant restrictions under the revolving credit agreement which include defined ratios of consolidated funded debt to total capitalization for RGA and for Australian Holdings. As of December 31, 1997, the Company was in compliance with all covenants under the debt agreement.

Interest paid on debt during 1997 and 1996 was $7,718,000 and $6,169,000 respectively.

Note 14. Segment Information

The following summarizes the Company's principal operations (in thousands):

Year Ended December 31	1997	1996	1995
U.S. operations:			
Revenues	$ 734,825	$ 613,285	$ 496,156
Income before income taxes and minority interest	109,759	84,492	63,427
Total assets	3,730,158	2,250,654	1,559,811
Aggregate depreciation and amortization	38,112	34,582	32,793
Canadian operations:			
Revenues	$ 120,145	$ 78,549	$ 60,315
Income before income taxes and minority interest	15,082	13,436	10,880
Total assets	580,599	321,314	247,432
Aggregate depreciation and amortization	11,084	1,969	2,463
Accident and health operations:			
Revenues	$ 93,322	$ 58,869	$ 48,852
(Loss)before income taxes and minority interest	(29,342)	(4,120)	(698)
Total assets	84,839	48,818	53,656
Aggregate depreciation and amortization	25,260	15,888	6,827
Other international operations:			
Revenues	$ 118,358	$ 74,327	$ 61,597
(Loss)/income before income taxes and minority interest	(8,177)	(4,051)	1,791
Total assets	267,606	170,656	103,590
Aggregate depreciation and amortization	3,493	578	454
Adjustments and elimination:			
Revenues	$ 4,865	$ 4,999	$ 1,212
(Loss) before income taxes and minority interest	(3,251)	(2,696)	(781)
Total assets	10,348	102,212	25,445

Capital expenditures of each reporting segment were insignificant in the periods noted.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 15. Stock Options

The Company adopted the RGA Flexible Stock Plan (the Plan) in February 1993. The Plan provides for the award of benefits (collectively Benefits) of various types, including stock options, stock appreciation rights (SARs), restricted stock, performance shares, cash awards, and other stock based awards. Options are granted with an exercise price equal to the stock's fair value at the date of grant. Information with respect to grants follows.

	Shares Available	Options Outstanding Shares	Options Outstanding Exercise Price	Weighted-Average Exercise Price
Balance at December 31, 1994	519,825	779,550	$17.33 - 18.33	$17.69
Additional authorized	64,970	--		
Granted	(48,231)	48,232	18.33	18.33
Exercised	--	(12,750)	17.33	17.33
Forfeited	21,150	(21,150)	17.33 - 18.33	17.87
Balance at December 31, 1995	557,714	793,882	17.33 - 18.33	17.73
Additional authorized	68,217	--		
Granted	(179,930)	179,930	23.42 - 30.33	29.50
Exercised	--	(231,000)	17.33	17.33
Forfeited	19,814	(19,814)	17.33 - 18.33	18.18
Balance at December 31, 1996	465,815	722,998	17.33 - 30.33	20.77
Additional authorized	71,628			
Granted	(185,700)	185,700	30.42	30.42
Exercised	--	(61,921)	17.33 - 18.33	17.38
Forfeited	1,950	(1,950)	30.42	30.42
Balance at December 31, 1997	353,693	844,827	$17.33 - 30.33	$23.12

Options granted in May 1993 are currently exercisable with respect to 100% of the shares covered. The January 1994 and 1995 options represent multiple-year block grants which vest over a period of two to eight years. The options are exercisable for a period of up to ten years after the date of grant. The 158,250 options granted in December 1996 vest in December 1999 and are exercisable until May 2003. These options represent a noncash stock transfer of a portion of the May 1993 options. The 21,680 options granted in January 1996 and 185,700 options granted in January 1997 vest over a period of one to six years. The options are exercisable for a period of up to ten years after the date of grant.

At December 31, 1997, there were 353,693 additional shares available for grant under the Plan. The per share weighted-average fair value of stock options granted during 1997, 1996 and 1995 was $11.46, $7.20 and $7.03 on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions: 1997-expected dividend yield of 0.7%, risk-free interest rate of 6.63%, expected life of 6.0 years, and an expected rate of volatility of the stock of 26% over the expected life of the options; 1996-expected dividend yield of 0.7%, risk-free interest rate of 5.90%, expected life of 3.3 years, and an expected rate of volatility of the stock of 26% over the expected life of the options: 1995-expected dividend yield of 0.7%, risk-free interest rate of 7.72%, expected life of 5.5 years, and an expected rate of volatility of the stock of 26% over the expected life of the options.

The Company applies APB Opinion No. 25 in accounting for its Plan and, accordingly, no compensation cost has been recognized for its stock options in the financial statements. Had the Company determined compensation cost based on the fair value at the grant date for its stock options under Statement of Financial Accounting Standards No. 123, the Company's net income and earnings per share would have been reduced to the pro forma amounts indicated below. The effects of applying Statement of Financial Accounting Standards No. 123 may not be representative of the effects on reported net income for future years.

		1997	1996
Net income (in thousands)	As reported	$54,619	$55,072
	Pro forma	$54,129	$54,950
Basic earnings per share	As reported	$ 2.15	$ 2.18
	Pro forma	$ 2.13	$ 2.18

At December 31, 1997 and 1996, the number of options exercisable under the Flexible Stock Plan was 219,975 and 253,931 respectively, and the weighted-average exercise price of those options was $17.48 and $17.36, respectively. At December 31, 1997 and 1996, the range of exercise prices and weighted-average remaining contractual life of exercisable options was $17.33 to $18.33, and 8.45 years, and $17.33 to $18.33 and 7.18 years, respectively. The weighted-average remaining contractual life of outstanding options at December 31, 1997 and 1996, was 6.3 years and 6.6 years, respectively.

Effective January 1, 1997, the Company adopted a Flexible Stock Plan for Directors (the Directors Plan). The Directors Plan provides for the award of benefits (collectively Benefits) of various types to non-employee directors, including stock options, SARs, restricted stock, performance shares, cash awards and other stock-based awards. Options are granted with an exercise price equal to the stock's fair value at the date of grant. Under the Directors Plan, 75,000 post-split shares are available for grant and only treasury stock may be used for Benefits. In May 1997, the Company granted options to purchase 9,000 shares at an exercise price of $36.50. The options vest in May 1998 and are exercisable for a period of ten years after the date of grant. At December 31, 1997, there were 61,660 additional shares available for grant under the Directors Plan.

In January 1998, the Board approved an additional 138,437 stock options and 10,000 shares of restricted stock at $39.50 per share under the Company's Flexible Stock Plan. The options vest in 20% increments beginning January 1999.

Note 16. Earnings Per Share

The following table sets forth the computation of basic and diluted earnings per share (in thousands except per share data):

Year Ended December 31	1997	1996	1995
Numerator:			
Net income	$54,619	$55,072	$47,291
Numerator for basic earning per share-income available to common stockholders	54,619	55,072	47,291
Effect of dilutive securities	--	--	--
Numerator for diluted earnings per share-income available to common stockholders after assumed conversions	$54,619	$55,072	$47,291
Denominator:			
Denominator for basic earnings per share-weighted average shares	25,394	25,252	25,242
Effect of dilutive securities:			
Employee stock options	210	158	50
Dilutive potential common shares	210	158	50
Denominator for diluted earnings per share adjusted weighted average shares and assumed conversions	25,604	25,410	25,292
Basic earnings per share	$ 2.15	$ 2.18	$ 1.87
Diluted earnings per share	$ 2.13	$ 2.17	$ 1.87

Note 17. Parent Company Financial Information

The following are the condensed balance sheets as of December 31, 1997, 1996, and 1995, and condensed statements of income and cash flows for the periods ended December 31, 1997, 1996, and 1995, for Reinsurance Group of America, Incorporated (parent company only)(in thousands of dollars):

PARENT COMPANY FINANCIAL INFORMATION

Condensed Balance Sheets

	1997	1996	1995
Assets:			
Fixed-maturity securities (available for sale)	$ --	$ 82,571	$ 11,518
Short-term investments	2,575	14,979	10,823
Cash	232	(44)	32
Investment in subsidiaries	548,261	423,278	352,055
Other assets	43,809	4,706	2,246
Total assets	$594,877	$525,490	$376,674
Liabilities and stockholders' equity:			
Long-term debt	99,027	98,943	--
Other liabilities	(3,471)	989	(255)
Stockholders' equity	499,321	425,558	376,929
Total liabilities and stockholders' equity	$594,877	$525,490	$376,674

Condensed Statements of Income

	1997	1996	1995
Interest income	$ 5,584	$5,151	$1,559
Realized investments gains/(losses), net	827	(150)	(409)
Operating expenses	(3,067)	(2,051)	(2,037)
Interest expense	(7,333)	(5,685)	--
Income before income tax and undistributed earnings of subsidiaries	(3,989)	(2,735)	(887)
Income tax benefit	(1,616)	(1,003)	(344)
Net income before undistributed earnings of subsidiaries	(2,373)	(1,732)	(543)
Equity in undistributed earnings of subsidiaries	56,992	56,804	47,834
Net income	$ 54,619	$ 55,072	$ 47,291

Condensed Statements of Cash Flows

	1997	1996	1995
Operating activities:			
Net income	$ 54,619	$ 55,072	$ 47,291
Equity in earnings of subsidiaries	(56,992)	(56,804)	(47,834)
Other, net	(239)	1,939	1,161
Net cash (used in) provided by operating activities	(2,612)	207	618
Investing activities:			
Sales of fixed maturity securities available for sale	60,257	24,444	23,623
Purchases of fixed maturity securities available for sale	(16,991)	(95,959)	--
Change in short-term investments	12,404	(4,156)	(10,358)
Payment for purchase of stock in subsidiaries	--	(4,482)	(5,259)
Capital contributions to subsidiaries	(35,230)	(18,054)	(2,000)
Net cash provided by (used in) investing activities	20,440	(98,207)	6,006
Financing activities:			
Dividends to stockholders	(5,758)	(5,050)	(4,376)
Acquisition of treasury stock	(12,877)	--	(2,422)
Reissuance of treasury stock	1,083	4,031	196
Proceeds from long-term debt issuance, net	--	98,943	--
Net cash (used in) provided by financing activities	(17,552)	97,924	(6,602)
Net change in cash and cash equivalents	276	(76)	22
Cash and cash equivalents at beginning of year	(44)	32	10
Cash and cash equivalents at end of year	$ 232	$ (44)	$ 32

INDEPENDENT AUDITORS' REPORT

Board of Directors and Stockholders
Reinsurance Group of America, Incorporated:

We have audited the accompanying consolidated balance sheets of Reinsurance Group of America, Incorporated and subsidiaries (the Company) as of December 31, 1997 and 1996, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 1997. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Reinsurance Group of America, Incorporated and subsidiaries as of December 31, 1997 and 1996, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 1997, in conformity with generally accepted accounting principles.

/s/ KPMG Peat Marwick LLP

KPMG Peat Marwick LLP

St. Louis, Missouri
January 29, 1998

REPORT OF MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

The consolidated balance sheets of Reinsurance Group of America, Incorporated and subsidiaries as of December 31, 1997 and 1996, and the related consolidated statements of income, cash flows and stockholders' equity for the years ended December 31, 1997, 1996, and 1995, have been prepared by management, which is responsible for their integrity and objectivity. The statements have been prepared in accordance with generally accepted accounting principles and include some amounts that are based upon management's best estimates and judgments. The financial information contained elsewhere in this annual report is consistent with that contained in the financial statements.

Management is responsible for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting. The concept of reasonable assurance is based on the recognition that there are inherent limitations in all systems of internal control, and that the cost of such systems should not exceed the benefits derived therefrom. A professional staff of internal auditors reviews, on an ongoing basis, the related internal control system design, the accounting policies and procedures supporting this system, and compliance therewith. Management believes this system of internal control effectively meets its objective of reliable financial reporting.

In connection with annual audits, independent certified public accountants perform an examination in accordance with generally accepted auditing standards, which includes the consideration of the system of internal control to the extent necessary to form an independent opinion on the financial statements prepared by management.

The Board of Directors, through its Audit Committee which is composed solely of directors who are not employees of the Company or its affiliates, is responsible for overseeing the integrity and reliability of the Company's accounting and financial reporting practices and the effectiveness of its system of internal controls. The independent certified public accountants and internal auditors meet regularly with, and have access to, this committee, with and without management present, to discuss the results of their audit work.

/s/ Richard A. Liddy Richard A. Liddy Chairman of the Board of Directors	/s/ A. Greig Woodring A. Greig Woodring President and Chief Executive Officer
/s/ Jack B. Lay Jack B. Lay Executive Vice President and Chief Financial Officer	/s/ Todd C. Larson Todd C. Larson Vice President and Controller

56.

SELECTED CONSOLIDATED FINANCIAL AND OPERATING DATA

The consolidated selected financial data presented below for, and as of the end of, each of the years in the five-year period ended December 31, 1997, have been prepared in accordance with generally accepted accounting principles prescribed for stock life companies. In 1993, the reinsurance operations were transferred or contributed to RGA from General American along with the related assets and liabilities of the reinsurance operations. All amounts shown are in millions, except per share and operating data. The following selected financial data should be read in conjunction with the Notes to the Consolidated Financial Statements.

Year Ended December 31	1997	1996	1995	1994	1993
Income Statement Data					
Revenues:					
Net premiums	$ 835.5	$ 674.9	$ 570.0	$ 451.7	$ 379.9
Net investment income	188.3	136.8	90.1	71.3	60.3
Realized investment gains, net	0.3	0.9	-	0.8	3.6
Other revenue	47.4	17.4	8.0	1.9	2.7
Total revenues	1,071.5	830.0	668.1	525.7	446.5
Benefits and expenses:					
Claims and other policy benefits	640.1	505.7	430.0	329.4	276.4
Interest credited	92.0	54.7	33.8	28.8	24.7
Accident and health pool charge	18.0	-	-	-	-
Policy acquisition costs and other insurance expenses	176.5	136.5	98.1	78.6	70.9
Other operating expenses	53.0	39.8	31.6	24.5	19.6
Interest expense	7.8	6.2	-	-	-
Total benefits and expenses	987.4	742.9	593.5	461.3	391.6
Income before income taxes and minority interest	84.1	87.1	74.6	64.4	54.9
Income tax expense	28.8	31.7	27.1	23.7	20.2
Minority interest	0.7	0.3	0.2	0.3	0.6
Net income	$ 54.6	$ 55.1	$ 47.3	$ 40.4	$ 34.1
Basic earnings per share	$ 2.15	$ 2.18	$ 1.87	$ 1.57	$ 1.50
Diluted earnings per share	$ 2.13	$ 2.17	$ 1.87	$ 1.57	$ 1.50
Cash dividends per share	$ 0.23	$ 0.20	$ 0.17	$ 0.16	$ 0.08
Weighed average diluted shares, in thousands	25,604	25,410	25,292	25,728	22,736
Balance Sheet Data					
Total investments	$3,634.0	$2,272.0	$1,405.5	$1,016.6	$ 920.6
Total assets	4,673.6	2,893.7	1,989.9	1,394.3	1,249.6
Policy liabilities	3,558.7	2,068.6	1,408.3	1,043.9	886.5
Total debt	106.8	106.5	--	--	--
Stockholders' equity	499.3	425.6	376.9	276.8	279.4
Stockholders' equity per share	$ 19.81	$ 16.69	$ 14.94	$ 10.91	$ 10.73
Operating Data (in billions)					
Assumed ordinary life reinsurance business in force	$ 227.3	$ 168.3	$ 153.9	$ 142.4	$ 114.7
Assumed new business production	75.9	37.9	36.0	43.2	24.7

QUARTERLY DATA (UNAUDITED - SEE ACCOMPANYING AUDITORS' REPORT)

Years Ended December 31
(Dollars in thousands, except per share data)

1997	First	Second	Third	Fourth
Total revenues	$ 251,763	$ 252,931	$ 249,027	317,794
Income before income taxes and minority interest	2,947	23,981	22,303	34,840
Net income	$ 2,828	$ 15,095	$ 14,372	$ 22,324
Outstanding common shares	25,468,344	25,405,494	25,291,342	25,204,840
Basic earnings per share	$ 0.11	$ 0.59	$ 0.57	$ 0.88
Diluted earnings per share	$ 0.11	$ 0.59	$ 0.56	$ 0.88
Market price of common stock				
Quarter end	32 1/3	38 1/3	40 7/8	42 9/16
Common stock price, high	32 5/6	38 1/3	41 37/64	46 7/16
Common stock price, low	20 11/12	31 1/12	37 1/2	37 13/16
1996				
Total revenues	$ 200,422	$ 201,491	$ 192,038	$ 236,078
Income before income taxes and minority interest	17,028	21,608	20,679	27,746
Net income	$ 10,536	$ 13,460	$ 12,617	$ 18,459
Outstanding common shares	25,236,594	25,244,694	25,250,844	25,465,344
Basic earnings per share	$ 0.42	$ 0.53	$ 0.50	$ 0.73
Diluted earnings per share	$ 0.42	$ 0.53	$ 0.50	$ 0.73
Market price of common stock:				
Quarter end	24 5/12	25 1/6	29 1/4	31 5/12
Common stock price, high	27 5/12	27 3/4	29 1/2	33
Common stock price, low	22 7/12	24 5/12	24 7/12	28 5/6

Share and stock price information have been restated to reflect the three-for-two stock split on August 29, 1997.

In the fourth quarter of 1997, the Company adopted SFAS No. 128, as required. The previously reported earnings per share, and share outstanding information, have been restated as required by SFAS No. 128.

Reinsurance Group of America, Incorporated common stock is traded on the New York Stock Exchange (NYSE) under the symbol "RGA." There were 143 stockholders of record of RGA's common stock on March 1, 1998.

MANAGEMENT AND SHAREHOLDERS' INFORMATION

Directors and Executive Officers

J. Cliff Eason
Director
President and Chief Executive Officer,
Southwestern Bell Telephone Company

Bernard A. Edison
Director
Former President,
Edison Brothers Stores, Inc.

Stuart Greenbaum
Director
Dean of the John M. Olin School of Business,
Washington University in St. Louis

Richard A. Liddy
Chairman of the Board and Director
Chairman, President and Chief Executive Officer,
General American Life Insurance Company
Chairman, President and Chief Executive Officer,
GenAmerica Corporation

William A. Peck, M.D.
Director
Executive Vice Chancellor for Medical Affairs
and Dean of the School of Medicine,
Washington University in St. Louis

Leonard M. Rubenstein
Director
Chairman and Chief Executive Officer,
Conning Corporation

William P. Stiritz
Director
Chairman,
Ralston Purina Company

H. Edwin Trusheim
Director
Retired Chairman of the Board,
General American Life Insurance Company

A. Greig Woodring
President,
Chief Executive Officer and Director

David B. Atkinson
Executive Vice President
and Chief Operating Officer

Bruce E. Counce
Executive Vice President and
Chief Corporate Operating Officer

Jack B. Lay
Executive Vice President and
Chief Financial Officer

Graham S. Watson
Executive Vice President and
Chief Marketing Officer

Andre St-Amour
President and Chief Executive Officer,
RGA Life Reinsurance Company of Canada

Brendan J. Galligan
Senior Vice President
Asia Pacific Division

Joel S. Iskiwitch
Senior Vice President
Accident and Health Division

Paul Nitsou
Senior Vice President
Market Development Division

Paul A. Schuster
Senior Vice President
U.S. Division

Roberto Baron
Vice President
Latin America Division

Kenneth D. Sloan
Senior Vice President
U.S. Facultative Division

Matthew P. McCauley
General Counsel and Secretary

[FN]

senior vice presidents and above
are considered executive officers

Shareholder Information

Annual Meeting:
The annual meeting of the shareholders will be held
Wednesday May, 27, 1998 at 2:00 p.m.
at the Ritz-Carlton Hotel
100 Carondelet Plaza St. Louis, Missouri

Transfer Agent:
ChaseMellon Shareholder Services, L.L.C.
Overpeck Centre
85 Challenger Road
Ridgefield Park, New Jersey 07760
888.213.0965
http://www.chasemellon.com

Independent Auditors:
KPMG Peat Marwick LLP

Annual Report on Form 10-K:
Reinsurance Group of America, Incorporated
files with the Securities and Exchange Commission
an Annual Report (Form 10-K). Shareholders
may obtain a copy of the Form 10-K
without charge by writing to:

Jack B. Lay
Chief Financial Officer
660 Mason Ridge Center Drive
St. Louis, Missouri 63141

Or, shareholders may request financial reports
through our Internet site at http://www.rgare.com

Exhibit 21.1

SUBSIDIARIES OF
REINSURANCE GROUP OF AMERICA, INCORPORATED

RGA International, Limited, New Brunswick corporation
- RGA Canada Management Company, Ltd., New Brunswick corporation
- RGA Life Reinsurance Company of Canada, Quebec corporation

Manantial Seguros de Vida, S.A., Argentine corporation

RGA Australian Holdings PTY, Limited, Australian corporation
- RGA Reinsurance Company of Australia Limited, Australian corporation

RGA Holdings Limited (U.K.), United Kingdom corporation
- RGA Managing Agency Limited U.K., United Kingdom corporation
- RGA Capital Limited U.K., United Kingdom corporation

RGA Reinsurance Company, Missouri corporation
- Fairfield Management Group, Inc., Missouri corporation
  - Great Rivers Reinsurance Management, Inc., Missouri corporation
  - Reinsurance Partners, Inc., Missouri corporation
  - RGA (U.K.) Underwriting Agency Ltd., United Kingdom corporation

RGA Reinsurance Company (Barbados) Ltd., Barbados corporation

RGA Insurance Company (Bermuda) Ltd., Bermuda corporation

RGA Sudamerica, S.A., Chilean corporation
- RGA Reinsurance Company Chile S.A., Chilean corporation
- BHIF America Seguros de Vida S.A., Chilean corporation

Exhibit 23.1

Board of Directors and Stockholders
Reinsurance Group of America, Incorporated:

We consent to incorporation by reference in the registration statement (No. 33-62274) on Form S-8 and registration statement (No. 333-27167) on Form S-8 of Reinsurance Group of America, Incorporated of our reports dated January 29, 1998, relating to the consolidated balance sheets of Reinsurance Group of America, Incorporated and subsidiaries as of December 31, 1997 and 1996, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 1997, and all related schedules, which reports appear in the December 31, 1997, annual report on Form 10-K of Reinsurance Group of America, Incorporated.

/s/ KPMG Peat Marwick LLP

St. Louis, Missouri
March 24, 1998

Exhibit 24.1

REINSURANCE GROUP OF AMERICA, INCORPORATED

POWER OF ATTORNEY

I, the undersigned, as a director or officer of Reinsurance Company of America, Incorporated hereby constitute David B. Atkinson, Jack B. Lay and Matthew P. McCauley, and each of them singly, with full power to sign for me, in my name and in the capacity checked below, the annual report of Reinsurance Group of America, Incorporated for fiscal year 1997 on Form 10-K and any and all amendments to this report with the Securities and Exchange Commission and I hereby ratify and confirm my signature as it may be signed by the above-mentioned people to said Form 10-K and to any and all amendments thereto.

Witness my hand on the date set forth below.

Signature

/s/ H. Edwin Trusheim Director / X / Officer / /

H. Edwin Trusheim

Name (Typed or printed)

Date 3/18/98

Exhibit 24.1

REINSURANCE GROUP OF AMERICA, INCORPORATED

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I, the undersigned, as a director or officer of Reinsurance Company of America, Incorporated hereby constitute David B. Atkinson, Jack B. Lay and Matthew P. McCauley, and each of them singly, with full power to sign for me, in my name and in the capacity checked below, the annual report of Reinsurance Group of America, Incorporated for fiscal year 1997 on Form 10-K and any and all amendments to this report with the Securities and Exchange Commission and I hereby ratify and confirm my signature as it may be signed by the above-mentioned people to said Form 10-K and to any and all amendments thereto.

Witness my hand on the date set forth below.

Signature

/s/ W. P. Stiritz   Director / X /   Officer /   /

William P. Stiritz

Name (Typed or printed)

Date 1/26/98

Exhibit 24.1

REINSURANCE GROUP OF AMERICA, INCORPORATED

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Witness my hand on the date set forth below.

Signature

/s/ Leonard M. Rubenstein   Director / X /   Officer / /

Leonard M. Rubenstein

Name (Typed or printed)

Date 2/12/98

Exhibit 24.1

REINSURANCE GROUP OF AMERICA, INCORPORATED

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Witness my hand on the date set forth below.

Signature

/s/ William A. Peck Director / X / Officer / /

William A. Peck

Name (Typed or printed)

Date 1/26/98

Exhibit 24.1

REINSURANCE GROUP OF AMERICA, INCORPORATED

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Witness my hand on the date set forth below.

Signature

/s/ S. I. Greenbaum   Director / X /   Officer /   /

Stuart I. Greenbaum

Name (Typed or printed)

Date 1/28/98

Exhibit 24.1

REINSURANCE GROUP OF AMERICA, INCORPORATED

POWER OF ATTORNEY

I, the undersigned, as a director or officer of Reinsurance Company of America, Incorporated hereby constitute David B. Atkinson, Jack B. Lay and Matthew P. McCauley, and each of them singly, with full power to sign for me, in my name and in the capacity checked below, the annual report of Reinsurance Group of America, Incorporated for fiscal year 1997 on Form 10-K and any and all amendments to this report with the Securities and Exchange Commission and I hereby ratify and confirm my signature as it may be signed by the above-mentioned people to said Form 10-K and to any and all amendments thereto.

Witness my hand on the date set forth below.

Signature

/s/ Bernard A. Edison   Director / X /   Officer / /

Bernard A. Edison

Name (Typed or printed)

Date Jan. 28, 1998

Exhibit 24.1

REINSURANCE GROUP OF AMERICA, INCORPORATED

POWER OF ATTORNEY

I, the undersigned, as a director or officer of Reinsurance Company of America, Incorporated hereby constitute David B. Atkinson, Jack B. Lay and Matthew P. McCauley, and each of them singly, with full power to sign for me, in my name and in the capacity checked below, the annual report of Reinsurance Group of America, Incorporated for fiscal year 1997 on Form 10-K and any and all amendments to this report with the Securities and Exchange Commission and I hereby ratify and confirm my signature as it may be signed by the above-mentioned people to said Form 10-K and to any and all amendments thereto.

Witness my hand on the date set forth below.

Signature

/s/ J. C. Eason Director / X / Officer / /

J. Cliff Eason

Name (Typed or printed)

Date 2/2/98

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED FINANCIAL STATEMENTS OF THE REGISTRANT AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS

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