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, 1998

___ — 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
Voting Common Stock, par value $0.01	New York Stock Exchange
Non-voting 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. [ ]

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, 1999, as reported on the New York Stock Exchange was approximately $584,600,330. The aggregate market value of the non-voting stock held by non-affiliates of the registrant, based upon the closing sale price of the Common Stock on March 1, 1999, as reported on the New York Stock Exchange was approximately $259,148,767.

As of March 1, 1999, Registrant had outstanding 37,927,128 shares of voting common stock and 7,417,496 shares of non-voting common stock.

DOCUMENTS INCORPORATED BY REFERENCE

Certain portions of the Annual Report to Shareholders for the year ended December 31,1998 ("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 1999 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, 1998, are incorporated by reference in Part III of this Form 10-K.

REINSURANCE GROUP OF AMERICA, INCORPORATED

FORM 10-K

YEAR ENDED DECEMBER 31, 1998

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Item 1. BUSINESS

A. OVERVIEW

Reinsurance Group of America, Incorporated ("RGA") is an insurance holding company formed December 31, 1992. GenAmerica Corporation, a wholly owned subsidiary of General American Mutual Holding Company and the parent corporation of General American Life Insurance Company ("General American"), beneficially owned approximately 64% of RGA's outstanding voting shares and approximately 53% of all shares outstanding at December 31, 1998. The consolidated financial statements include the assets, liabilities, and results of operations of RGA; Reinsurance Company of Missouri, Incorporated ("RCM"); RGA Australian Holdings Pty, Limited ("Australian Holdings"); RGA Reinsurance Company (Barbados) Ltd. ("RGA Barbados"); RGA International, Ltd. ("RGA International"), 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; General American Argentina Seguros de Vida, S.A., formerly known as Manantial Seguros de Vida, S.A. ("GA Argentina"), an Argentine life insurance company; and RGA South African Holdings (Pty) Ltd ("RGA South Africa"), a South African holding company. In addition, the consolidated financial statements include the subsidiaries of RCM, Australian Holdings, RGA International, RGA UK, RGA Sudamerica, S.A., and RGA South Africa subject to an ownership position of fifty percent or more (collectively, the "Company").

The Company is primarily engaged in life 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 ("Reinsurance Division") have been engaged in the business of life reinsurance since 1973. As of December 31, 1998, the Company had approximately $6.3 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 also 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 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 RCM 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 its operating subsidiaries, securities maintained in its investment portfolio, and proceeds from securities offerings. RCM's primary source of funds are dividend distributions paid by RGA Reinsurance Company ("RGA Reinsurance") whose 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.

At December 31, 1998, the Company classified its accident and health division as a discontinued operation for financial reporting purposes. The accident and health operation has been placed into run-off with all treaties (contracts) being terminated at the earliest possible date. RGA has given notice to all reinsureds and retrocessionaires that all treaties will be cancelled at the expiration of their term. If the treaty is continuous, a written Preliminary Notice of Cancellation was given, followed by a final notice within 90 days of the expiration date. The consolidated statements of income for all periods presented have been restated, as appropriate, to reflect this line of business as a discontinued operation.

The Company has five main operational segments segregated primarily by geographic region: U.S., Canada, Latin America, Asia Pacific, and other international operations. The U.S. operations provide traditional 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, bank-owned life insurance, and annuities. The Canada operations provide insurers with traditional reinsurance as well as assistance with capital management activity. The Latin America operations include direct life insurance through a joint venture and subsidiaries in Chile and Argentina. The Latin America operations also include traditional reinsurance and reinsurance of privatized pension products primarily in Argentina. Asia Pacific operations provide primarily traditional life reinsurance through RGA Reinsurance Company of Australia, Limited ("RGA Australia") and RGA Reinsurance. Other international operations include traditional business from Europe and South Africa, in addition to other markets being developed by the Company. The operational segment results do not include the corporate investment activity, general corporate expenses, interest expense of RGA, and the provision for income tax expense (benefit). In addition, the Company's discontinued accident and health operations are not reflected in the continuing operations of the Company. The Company measures segment performance based on profit or loss from operations before income taxes and minority interest.

Consolidated income from continuing operations before income taxes and minority interest increased 21.7% in 1998 and 24.4% in 1997. On a post-split basis, after tax diluted earnings per share from continuing operations were $2.08 for 1998 compared with $1.89 for 1997 and $1.52 for 1996. Earnings were attributed primarily to the continuously strong performance of traditional reinsurance in the U.S. and Canada. In addition, continued growth in non-traditional products in the U.S. and developing business in Latin America has contributed to the increase. The Asia Pacific operations have grown by more than doubling revenue since 1996. For the Asia Pacific segment, results were mixed with improving results in Australia offset by losses from the Hong Kong operations due to increased lapse rates on several major treaties, reflecting the overall economic slowdown in that market. For the other international segment, the costs associated with the development of new business still exceed the underlying product earnings. Nevertheless, the Company believes that the sustained growth in premiums will lessen the burden of start-up costs.

The U.S. operations represented 70.5% of the Company's business as measured by 1998 net premiums and have experienced significant growth since inception through 1998. 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 RCM, a wholly owned subsidiary of RGA. As of December 31, 1998, RGA Reinsurance had regulatory capital and surplus of $359.6 million.

The Company's Canada operations, which represented 14.2% of the Company's business as measured by 1998 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. The Canadian operations provide insurers with traditional reinsurance as well as assistance with capital management activity. As of December 31, 1998, RGA Canada had regulatory capital and surplus of $103.9 million.

The Company's Latin America operations represented 9.7% of the Company's business as measured by 1998 net premiums. Latin America 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 BHIFAmerica Seguros de Vida, S.A. ("BHIFAmerica"), and a 99% investment in RGA Reinsurance Company Chile S.A. ("RGA Chile"), (the remaining 1% of RGA Chile is owned by RGA Barbados). BHIFAmerica 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 BHIFAmerica. RGA also operates in Argentina through GA Argentina, a subsidiary, which is 99% owned by RGA and 1%, owned by RGA Sudamerica S.A. GA Argentina markets and sells individual, group, credit and universal life and disability insurance. The Company conducts reinsurance business in the Latin America region through RGA Reinsurance. During 1998, a representative office was opened in Mexico City and, in 1999, a representative office will be opened in Buenos Aires to more directly assist clients in these markets. The Latin America reinsurance operations derive revenue primarily from the reinsurance of privatized pension products in Argentina. Additional types of reinsurance provided in the region are traditional and credit life for groups and individuals.

The Company's Asia Pacific operations represented 5.2% of the Company's business as measured by total net premiums in 1998. The Company conducts reinsurance business in the Asia Pacific region through branch operations in Hong Kong and Japan and will open a liaison office in Taiwan during 1999. In January 1996, RGA formed Australian Holdings, a wholly owned holding company, and RGA Australia, a wholly owned reinsurance company of Australian Holdings licensed to assume life reinsurance in Australia. Business is also conducted through Malaysian Life Reinsurance Group Berhad ("MLRG"), a joint venture in Malaysia. The principal types of reinsurance provided in the region are life, critical care, superannuation, and financial reinsurance.

The Company's other international operations represented 0.4% of the Company's total net premiums for 1998. This segment provides life reinsurance to international clients throughout Europe and South Africa. The principal type of reinsurance being provided has been life reinsurance for a variety of life products through yearly renewable term and coinsurance agreements. These agreements may be either facultative or automatic agreements. During 1998, the Company continued its expansion initiatives, with efforts underway to license a life reinsurance subsidiary in London. In addition, the Company established RGA South Africa, which conducts reinsurance through its wholly owned subsidiary, RGA Reinsurance Company of South Africa, Limited, with offices in Cape Town and Johannesburg, South Africa.

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, Benefit Resource Life Insurance Company (Bermuda) Ltd., ("BRL," formerly known as RGA Reinsurance Company (Bermuda), Ltd.), which had not commenced any business as of December 31, 1998.

Intercorporate Relationships

As a result of various transactions with General American, including capital contributions and transfer of the business of the Reinsurance Division from General American to the Company on January 1, 1993, the Company has all the economic benefits and risks of certain reinsurance agreements entered into by General American, 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 and 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, RCM, RGA Reinsurance, Australian Holdings, RGA Barbados, RGA Canada, and RGA South Africa 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. A small percentage of RGA Reinsurance's business 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

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 "A2" rating from Moody's Investor Services ("Moody's") for claims-paying ability. These ratings are based on an insurance company's ability to pay policyholder obligations and are not directed toward the protection of investors, and represent Standard & Poor's ("S&P's") third highest rating and Moody's sixth highest rating. RGA has an "A" long-term debt rating from S&P, which represents S&P's third highest rating classification and "Baa1" long term debt rating from Moody's, which represents Moody's fourth highest rating classification. A security rating is not a recommendation to buy, sell or hold securities. It is subject to revision or withdrawal at any time by the assigning rating organization, and each rating should be evaluated independently of any other rating.

Regulation

RGA Reinsurance and RCM, RGA Canada, BHIF America and RGA Chile, GA Argentina, RGA Barbados, BRL, RGA Australia, RGA South Africa, and RGA UK are regulated by authorities in Missouri, Canada, Chile, Argentina, Barbados, Bermuda, Australia, South Africa, 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.

General

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.

GA Argentina 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, GA Argentina 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.

BHIFAmerica 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 Superintendencia-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, imposes 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 recent years, the NAIC and insurance regulators increasingly have been re-examining existing laws and regulations and their application to insurance companies. In particular, this re-examination has focused on insurance company investment and solvency issues, and, in some instances, has resulted in new interpretation of existing law, the development of new laws, and the implementations of non-statutory guidelines. The NAIC has formed committees and appointed advisory groups to study and formulate regulatory proposals on such diverse issues as the use of surplus debentures, accounting for reinsurance transactions, and the adoption of risk-based capital rules. It is not possible to predict the future impact of changing state and federal regulation on the operations of RGA or its subsidiaries.

As part of this review, the NAIC recently adopted the Valuation of Life Insurance Policies Model Regulation (the "Model Regulation"). If adopted in its current form the Model Regulation will have the greatest impact on level term life insurance products with current premiums guaranteed for more than five years. Companies with these products generally will have to increase reserves above the current levels or limit the period of guaranteed premiums to five years. The Model Regulation will also affect the reserve requirements for other increasing premium products, deficiency reserves and certain benefit guarantees in universal life products. The Model Regulation will not affect the financial statements of the Company prepared in accordance with GAAP:

however, as a statutory accounting principle, the Model Regulation may affect the statutory financial statements of the subsidiaries.

In addition to the above regulatory changes being reexamined and considered by the NAIC, the NAIC is in the process of codifying statutory accounting principles. The purpose of such codification is to establish a uniform set of accounting rules and regulations for use by insurance companies in financial report preparation in connection with financial reporting to regulatory authorities. The Company has not determined what impact, if any, this codification will have on its subsidiaries' statutory surplus requirements.

Capital Requirements

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 consider 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, Bermuda, South Africa and United Kingdom 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, South Africa and United Kingdom 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.

Insurance Holding Company Regulations

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.

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.

Canadian federal insurance laws and regulations do not contain automatic registration and reporting requirements applicable to insurance holding companies, although such companies, together with all affiliates of a Canadian insurance company, may be required to supply such information to the Canadian Superintendent of Financial Institutions upon request.

Transactions whereby a person or entity would acquire control of or a significant interest in, or increase (by more than an insignificant amount) its existing interest in, a Canadian insurance company are subject to the prior approval of the Canadian Minister of Finance. "Significant interest" in an insurance company means the beneficial ownership of shares representing 10% or more of a given class, while "control" of an insurance company is presumed to exist when a person beneficially owns shares representing more than 50% of the votes entitled to be cast for the election of directors and such votes are sufficient to elect a majority of the directors of the insurance company. Any transaction or series of transactions with the same person involving the acquisition or disposition by a Canadian insurance company of assets (other than the payment of dividends) the aggregate value of which, over a twelve-month period, exceeds 10% of such company's total assets are also subject to the prior approval of the Canadian Superintendent of Financial Institutions.

In addition, Canadian federal insurance laws and regulations generally prohibit transactions between insurance companies and related parties, with certain specified exceptions. Permitted related-party transactions must be on terms that are at least as favorable to the insurance company as market terms and conditions as defined in the Canadian federal insurance laws and regulations. Reinsurance agreements pursuant to which an insurance company causes itself to be reinsured with related parties are restricted unless (i) the reinsurance is taken out in the ordinary course of business, and (ii) the related party is either a Canadian insurance company or a foreign insurance company duly registered in Canada. Reinsurance agreements pursuant to which an insurance company reinsures risks undertaken by a related party are restricted unless the reinsurance is taken out in the ordinary course of business.

Restrictions on Dividends and Distributions

Current Missouri law (applicable to Reinsurance Group of America, Incorporated, RCM, and RGA Reinsurance) permits the payment of dividends or distributions which, together with dividends or distributions paid during the preceding twelve 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 1999 by RGA Reinsurance under Missouri law, without the prior approval of the Missouri Director of Insurance, is $36.0 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 twelve 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 1999 by RGA Reinsurance under the Model Act without prior approval of the Missouri Director of Insurance would have been $12.8 million at December 31, 1998.

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.

Under the corporate law and regulations of New Brunswick applicable to RGA International and RGA Canada Management, dividends may be declared and paid unless there are reasonable grounds for believing either that the corporation is, or would after the payment be, unable to pay its liabilities when due or that the realizable value of its assets would be less than the aggregate of its liabilities and stated capital of all classes. RGA Canada may not pay a dividend if there are reasonable grounds for believing that RGA Canada is, or the payment of the dividend would cause RGA Canada to be, in contravention of any regulation made by the Governor in Council and the guidelines adopted by the Superintendent of Financial Institutions respecting the maintenance by life companies of adequate and appropriate forms of liquidity. 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. Moreover, RGA Canada must give notice to the Superintendent of Financial Institutions of the declaration of any dividend at least ten days prior to the day fixed for its payment. The maximum amount available for payment of dividends by RGA Canada to RGA Canada Management under the Canadian MCCSR guidelines was $26.6 million at December 31, 1998.

Default or Liquidation

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.

Federal Regulation

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.

Risk Management

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 under excess coverage and coinsurance contracts. RGA Reinsurance has a retention limit of $2.5 million of liability on any one life for all life reinsurance. RGA Reinsurance has a number of retrocession arrangements whereby certain business in force is retroceded on a quota share or facultative basis. 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.

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. A majority of the U.S. retrocessionaires under such arrangements was rated "A-" or better by A.M. Best as of December 31, 1997. Also, six of the twelve international retrocessionaires were reviewed by A.M. Best since December 1996 and rated A- or better. In addition, the Company performs annual financial and in force reviews of its domestic and international retrocessionaires to evaluate financial stability and performance. For a majority of the retrocessionaires that were not rated, 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.

RGA Reinsurance has never experienced a material 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 as of December 31, 1997. This coverage 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.

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. 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.

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 for 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.

Underwriting

Facultative. Senior management has developed underwriting guidelines, policies, and procedures with the objective of controlling the quality of business written as well as its pricing. RGA Reinsurance's 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.

RGA Reinsurance management determines 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 directors, as well as a medical consultant.

Automatic. RGA Reinsurance's 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 seven client audits are conducted each year.

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. Since 1987, the accepted Canadian industry practice is to conduct HIV testing for life insurance risks over C$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's reinsurance in force.

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, 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 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, 1998, the Company had 421 employees located in the United States, Canada, Argentina, Chile, Mexico, Hong Kong, Australia, Japan, Taiwan, South Africa, and the United Kingdom. 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 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 following table sets forth the Company's gross and net premiums attributable to each of the industry segments for the periods indicated:

GROSS AND NET PREMIUMS BY SEGMENT
(dollars in millions)

	Year Ended December 31					
	1998		1997		1996	
	Amount	%	Amount	%	Amount	%
GROSS PREMIUMS:						
U.S. operations	$ 902.9	71.4	$687.2	76.2	$620.6	80.4
Canada operations	192.9	15.2	105.5	11.7	81.5	10.6
Latin America operations	108.3	8.6	69.0	7.7	48.1	6.2
Asia Pacific operations	56.9	4.5	37.3	4.1	21.8	2.8
Other international operations	3.7	0.3	2.3	0.3	0.3	0.0
Total	$1,264.7	100.0	$901.3	100.0	$772.3	100.0
NET PREMIUMS:						
U.S. operations	$716.2	70.5	$554.2	74.4	$486.4	78.7
Canada operations	144.8	14.2	83.6	11.2	63.1	10.2
Latin America operations	98.7	9.7	68.2	9.2	46.8	7.6
Asia Pacific operations	53.0	5.2	36.6	4.9	21.1	3.4
Other International operations	3.7	0.4	2.2	0.3	0.3	0.1
Total	$1,016.4	100.0	$744.8	100.0	$617.7	100.0

The following table sets forth selected information concerning assumed reinsurance business in force for the Company's U.S., Canada, Latin America, Asia Pacific, 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,					
	1998		1997		1996	
	Amount	%	Amount	%	Amount	%
U.S. operations	$255.7	77.3	$171.7	75.5	$137.3	81.6
Canada operations	35.5	10.7	27.7	12.2	22.7	13.4
Latin America operations	35.1	10.7	26.1	11.5	7.0	4.2
Asia Pacific operations	3.8	1.1	1.8	0.8	1.3	0.8
Other international operations	0.5	0.2	-	-	-	-
Total	$330.6	100.0	$227.3	100.0	$168.3	100.0

The following table sets forth selected information concerning assumed new business volume for the Company's U.S., Canada, Latin America, Asia Pacific, 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,					
	1998		1997		1996	
	Amount	%	Amount	%	Amount	%
U.S. operations	$102.7	82.2	$50.2	66.1	$27.0	71.2
Canada operations	12.8	10.2	8.0	10.5	6.9	18.2
Latin America operations	7.2	5.8	16.9	22.3	3.3	8.8
Asia Pacific operations	2.2	1.8	0.8	1.1	0.7	1.8
Other international operations	0.1	-	-	-	-	-
Total	$125.0	100.0	$75.9	100.0	$37.9	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 $21.6 billion, $16.9 billion, and $23.5 billion were released in 1998, 1997, and 1996, respectively.

Additional information regarding the operations of the Company's segments and geographic operations is contained in Note 16 of the Notes to Consolidated Financial Statements, which Note is incorporated herein by reference.

U.S. Operations

Traditional

The Company's U.S. life reinsurance business, which totaled 70.5%, 74.4%, and 78.7%, of the Company's net premiums in 1998, 1997, and 1996, 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, 1998, reinsurance of such policies was reflected in interest sensitive contract reserves of approximately $951.7 million and policy loans of $513.8 million.

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 1998, 1997, and 1996, approximately 35.5%, 39.6%, and 39.2%, 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. RGA Reinsurance tracks the percentage of declined and placed facultative applications on a client-by-client basis and generally works with clients to seek to maintain such percentages at levels deemed acceptable.

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

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 a portion of the business 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, bank-owned life insurance, and annuities. The budget proposal recently submitted to Congress by the Clinton Administration includes certain provisions which, if enacted in the form proposed, would increase taxes on the owners of such bank-owned and corporate-owned life insurance. If these or similar proposed tax changes were enacted into law, they could adversely affect the Company: however, the Company does not consider the reinsurance of such policies to be a material part of its business. 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 that are supported by the future profits from the reinsured block of business. The Company earns a return based on the amount of outstanding reinsurance.

Asset Intensive Business

The above discussion of the Company's reinsurance on the basis of facultative and automatic business relates to instances whereby the Company typically reinsures only the mortality risk element of the underlying insurance product. The Company also provides reinsurance of the investment risk in certain product lines. Reinsurance business in which the investment risk is reinsured is referred to as asset-intensive business. Asset-intensive business includes the reinsurance of stable value products, bank-owned life insurance, and annuities, both fixed rate and equity-indexed.

Through coinsurance or modified coinsurance, the Company earns investment income and in certain cases, cost of insurance charges, on the deposits underlying the products. These earnings are offset by interest credited and claim reimbursements paid to the ceding companies.

Though most asset-intensive business is reinsured on an automatic basis, some business is reviewed on a facultative basis by the Company if it does not fit within the automatic parameters of the reinsurance agreement. Asset-intensive business that does not produce mortality risk (stable value products and annuities) is normally limited by size of the deposit, from any one depositor. Business which does produce mortality risks (corporate-owned and bank-owned) normally involves a large number of insureds associated with each deposit. Underwriting of these deposits also limits the size of any one deposit but the individual policies associated with any one deposit are typically issued within pre-set Guaranteed Issue parameters.

The Company looks for highly rated, financially secure companies as clients for asset-intensive business. These companies may wish to limit their own exposure to certain products. Ongoing asset/liability analysis is required for the management of asset-intensive business. The Company performs this analysis itself, in conjunction with asset/liability analysis performed by the ceding companies.

Financial Reinsurance

The Company's financial reinsurance assists ceding companies in meeting applicable regulatory requirements and enhances ceding companies' financial strength and regulatory surplus position. The Company commits cash or assumes insurance liabilities from the ceding companies. Generally, such amounts are offset by receivables from ceding companies that are repaid by the future profits from the reinsured block of business. The Company structures its financial reinsurance transactions so that the projected future profits of the underlying reinsured business significantly exceed the amount of regulatory surplus provided to the ceding company.

The Company primarily targets highly rated insurance companies for financial reinsurance. A careful analysis is performed before providing any surplus enhancement to the ceding company. This analysis assures that the Company understands the risks of the underlying insurance product and that the surplus has a high likelihood of being repaid through the future profits of the business. A staff of actuaries and accountants is required to track experience on a quarterly basis in comparison to expected models.

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 1998, 41 clients had annual gross premiums of $5 million or more and the aggregate gross premiums from these clients represented approximately 88.9% of 1998 U.S. life gross premiums. For the purpose of this disclosure, companies that are within the same holding company structure are combined.

In 1998, 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, five clients ceded more than 5% of U.S. life gross premiums. Together they ceded $289.2 million, or 32.0%, of U.S. operations gross premiums in 1998.

General American and its affiliates generated approximately 4.0% of U.S. operations gross premiums in 1998, 1997, and 1996, exclusive of retrocession agreements. The Company's stable value products are reinsured from General American. Deposits from stable value products totaled approximately $700.9 million and $483.0 million during 1998 and 1997, 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. Deposit liabilities related to this business were $112.5 million and $124.4 million, in 1998 and 1997, respectively.

During 1998, $294.6 million of U.S. operations net premium related to facultative business. The U.S. life operation accepted new facultative business from over 100 U.S. clients in 1998.

OPERATIONS

During 1998, substantially all gross U.S. life business was obtained directly, rather than through brokers. RGA Reinsurance has an experienced marketing staff that works to maintain existing relationships and to provide responsive service.

RGA Reinsurance's 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.

RGA Reinsurance's 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 RGA Reinsurance's operations. 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.

Canada Operation

The Canada operation represented 14.2%, 11.2%, and 10.2%, of the Company's net premiums in 1998, 1997, and 1996, respectively. In 1998, the Canadian life operations assumed $12.8 billion in new business. Approximately 90% of the 1998 Canadian new business was written on an automatic basis. The Canadian operations are primarily engaged in traditional individual life reinsurance, including preferred underwriting products. With the exception 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 1998 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 maintains a staff of fifty-four people at the Montreal office and sixteen 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.

Latin America Operations

The Latin America operations represented 9.7%, 9.2%, and 7.6% of the Company's net premiums in 1998, 1997, and 1996, respectively. Business in this segment is classified as direct insurance or reinsurance. Direct insurance is generated primarily from a joint venture and subsidiaries in Chile and Argentina. In 1993, the Company entered into a joint venture in Chile to form BHIFAmerica. This company is a direct life insurer whose primary source of premium is generated from single premium immediate annuities with other lines including credit, individual, and group life. During 1996, in an effort to support the growth of this business and develop additional reinsurance opportunities in Chile, the Company formed RGA Chile, a wholly owned reinsurance company licensed to assume life reinsurance in Chile. RGA Chile assumed $26.0 million, $35.5 million, and $10.2 million of annuity premiums from BHIFAmerica during 1998, 1997, and 1996, respectively. This business is reported as direct business due to the intercompany nature of the reinsurance.

In 1994, to develop markets in Argentina, RGA formed GA Argentina. GA Argentina writes direct life insurance primarily related to group life and disability insurance for the Argentine privatized pension system as well as traditional group life insurance. Effective July 1998, GA Argentina no longer has new contracts related to the privatized pension system, but continues to market group and individual life products.

The Company conducts reinsurance business in the Latin America region through RGA Reinsurance. During 1998, a representative office was opened in Mexico City and in 1999, a representative office will be opened in Buenos Aires to more directly assist clients in these markets. The Latin America reinsurance operations derive revenue primarily from the reinsurance of privatized pension products in Argentina. Additional types of reinsurance provided in the region are traditional and credit life for groups and individuals.

BHIFAmerica and RGA Chile maintain staffing of thirty-two people at the head offices in Santiago, Chile. GA Argentina maintains a staff of forty people in Buenos Aires, Argentina. These subsidiaries employ their own underwriting, actuarial, claims, pricing, accounting, systems, marketing and administrative staff. The Latin America reinsurance operations are primarily supported by the Latin America Division of RGA Reinsurance based in St. Louis with a staff of three people in a representative office in Mexico. The division provides bilingual underwriting, actuarial, claims, pricing, marketing, and administrative support. Claims, accounting, and systems support are provided on a corporate basis through RGA Reinsurance operations.

Asia Pacific Operations

The Asia Pacific operations represented 5.2%, 4.9%, and 3.4% of the Company's net premiums in 1998, 1997, and 1996, respectively. 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 plans to open a representative office in Taiwan during the first quarter of 1999.

Within the Asia Pacific segment, five people were on staff in the Hong Kong office, five people were on staff in the Tokyo office, two people were hired for the Taiwan office, and RGA Australia maintained a staff of thirteen 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.

Other International Operations

The other international operations represented 0.4% and 0.3%, of the Company's net premiums in 1998 and 1997, respectively. This segment provides life reinsurance to international clients throughout Europe and South Africa. The principal type of reinsurance being provided has been life reinsurance for a variety of life products through yearly renewable term and coinsurance agreements. These agreements may be either facultative or automatic agreements. During 1998, the Company continued its expansion efforts, with actions underway to license a life reinsurance subsidiary in London. In addition, the Company established RGA South Africa, with offices in Cape Town and Johannesburg, South Africa, to promote life reinsurance in South Africa. The Company entered into a joint venture to form RGA Financial Products, Limited ("RGAFP") which had not commenced any business as of December 31, 1998.

The other international operations are supported by divisional management through RGA International based in Toronto. This subsidiary of RGA had a staff of eight people that provided marketing support for operations in existing and potential future markets. Additional support was provided by RGA Reinsurance. The developing operations in the United Kingdom maintained a staff of three people while RGA South Africa maintained a staff of six people.

Discontinued Operations

As of December 31, 1998, the Company formally reported its accident and health division as a discontinued operation. The accident and health operations was placed into run-off with all treaties (contracts) being terminated at the earliest possible date. RGA has given notice to all reinsureds and retrocessionaires that all treaties will be cancelled at the expiration of their term. If the treaty is continuous, a written Preliminary Notice of Cancellation was given, followed by a final notice within 90 days of the expiration date. Included in 1998 and 1997 net income were additional pre-tax charges of $32.0 million and $21.0 million, respectively to increase the segment's reserves. The additional reserves are expected to cover the run-off of the business accepted from outside managed pools as well as the accident and health risks internally underwritten by the Company in which it has earned premiums through December 31, 1998. The nature of the underlying risks is such that the claims may take years to reach the reinsurers involved. Thus, the Company expects to pay claims out of existing reserves over a number of years as the level of business diminishes. The Company does not expect to incur significant operating losses for premiums earned subsequent to December 31, 1998. The consolidated statements of income for all periods presented have been restated, as appropriate, to reflect this line of business being accounted for as a discontinued operation.

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 were identified in Note 16 of the Notes to Consolidated Financial Statements, which Note is incorporated herein by reference.

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, 1999, at an annual rent of $1,585,308 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. RGA Reinsurance also sub-leases approximately 5,100 square feet of office space in St. Louis. The sub-lease expires in August 1999. The rental expenses paid by RGA Reinsurance under the sub-lease during 1998 were approximately $9,600. RGA Reinsurance entered into a new lease on December 28, 1998 to move its principal offices in St. Louis. The new premises are leased for an initial term of ten years, commencing on or about August 1, 1999, at an annual rent of $1,963,010, plus a pro-rated share of increases in taxes and operating expenses for the building beyond the levels of 1999.

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 1998 were approximately $145,000 and $90,500 for Hong Kong and Tokyo, respectively. RGA Australia conducts business from approximately 5,649 square feet of office space located in Sydney, Australia and paid $55,000 during 1998 for lease expense. The Hong Kong and Tokyo leases expire in January 2001 and December 2000 respectively. The Sydney lease expires in October 2003.

RGA Reinsurance also conducts business from approximately 1,500 square feet of office space in Mexico City, Mexico. The rental expenses paid by RGA Reinsurance under the lease during 1998 were approximately $17,000. The lease expires in December 1999.

General American Argentina conducts business from approximately 6,800 square feet of office space in Buenos Aires, Argentina, pursuant to several leases. Rental expense paid for the office was approximately $108,000 during 1998. BHIF America and RGA Chile conduct business from approximately 4,900 square feet of office space in Santiago, Chile. The lease expense paid during 1998 was approximately $48,000. One of the Buenos Aires leases expires in July 1999 with the remaining leases expiring in December 2001. The Santiago lease expires in April 2000.

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 1998 were approximately $174,000. 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 1998 were approximately $14,000. 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 1998 were approximately $126,500. RGA International conducts operations from approximately 9,800 square feet of office space located in Toronto, Canada. The lease with respect to such space expires in 2007. The rental expenses paid by RGA International under the lease during 1998 were approximately $57,000.

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 $165,000 during 1998. This lease expires in March 2002.

RGA UK Reinsurance conducts business from approximately 3,000 square feet of office space in London, England. The rental expenses paid by RGA UK Reinsurance under the lease during 1998 were approximately $31,000. The lease expires in 2008.

RGA South Africa conducts business from approximately 5,300 square feet of office space in Cape Town, South Africa. The rental expenses paid by RGA South Africa under the lease during 1998 were approximately $24,000. The lease expires in 2003.

The Company believes its facilities have been generally well maintained, are in good operating condition. The Company believes with its move to the new facilities during 1999, the facilities are sufficient for our current and projected future 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 1998.

PART II

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

Information on this subject is contained in the Annual Report for 1998 at pages 72-73 under the caption "Quarterly Data (Unaudited)"and at pages 34-35 under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources" which sections are hereby incorporated by reference.

Dividend Policy

Historically, RGA has paid quarterly dividends ranging from $0.027 per share in 1993 to $0.047 per share in 1998 (amounts adjusted to reflect the stock splits). 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.

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. Additionally, the Board of Directors of RGA approved a three-for-two split of RGA's common stock for all shareholders of record as of February 5, 1999, payable on February 26, 1999. Effective March 1, 1999, RGA stock began trading at the new, post-split price.

Insurance companies are subject to statutory regulations that 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

The information required by this item is found at pages 20-21 in the Annual Report for 1998 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 1998 under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

This discussion and analysis is incorporated by reference to the Annual Report for 1998 under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations--Market Risk"

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

This information is incorporated by reference to the Annual Report for 1998 under the following captions:

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 each executive officer of the Company who is not also a director. With the exception of Mr. Watson, Mr. Nitsou, Mr. Sherman and Mr. St-Amour, each individual holds the same position at RGA and RGA Reinsurance.

David B. Atkinson became President and Chief Executive Officer of RGA Reinsurance Company in January 1998. Mr. Atkinson also serves as Executive Vice President and Chief Operating Officer of RGA, since January 1997. He served as Executive Vice President and Chief Operating Officer, U.S. Operations of the Company from 1994 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 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 LLP. Mr. Lay also serves as a director and officer of certain RGA subsidiaries.

Paul A. Schuster is Executive Vice President, U. S. Division. He served as Senior Vice President, U.S. Division from January 1997 to December 1998. Mr. Schuster was 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.

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.

Roberto Baron is Senior Vice President, Latin American Division. Prior to joining RGA in 1997 as Vice President, Latin American Division, Mr. Baron was a Consulting Actuary for William M. Mercer and a Pricing Actuary for Seguros Bolivar, a life insurance company in Colombia. Mr. Baron was promoted to the position of Senior Vice President, Latin American Division in 1998.

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 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.

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.

Todd C. Larson is Vice President & Controller. Mr. Larson previously was Assistant Controller at Northwestern Mutual Life Insurance Company from 1994 through 1995 and prior to this position he was an accountant for KPMG LLP from 1985 through 1993 (most recently as a Senior Manager).

James E. Sherman is General Counsel and Secretary of the Company. Mr. Sherman joined General American in 1983. He has served as Associate General Counsel of General American since 1995. Mr. Sherman is an officer of RCM as well as RGA Reinsurance and Fairfield Management Group, subsidiaries of RGA Reinsurance.

Andre St-Amour is President and Chief Executive Officer of RGA Canada and Chief Agent for the General American Life Insurance Company Canadian Branch. Mr. St-Amour was promoted to Chief International Officer of RGA in March 1999. 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 Mutual Insurance Company.

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 Chairman, President, and Chief Executive Officer 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 found in the Proxy Statement under the captions "Executive Compensation" and "Nominees and Continuing Directors" and is incorporated herein by reference. 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 of this subject is found in the Proxy Statement under the captions "Common Stock Ownership of Certain Beneficial Owners" and "Nominees and Continuing Directors" and is incorporated herein by reference. The Proxy Statement will be filed pursuant to Regulations 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 found in the Proxy Statement under the caption "Certain Relationships and Related Transactions" and incorporated herein by reference. 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 1998 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 Exhibit 13.1 attached hereto.

3. Exhibits

See the Index to Exhibits on page 35.

(b) A report on Form 8-K was filed with the Securities and Exchange Commission on February 1, 1999, regarding the three-for-two stock split of all classes of the registrant's Common Stock. The stock split was in the form of a stock dividend payable February 26, 1999, to stockholders of record on February 5, 1999. No other reports on Form 8-K were filed during the three months ended December 31, 1998.

INDEPENDENT AUDITORS' REPORT

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

Under date of January 27, 1999, we reported on the consolidated balance sheets of Reinsurance Group of America, Incorporated and subsidiaries (the Company) as of December 31, 1998 and 1997, 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, 1998, as contained in the 1998 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 1998. 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 LLP

St. Louis, Missouri
January 27, 1999

REINSURANCE GROUP OF AMERICA, INCORPORATED

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

DECEMBER 31, 1998

(in millions)

Type of Investment	Cost	Fair Value (3)	Amount at which shown in the Balance Sheets (1)(3)
Fixed maturities:			
Bonds:			
United States government and government agencies and authorities	$ 302.2	$ 305.7	$ 305.7
Foreign governments (2)	281.7	334.5	334.5
Public utilities	233.3	279.9	279.9
All other corporate bonds	2,796.4	2,781.5	2,781.5
Total fixed maturities	3,613.6	3,701.6	3,701.6
Equity securities	13.1	13.1	13.1
Mortgage loans on real estate	216.6	XXX	216.6
Policy loans	513.9	XXX	513.9
Funds withheld at interest	359.8	XXX	359.8
Short-term investments	315.0	XXX	315.0
Other	9.6	XXX	9.6
Total investments	$5,041.6	XXX	$5,129.6

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

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

Canadian dollar	$0.6535/C$1.00
Argentina dollar	$1.0002/A$1.00
Chilean Peso	$0.0021/$1.00 Peso
Australian dollar	$0.6123/$1.00 Aus

(3) Fair value represents the closing sales prices of marketable securities. Estimated fair values for private placement securities of $781.8 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.

See accompanying independent auditor's report

REINSURANCE GROUP OF AMERICA, INCORPORATED
SCHEDULE III--SUPPLEMENTARY INSURANCE INFORMATION
(IN THOUSANDS)

	as of December 31,					
	Deferred Policy Acquisition Costs		Future Policy Benefits, Losses and Claims		Other Policy Claims and Benefits Payable	
	Assumed	Ceded	Assumed	Ceded	Assumed	Ceded
1996						
U.S. operations	$160,737	(7,182)	1,578,172	(52,754)	111,257	(5,342)
Canada operations	52,039	(1,220)	184,800	(35,366)	11,390	(4,094)
Latin America operations	4,773	-	67,103	-	21,656	(2,224)
Asia Pacific operations	23,581	-	21,343	(3)	1,496	(548)
Other international operations	-	-	-	-	-	-
Discontinued operations	848	(11)	10,866	(252)	60,485	(20,228)
Total	$241,978	(8,413)	1,862,284	(88,375)	206,284	(32,436)
1997						
U.S. operations	$203,486	(6,968)	2,735,772	(185,761)	157,240	(13,577)
Canada operations	50,506	(505)	278,738	(54,627)	49,267	(34,536)
Latin America operations	7,046	-	105,900	(1,243)	30,060	(2,274)
Asia Pacific operations	33,633	-	66,760	(32,883)	5,432	(1,470)
Other international operations	-	-	3,054	(6)	1,644	-
Discontinued operations	2,680	(36)	23,587	(1,146)	101,205	(31,323)
Total	$297,351	(7,509)	3,213,811	(275,666)	344,848	(83,180)
1998						
U.S. operations	$247,424	(5,691)	3,797,712	(182,275)	261,661	(9,093)
Canada operations	56,159	(3,064)	515,632	(60,289)	29,048	(14,881)
Latin America operations	9,532	-	138,550	(108)	56,453	(4,894)
Asia Pacific operations	45,053	-	89,671	(42,888)	17,021	(6,453)
Other international operations	54	-	4,054	-	5,759	-
Discontinued operations	1,724	(149)	25,402	(2,224)	112,107	(21,412)
Total	$359,946	(8,904)	4,571,021	(287,784)	482,049	(56,733)

See accompanying independent auditor's report

REINSURANCE GROUP OF AMERICA, INCORPORATED
SCHEDULE III--SUPPLEMENTARY INSURANCE INFORMATION (CONTINUED)
(IN THOUSANDS)

	as of December 31,				
	Premium Income	Net Investment Income	Benefits, Claims and Losses	Amortization of DAC	Other Operating Expenses
1996					
U.S. operations	$486,431	98,250	(414,473)	(33,920)	(70,878)
Canada operations	63,118	15,369	(49,270)	(1,603)	(14,240)
Latin America operations	46,802	6,032	(42,641)	-	(8,090)
Asia Pacific operations	21,066	960	(11,641)	(575)	(15,118)
Other international operations	286	350	(170)	-	(2,771)
Corporate	-	14,848	-	-	(14,589)
Total	$617,703	135,809	(518,195)	(36,098)	(125,686)
1997					
U.S. operations	$554,254	141,306	(498,670)	(37,469)	(79,596)
Canada operations	83,563	18,936	(76,265)	(10,775)	(18,023)
Latin America operations	68,190	10,615	(63,590)	-	(14,465)
Asia Pacific operations	36,591	1,126	(21,164)	(3,485)	(19,494)
Other international operations	2,170	383	(1,755)	-	(4,791)
Corporate	-	14,718	-	-	(15,237)
Total	$744,768	187,084	(661,444)	(51,729)	(151,606)
1998					
U.S. operations	$716,244	231,475	(693,033)	(58,375)	(89,598)
Canada operations	144,784	38,858	(128,880)	(1,976)	(31,131)
Latin America operations	98,679	17,786	(94,650)	-	(18,238)
Asia Pacific operations	53,072	2,545	(31,900)	(5,918)	(23,972)
Other international operations	3,641	479	(2,685)	(13)	(7,467)
Corporate	-	10,637	-	-	(18,609)
Total	$1,016,420	301,780	(951,148)	(66,282)	(189,015)

See accompanying independent auditor's report

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
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%
Canada operations	-	18.4	81.5	63.1	129.16%
Latin America operations	41.7	1.3	6.4	46.8	13.68%
Asia Pacific operations	-	0.7	21.8	21.1	103.32%
Other international	-	-	0.3	0.3	100.00%
Total	$44.2	$ 154.6	$ 728.1	$ 617.7	117.87%
1997					
Life insurance in force	$ 83	$28,720	$227,260	$198,623	114.42%
Premiums					
U.S. operations	$ 2.4	$133.0	$684.8	$554.2	123.57%
Canada operations	-	21.8	105.4	83.6	126.08%
Latin America operations	56.5	0.8	12.5	68.2	18.33%
Asia Pacific operations	-	0.8	37.4	36.6	102.19%
Other international	-	0.1	2.3	2.2	104.55%
Total	$58.9	$ 156.5	$ 842.4	$ 744.8	113.10%
1998					
Life insurance in force	$ 83	$16,171	$330,615	$314,527	105.11%
Premiums					
U.S. operations	$ 2.6	$186.7	$900.3	$716.2	125.71%
Canada operations	-	48.1	192.9	144.8	133.22%
Latin America operations	48.4	9.6	59.9	98.7	60.69%
Asia Pacific operations	-	3.8	56.9	53.1	107.16%
Other international	-	0.1	3.7	3.6	102.78%
Total	$51.0	$ 248.3	$1,213.7	$1,016.4	119.41%

See accompanying independent auditor's report

REINSURANCE GROUP OF AMERICA, INCORPORATED

SCHEDULE V - VALUATION AND QUALIFYING ACCOUNTS

DECEMBER 31, 1998

(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
1998					
Mortgage loan valuation allowance	$0.4	$0.3	$ -	$ -	$0.7
Total	$0.4	$0.3	$ -	$ -	$0.7

See accompanying independent auditor's report

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
A. Greig Woodring
President and Chief Executive Officer

Date: March 29, 1999

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 29, 1999.

Signatures		Title
/s/ Richard A. Liddy Richard A. Liddy	March 29, 1999	Chairman of the Board and Director
/s/ A. Greig Woodring A. Greig Woodring	March 29, 1999	President, Chief Executive Officer, and Director (Principal Executive Officer)
/s/ J. Cliff Eason J. Cliff Eason	March 29, 1999 *	Director
/s/ Bernard A. Edison Bernard A. Edison	March 29, 1999 *	Director
/s/ Stuart I. Greenbaum Stuart I. Greenbaum	March 29, 1999 *	Director
/s/ William A. Peck, M.D. William A. Peck, M.D.	March 29, 1999 *	Director
/s/ Leonard M. Rubenstein Leonard M. Rubenstein	March 29, 1999 *	Director
/s/ William P. Stiritz William P. Stiritz	March 29, 1999 *	Director
/s/ H. Edwin Trusheim H Edwin Trusheim	March 29, 1999 *	Director
/s/ Jack B. Lay Jack B. Lay	March 29, 1999	Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)

*By: /s/ Jack B. Lay March 29, 1999
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
2.2	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
2.3	Reinsurance Agreement dated as of January 1, 1993 between RGA Reinsurance Company ("RGA Reinsurance", formerly "Saint Louis Reinsurance Company") and General American	2
3.1	Restated Articles of Incorporation of Reinsurance Group of America, Incorporated ("RGA"), as amended	10
3.2	Bylaws of RGA	1
3.3	Certificate of Designations for Series A Junior Participating Preferred Stock (included as Exhibit A to Exhibit 4.2)	5
4.1	Form of Specimen Certificate for Common Stock of RGA	2
4.2	Rights Agreement dated as of May 4, 1993, between RGA and ChaseMellon Shareholder Services, L.L.C., as Rights Agent	5
4.3	Second Amendment to Rights Agreement, dated as of April 22, 1998, between RGA and ChaseMellon Shareholder Services, L.L.C. (as successor to Boatmen's Trust Company), as Rights Agent	10
10.1	Marketing Agreement dated as of January 1, 1993 between RGA Reinsurance and General American	3
10.2	Tax Allocation Agreement dated October 30, 1992 between RGA Reinsurance and General American	2
10.3	Tax Allocation Agreement dated as of January 15, 1993 among RGA, RGA Reinsurance, and General American	2
10.4	Tax Sharing Agreement dated as of January 15, 1993 among RGA, RGA Reinsurance, and General American	2
10.5	Administrative Services Agreement dated as of January 1, 1993 between RGA and General American	3

Exhibit Number	Description	Source (See footnotes that follow)
10.6	Administrative Services Agreement dated as of January 1, 1993 between RGA Reinsurance and General American	3
10.7	Management Agreement dated as of January 1, 1993 between RGA Canada and General American	2*
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")	3
10.9	Investment Advisory Agreement dated as of January 1, 1993 between RGA Reinsurance and CAM	3
10.10	Lease Agreement dated as of May 17, 1993 between RGA and General American and Assignment to RGA Reinsurance	4
10.11	Standard Form of General American Automatic Agreement	2
10.12	Standard Form of General American Facultative Agreement	2
10.13	Standard Form of General American Automatic and Facultative YRT Agreement	2
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	3*
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 Andre Primeau, as amended with RGA	3*
10.16	Registration Rights Agreement dated as of April 15, 1993 between RGA and General American	2
10.17	RGA Reinsurance Management Incentive Plan, as amended and restated effective November 1, 1996	6*
10.18	RGA Reinsurance Management Deferred Compensation Plan (ended January 1, 1995)	2*
10.19	RGA Reinsurance Executive Deferred Compensation Plan (ended January 1, 1995)	2*

Exhibit Number	Description	Source (See footnotes that follow)
10.20	RGA Reinsurance Executive Supplemental Retirement Plan (ended January 1, 1995)	2*
10.21	RGA Reinsurance Augmented Benefit Plan (ended January 1, 1995)	2*
10.22	RGA Flexible Stock Plan as amended and restated effective November 1, 1996	6*
10.23	Form of Directors' Indemnification Agreement	2
10.24	RGA Executive Performance Share Plan as amended and restated effective November 1, 1996	6*
10.25	RGA Flexible Stock Plan for Directors	7*
10.26	Employment Agreement dated April 6, 1992 between RGA Canada and Andre St-Amour	8*
10.27	Restricted Stock Award to A. Greig Woodring dated January 28, 1998	9*
13.1	Portions of Annual Report to Shareholders for 1998 Incorporated by Reference in the Form 10-K	--
21.1	Subsidiaries of RGA	--
23.1	Consent of KPMG LLP	--
24.1	Powers of Attorney for Messrs. Trusheim, Stiritz, Rubenstein, Peck, Greenbaum, Edison, and Eason	--
27.1	Financial Data Schedule for the year ended December 31, 1998	--
27.2	Financial Data Schedule for the year ended December 31, 1997	--
27.3	Financial Data Schedule for the year ended December 31, 1996	--
27.4	Financial Data Schedule for the three months ended March 31, 1998	--
27.5	Financial Data Schedule for the six months ended June 30, 1998	--
27.6	Financial Data Schedule for the nine months ended September 30, 1998	--
27.7	Financial Data Schedule for the three months ended March 31, 1997	--
27.8	Financial Data Schedule for the six months ended June 30, 1997	--
27.9	Financial Data Schedule for the nine months ended September 30, 1997	--

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

2 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.

3 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.

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

5 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.

6 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.

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

8 Documents incorporated by reference to Form 10-K for the year ended December 31, 1997 (No. 1-11848) filed on 25 March 1998 at the corresponding exhibit.

9 Documents incorporated by reference to Form 10-Q/A Amendment No. 1 for the quarter ended March 31, 1998 (No. 1-11848) filed on 14 May 1998 at the corresponding exhibit.

10 Documents incorporated by reference to Registration Statement on Form S-3 (No. 333-5177) filed on 4 June 1998 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 14(c) of this Part IV.

Exhibit 13.1

PORTIONS OF THE ANNUAL REPORT TO SHAREHOLDERS FOR 1998

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FORWARD-LOOKING AND CAUTIONARY STATEMENTS

The statements included in this Annual Report regarding future financial performance and results and the other statements that are not historical facts are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These "forward-looking" statements include, without limitation, certain statements in the "Letter to Shareholders," "Divisional Highlights," and "Management's Discussion and Analysis of Financial Condition and Results of Operations." Such statements also may include, but are not limited to, projections of earnings, revenues, income or loss, estimated fair values of fixed rate instruments, estimated cash flows of floating rate instruments, capital expenditures, plans for future operations and financing needs or plans, growth prospects and targets, industry trends, trends in or expectations regarding operations and capital commitments, the sufficiency of claims reserves, and Year 2000 compliance as well as assumptions relating to the foregoing. The words "predict," "project," "estimate," "anticipate," "should," "believe" and similar expressions also are intended to identify forward-looking statements. Forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified. Future events and actual results, performance and achievements could differ materially from those set forth in, contemplated by or underlying the forward-looking statements.

Numerous factors could cause actual results and events to differ materially from those expressed or implied by forward-looking statements including, without limitation, (1) general economic conditions affecting the demand for insurance and reinsurance in the Company's (as hereinafter defined) current and planned markets, (2) material changes in mortality and claims experience, (3) competitive factors and competitors' responses to the Company's initiatives, (4) successful execution of the Company's entry into new markets, (5) successful development and introduction of new products, (6) the stability of governments and economies in foreign markets, (7) fluctuations in U.S. and foreign currency exchange rates, interest rates and securities and real estate markets, (8) the success of the Company's clients, including General American Life Insurance Company ("General American") and its affiliates, and (9) changes in laws, regulations, and accounting standards applicable to the Company and its subsidiaries. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual outcomes may vary materially from those indicated.

All subsequent written and oral forward-looking statements attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by the cautionary statements. Readers are cautioned not to place undue reliance on such forward-looking statements, which speak only as of March 1, 1999.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

SELECTED CONSOLIDATED FINANCIAL AND OPERATING DATA

The selected consolidated financial data presented in the following table, and as of the end of, each of the years in the five year period ending December 31, 1998, have been prepared in accordance with generally accepted accounting principles for stock life companies. The following selected financial data should be read in conjunction with the Consolidated Financial Statements and the Notes to the Consolidated Financial Statements. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

year ending December 31	1998	1997	1996	1995	1994
(dollars in millions, except per share and operating data)					
INCOME STATEMENT DATA					
REVENUES					
Net premiums	$ 1,016.4	$ 744.8	$ 617.7	$ 522.2	$ 403.3
Net investment income	301.8	187.1	135.8	89.4	71.2
Realized capital gains	3.1	0.3	0.9	-	0.8
Other income	23.2	46.0	16.8	7.7	0.7
Total revenue	1,344.5	978.2	771.2	619.3	476.0
BENEFITS AND EXPENSES					
Claims and other policy benefits	797.9	569.1	463.5	396.4	318.4
Interest credited	153.2	92.3	54.7	33.7	-
Policy acquisition costs and other insurance expenses	188.5	148.1	118.1	84.4	65.9
Other expenses	58.0	47.5	37.5	29.5	21.9
Interest expense	8.8	7.8	6.2	-	-
Total benefits and expenses	1,206.4	864.8	680.0	544.0	406.2
Income from continuing operations before taxes and minority interest	138.1	113.4	91.2	75.3	69.8
Income taxes	49.1	40.4	33.1	27.4	25.5
Income from continuing operations before minority interest	89.0	73.0	58.1	47.9	44.3
Minority interest	(0.7)	0.4	0.3	0.1	0.1
Income from continuing operations	89.7	72.6	57.8	47.8	44.2
DISCONTINUED OPERATIONS					
Loss from discontinued accident and health operations, net of taxes	(27.6)	(18.0)	(2.7)	(0.5)	(3.8)
Net income	$ 62.1	$ 54.6	$ 55.1	$ 47.3	$ 40.4

year ending December 31	1998	1997	1996	1995	1994
BASIC EARNINGS PER SHARE(1)					
Continuing operations	$ 2.11	$ 1.91	$ 1.53	$ 1.26	$ 1.15
Discontinued operations	(0.61)	(0.47)	(0.08)	(0.01)	(0.10)
Net income	$ 1.50	$ 1.44	$ 1.45	$ 1.25	$ 1.05
DILUTED EARNINGS PER SHARE(1)					
Continuing operations	$ 2.08	$ 1.89	$ 1.52	$ 1.26	$ 1.15
Discontinued operations	(0.60)	(0.47)	(0.08)	(0.02)	(0.10)
Net income	$ 1.48	$ 1.42	$ 1.44	$ 1.24	$ 1.05
Weighted average diluted shares, in thousands(1)	42,559	38,406	38,114	37,937	38,592
Dividends per share on common stock(1) (2)	$ 0.17	$ 0.15	$ 0.13	$ 0.12	$ 0.11
BALANCE SHEET DATA					
Total investments	$ 5,129.6	$ 3,634.0	$ 2,272.0	$ 1,405.5	$ 1,016.6
Total assets	6,318.6	4,673.6	2,893.7	1,989.9	1,394.3
Policy liabilities	5,053.1	3,558.7	2,068.6	1,408.3	1,043.9
Total long-term debt	108.0	106.8	106.5	-	-
Stockholders' equity	748.5	499.3	425.6	376.9	276.8
Stockholders' equity per share(1)	$ 16.52	$ 13.21	$ 11.14	$ $9.96	$ 7.28
OPERATING DATA (in billions)					
Assumed life reinsurance business in force	$ 330.6	$ 227.3	$ 168.3	$ 153.9	$ 142.4
Assumed new business production	125.0	75.9	37.9	36.0	43.2

(1) Earnings per share, equity per share, weighted average diluted shares, and dividends per share amounts have been adjusted to reflect the three-for-two stock split payable to shareholders of record as of February 5, 1999.
(2) Dividends are payable on voting and non-voting shares of common stock. See dividends paid in Note 4 in the Notes to the Consolidated Financial Statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

GENERAL

Reinsurance Group of America, Incorporated ("RGA") is an insurance holding company formed December 31, 1992. GenAmerica Corporation, a wholly owned subsidiary of General American Mutual Holding Company and the parent corporation of General American, beneficially owned approximately 64% of RGA's outstanding voting shares and approximately 53% of all shares outstanding at December 31, 1998. The consolidated financial statements include the assets, liabilities, and results of operations of RGA; Reinsurance Company of Missouri, Incorporated ("RCM"); RGA Australian Holdings Pty, Limited ("Australian Holdings"); RGA Reinsurance Company (Barbados) Ltd. ("RGA Barbados"); RGA International, Ltd. ("RGA International"), 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; General American Argentina Seguros de Vida, S.A., formerly known as Manantial Seguros de Vida, S.A. ("GA Argentina"), an Argentine life insurance company; and RGA South African Holdings (Pty) Ltd ("RGA South Africa"), a South African holding company. In addition, the consolidated financial statements include the subsidiaries of RCM, Australian Holdings, RGA International, RGA UK, RGA Sudamerica, S.A., and RGA South Africa subject to an ownership position of fifty percent or more (collectively, the "Company").

RESULTS OF OPERATIONS

The Company derives revenues primarily from renewal premiums from existing reinsurance treaties, new business premiums from existing or new reinsurance treaties, income earned on invested assets, and 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 remaining 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 by the ceding companies.

Most of the Company's existing life 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 $175.5 million to total net premiums for each period. "New business" refers to reinsurance resulting from newly issued underlying policies in their first year or business from treaties in their first year, regardless of whether the reinsurance is associated with new or existing treaties.

Assumed insurance in force for the Company increased $103.4 billion to $330.6 billion at December 31, 1998. Assumed new business production for 1998 totaled $125.0 billion compared to $75.9 billion in 1997 and $37.9 billion in 1996. Significant growth in assumed new business in the U.S. and Canadian operations of $115.5 billion 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 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. A significant fluctuation from period to period could adversely affect the results of operations. RGA Reinsurance Company ("RGA Reinsurance"), RGA's primary U.S. operating company, has catastrophe insurance coverage issued by an insurer rated "A" by A.M. Best as of December 31, 1997, 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 currencies to the extent that the exchange rates of the foreign currencies are subject to adverse change over time. The Company's operations in Canada transact business in Canadian dollars. The exchange rate from Canadian to U.S. currency was 0.6535, 0.6992, and 0.7297 at December 31, 1998, 1997, and 1996, respectively. The Company's Latin America operations primarily conduct business in Chilean pesos and Argentine pesos. The exchange rate from these currencies to the U.S. currency remained relatively stable during 1998, 1997, and 1996. The business generated from the Asia Pacific region is primarily denominated in U.S. dollars, Australian dollars, and Japanese yen, and the Company was not materially affected by the decline in the foreign exchange rates within the Asia Pacific region during 1998 and 1997.

At December 31, 1998, the Company classified its accident and health division as a discontinued operation for financial reporting purposes. The accident and health operation has been placed into run-off with all treaties (contracts) being terminated at the earliest possible date. RGA has given notice to all reinsureds and retrocessionaires that all treaties will be cancelled at the expiration of their term. If the treaty is continuous, a written Preliminary Notice of Cancellation was given, followed by a final notice within 90 days of the expiration date. The consolidated statements of income for all periods presented have been restated, as appropriate, to reflect this line of business as a discontinued operation.

The Company has five main operational segments segregated primarily by geographic region: U.S., Canada, Latin America, Asia Pacific, and other international operations. The U.S. operations provide traditional 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, bank-owned life insurance, and annuities. The Canada operations provide insurers with traditional reinsurance as well as assistance with capital management activity. The Latin America operations include direct life insurance through a joint venture and subsidiaries in Chile and Argentina. The Latin America operations also include traditional reinsurance and reinsurance of privatized pension products primarily in Argentina. Asia Pacific operations provide primarily traditional life reinsurance through RGA Reinsurance Company of Australia, Limited ("RGA Australia") and RGA Reinsurance. Other international operations include traditional business from Europe and South Africa, in addition to other markets being developed by the Company. The operational segment results do not include the corporate investment activity, general corporate expenses, interest expense of RGA, and the provision for income tax expense (benefit). In addition, the Company's discontinued accident and health operations are not reflected in the continuing operations of the Company. The Company measures segment performance based on profit or loss from operations before income taxes and minority interest.

Consolidated income from continuing operations before income taxes and minority interest increased 21.7% in 1998 and 24.4% in 1997. On a post-split basis, after tax diluted earnings per share from continuing operations were $2.08 for 1998 compared with $1.89 for 1997 and $1.52 for 1996. Earnings were attributed primarily to the continuously strong performance of traditional reinsurance in the U.S. and Canada. In addition, continued growth in non-traditional products in the U.S. and developing business in Latin America have contributed to the increase. The Asia Pacific operations have grown by more than doubling revenue since 1996. For the Asia Pacific segment, results were mixed with improving results in Australia offset by losses from the Hong Kong operations due to increased lapse rates on several treaties, reflecting the overall economic slowdown in that market. For the other international segment, the costs associated with the development of new business still exceed the underlying product earnings. Nevertheless, the Company believes that the sustained growth in premiums will lessen the burden of start-up costs. Further discussion and analysis of the results for 1998 compared to 1997 and 1996 are presented by segment.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

U.S. OPERATIONS (dollars in thousands)

year ending December 31, 1998	TRADITIONAL	NON-TRADITIONAL ASSET-INTENSIVE	NON-TRADITIONAL FINANCIAL REINSURANCE	TOTAL U.S.
REVENUES				
Net premiums	$714,960	$ 1,284	$ --	$716,244
Investment income, net of related expenses	106,584	124,891	--	231,475
Realized investment gains, net	1,717	654	--	2,371
Other revenue	645	4	17,800	18,449
Total revenues	823,906	126,833	17,800	968,539
BENEFITS AND EXPENSES				
Claims and other policy benefits	538,773	2,259	--	541,032
Interest credited	44,052	107,949	--	152,001
Policy acquisition costs and other insurance expenses	112,962	6,792	12,942	132,696
Other operating expenses	14,408	738	131	15,277
Total benefits and expenses	710,195	117,738	13,073	841,006
Income before income taxes and minority interest	$113,711	$ 9,095	$ 4,727	$127,533

year ending December 31, 1997	TRADITIONAL	NON-TRADITIONAL ASSET-INTENSIVE	NON-TRADITIONAL FINANCIAL REINSURANCE	TOTAL U.S.
REVENUES				
Net premiums	$554,239	$ 15	$ --	$554,254
Investment income, net of related expenses	81,423	59,883	--	141,306
Realized investment gains (losses), net	1,816	(1,726)	--	90
Other revenue	872	--	25,308	26,180
Total revenues	638,350	58,172	25,308	721,830
BENEFITS AND EXPENSES				
Claims and other policy benefits	405,461	2,273	--	407,734
Interest credited	42,565	48,371	--	90,936
Policy acquisition costs and other insurance expenses	89,557	1,548	14,368	105,473
Other operating expenses	10,919	559	114	11,592
Total benefits and expenses	548,502	52,751	14,482	615,735
Income before income taxes and minority interest	$ 89,848	$ 5,421	$ 10,826	$106,095

U.S. OPERATIONS (continued) (dollars in thousands)

year ending December 31, 1996	TRADITIONAL	NON-TRADITIONAL ASSET-INTENSIVE	NON-TRADITIONAL FINANCIAL REINSURANCE	TOTAL U.S.
REVENUES				
Net premiums	$ 486,431	$ --	$ --	$ 486,431
Investment income, net of related expenses	70,121	28,129	--	98,250
Realized investment (losses), net	(1,340)	--	--	(1,340)
Other revenue	(564)	--	16,957	16,393
Total revenues	554,648	28,129	16,957	599,734
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	7,636	514	96	8,246
Total benefits and expenses	482,552	23,782	12,937	519,271
Income before income taxes and minority interest	$ 72,096	$ 4,347	$ 4,020	$ 80,463

TRADITIONAL REINSURANCE

The U.S. traditional reinsurance segment is the oldest and largest segment of the Company. This segment provides life reinsurance to domestic clients for a variety of life products through yearly renewable term agreements, coinsurance, and modified coinsurance arrangements. These reinsurance arrangements may be either facultative or automatic agreements. During 1998, production totaled $102.7 billion of new assumed in force, compared to $50.2 billion in 1997 and $27.0 billion in 1996. This increase was attributed to the reinsurance of several in force blocks of business and continued strong production on new and existing treaties. Management believes industry consolidation, demutualizations, and the trend towards reinsuring mortality risks should continue to provide reinsurance opportunities.

Income before income taxes and minority interest for U.S. traditional reinsurance increased 26.6% and 24.6% in 1998 and 1997, respectively. The increase in income for both periods was primarily attributable to strong premium growth and the increase in investment income driven by new business transactions, coupled with relatively stable mortality experience.

Net premiums for U.S. traditional reinsurance rose 29.0% and 13.9% in 1998 and 1997, respectively. New premium on in force blocks of business, renewal premium on existing blocks of business and new business premiums from facultative and automatic treaties all contributed to this growth. During 1998, production from in force blocks of business increased significantly over prior years, as more insurance companies sought to reinsure blocks of business to reinsure mortality risk and finance merger and acquisition activity. Business premium levels are significantly influenced by large transactions and reporting practices of ceding companies and therefore can fluctuate from period to period. Net investment income increased 30.9% and 16.1% in 1998 and 1997, respectively. This increase was due to the continued growth of business in this segment which resulted in the invested asset base, which included total investments, cash, and accrued investment income, increasing to $1.7 billion in 1998 from $1.5 billion in 1997.

The amount of claims and other policy benefits increased 32.9% and 12.6% in 1998 and 1997, respectively, primarily resulting from the increased size of the business in force. Claims and other policy benefits, as a percentage of net premiums, were 75.4%, 73.2%, and 74.0% in 1998, 1997, and 1996, respectively. Mortality is expected to fluctuate somewhat from period to period, but remains fairly constant over the long term. Interest credited relates to amounts credited on the Company's cash value products in this segment, which have a significant mortality component. This amount fluctuates with the changes in cash surrender value and changes in interest crediting rates.

The amount of policy acquisition costs and other insurance expenses rose 26.1% and 11.0% in 1998 and 1997, respectively. As a percentage of net premiums, policy acquisition costs and other insurance expenses were 15.8%, 16.2%, and 16.6% in 1998, 1997, and 1996, respectively. This slight decrease in percentage of premiums between years was due to the reinsurance of in force blocks on a yearly renewable term basis on which acquisition costs incurred as a percentage of premiums were less. Other operating expenses increased 32.0% and 43.0% in 1998 and 1997, respectively. These increases were primarily due to the planned increases in costs associated with the growth of the business.

ASSET-INTENSIVE REINSURANCE

The U.S. asset-intensive reinsurance segment includes the reinsurance of stable value products, annuities, and bank-owned life insurance. Most of these agreements are coinsurance of non-mortality risks such that the Company recognizes profits primarily from the spread between the investment earnings and the interest credited on the underlying deposit liabilities.

Income before income taxes and minority interest increased 67.8% and 24.7% in 1998 and 1997, respectively. The income growth was attributable to the increase in deposits for asset-intensive products with investment income earned exceeding the interest credited on the amounts deposited by the client companies. Net premiums in this segment relate to a yearly renewable term treaty that reinsures the mortality risk of a bank-owned life insurance product. Investment income more than doubled in 1998 and 1997 as a result of deposits for asset-intensive products of $913.9 million and $834.3 million in 1998 and 1997, respectively. Investment income is largely offset by earnings credited and paid to ceding companies, which are included in interest credited. Interest credited more than doubled in 1998 and 1997 comparable to the growth in investment income. Interest is credited based on declared interest rates on the related deposit values. Policy acquisition costs and other insurance expenses relate primarily to the commission payments and premium taxes (if applicable) on deposits received.

FINANCIAL REINSURANCE

The U.S. financial reinsurance segment includes net fees earned on financial reinsurance agreements and the equity in the unconsolidated results from the Company's ownership in RGA/Swiss Financial Group, L.L.C ("RGA/Swiss"). Financial reinsurance agreements represent low mortality risk business that the Company assumes and subsequently retrocedes with a net fee earned on the transaction. The fees earned from the assumption of the financial reinsurance contracts are reflected in other revenues and the fees paid to retrocessionaires are reflected in policy acquisition costs and other insurance expenses. The contracts are recorded as deposits with $145.7 million and $147.2 million included in other reinsurance assets and $132.7 million and $148.4 million included in other reinsurance liabilities at December 31, 1998 and 1997, respectively.

The decrease in income before taxes and minority interest between 1998 and 1997 was primarily attributable to a decline in earnings from RGA/Swiss. The Company's earnings from RGA/Swiss decreased to $3.6 million in 1998 from $9.3 million in 1997. This decrease was primarily the result of one unusually large transaction in 1997 in which RGA/Swiss earned a substantial fee. The results for 1996 were comparable to 1997 after consideration of this transaction. Other revenue included fees of $14.2 million, $16.0 million, and $14.7 million for 1998, 1997, and 1996, respectively, from the assumption of financial reinsurance transactions. Policy acquisition costs and other insurance expenses include fees paid for the subsequent retrocession of these financial reinsurance transactions. The net fees earned solely from U.S. based financial reinsurance transactions were $1.2 million, $1.6 million, and $1.8 million for 1998, 1997, and 1996, respectively. The fees from these agreements are based on the outstanding amount of statutory financial reinsurance provided. At December 31, 1998, 1997, and 1996, the amounts of outstanding statutory financial reinsurance provided to client companies were $512.9 million, $530.0 million, and $604.0 million, respectively.

CANADA OPERATIONS (dollars in thousands)

year ending December 31	1998	1997	1996
REVENUES			
Net premiums	$144,784	$ 83,563	$ 63,118
Investment income, net of related expenses	38,858	18,936	15,369
Realized investment gains, net	617	109	2,419
Other revenue	482	20,152	290
Total revenues	184,741	122,760	81,196
BENEFITS AND EXPENSES			
Claims and other policy benefits	127,821	74,972	48,983
Interest credited	1,059	1,293	287
Policy acquisition costs and other insurance expenses	26,163	22,411	10,161
Other operating expenses	6,944	6,387	5,682
Total benefits and expenses	161,987	105,063	65,113
Income before income taxes and minority interest	$ 22,754	$ 17,697	$ 16,083

The Company conducts reinsurance business in Canada through RGA Life Reinsurance Company of Canada ("RGA Canada"). RGA Canada is primarily engaged in traditional individual life reinsurance, including preferred underwriting products. The Canadian operation has grown to become one of the leading life reinsurers in Canada. Canadian reinsurance in force has more than doubled over a three-year period, to approximately $35.5 billion in 1998 from approximately $17.3 billion in 1995. At December 31, 1998, RGA Canada included most of the major insurance companies in Canada as clients.

Income before income taxes and minority interest increased 28.6% in 1998 and 10.0% in 1997. The increase during 1998 was due to a growth in premiums of 73.3% and better than expected mortality experience. The premium growth resulted primarily from renewal business and the assumption of a large in force block of business during 1998. The increase during 1997 was due to strong new business production and recapture fees earned, which were partially offset by adverse mortality experienced in 1997. The effects of changes in the foreign exchange rates during 1998 and 1997 were not material.

Net premiums increased 73.3% to $144.8 million in 1998. The increase was the result of assuming several in force blocks of business in December 1997. Business premium levels are significantly influenced by large transactions and reporting practices of ceding companies and therefore can fluctuate from period to period. Several of the treaties executed in December 1997 related to in force blocks of business with large premiums. In addition, an in force block placed in 1998 resulted in an additional $25.0 million of premiums. Net premiums increased 32.4% to $83.6 million in 1997. This growth in premiums reflected the increase of in force business and the effect of blocks of in force business reinsured in the fourth quarter of 1996 and retained during 1997.

Net investment income increased 105.2% and 23.2% during 1998 and 1997, respectively. The increase in investment income was a result of an increase in the invested asset base. For 1998, the invested asset base growth was due to operating cash flows on traditional reinsurance, proceeds from capital contributions and interest on the growth of funds withheld at interest related to the large in force block added in 1998. For 1997, the increase in invested assets resulted from growth in traditional reinsurance and capital contributions from RGA. The increase in the invested asset base was partially offset by a decline in interest rates. The average book yield on the Canadian investment portfolio decreased to 7.37% for year ended December 31, 1998 from 8.24% for 1997. The decrease in yield reflected the general decrease in the interest rates available on long term fixed maturity instruments.

Other revenue decreased $19.7 million to $0.5 million during 1998. Other revenue in 1997 included a non-recurring recapture fee for a transaction that was completed during December 1997. This recapture fee included the recovery of acquisition costs previously deferred that were reflected in policy acquisition costs and other insurance expenses for 1997.

Claims and other policy benefits increased 70.5% and 53.1% during 1998 and 1997, respectively. Claims and other policy benefits as a percentage of net premiums were 88.3% of total 1998 net premiums compared to 89.7% in 1997 and 77.6% in 1996. Mortality experience improved somewhat in 1998; however, mortality results were not as favorable as those experienced in 1996. RGA Canada expects mortality to fluctuate somewhat from period to period but believes it is fairly constant over longer periods of time. In addition, RGA Canada continues to monitor mortality trends to determine the appropriateness of reserve levels.

Interest credited decreased 18.1% to $1.1 million during 1998. These amounts relate to an annuity block of business in the segment that was initially reinsured in late 1996.

Policy acquisition costs and other insurance expenses as a percentage of net premiums totaled 18.1% in 1998, 26.8% in 1997, and 16.1% in 1996. The expenses in 1997 included a deferred acquisition cost charge of approximately $9.5 million resulting from a treaty recapture that partially offset the gross recapture fee recorded in other revenue. Excluding the deferred acquisition cost charge, policy acquisition costs and other insurance expenses as a percentage of net premiums would have been 15.5% in 1997. The increase in this ratio in 1998 was primarily due to the changing mix of business to coinsurance from yearly renewable term agreements. These coinsurance agreements tend to have higher commission costs compared to yearly renewable term agreements. Other operating expenses increased $0.6 million in 1998 and $0.7 million in 1997. The overall increase in operating expenses was attributed to planned increases in costs associated with the ongoing growth of the business.

LATIN AMERICA OPERATIONS (dollars in thousands)

year ending December 31, 1998	DIRECT	REINSURANCE	TOTAL LATIN AMERICA
REVENUES			
Net premiums	$ 48,354	$ 50,325	$ 98,679
Investment income, net of related expenses	13,926	3,860	17,786
Realized investment gains, net	4	--	4
Other revenue	242	--	242
Total revenues	62,526	54,185	116,711
BENEFITS AND EXPENSES			
Claims and other policy benefits	49,238	45,225	94,463
Interest credited	187	--	187
Policy acquisition costs and other insurance expenses	4,814	2,067	6,881
Other operating expenses	7,465	3,892	11,357
Total benefits and expenses	61,704	51,184	112,888
Income before income taxes and minority interest	$ 822	$ 3,001	$ 3,823

LATIN AMERICA OPERATIONS (continued) (dollars in thousands)

year ending December 31, 1997	DIRECT	REINSURANCE	TOTAL LATIN AMERICA
REVENUES			
Net premiums	$ 56,460	$ 11,730	$ 68,190
Investment income, net of related expenses	7,067	3,548	10,615
Other revenue	185	--	185
Total revenues	63,712	15,278	78,990
BENEFITS AND EXPENSES			
Claims and other policy benefits	53,181	10,327	63,508
Interest credited	82	--	82
Policy acquisition costs and other insurance expenses	3,820	329	4,149
Other operating expenses	6,553	3,763	10,316
Total benefits and expenses	63,636	14,419	78,055
Income before income taxes and minority interest	$ 76	$ 859	$ 935

year ending December 31, 1996	DIRECT	REINSURANCE	TOTAL LATIN AMERICA
REVENUES			
Net premiums	$ 41,672	$ 5,130	$ 46,802
Investment income, net of related expenses	3,722	2,310	6,032
Other revenue	36	--	36
Total revenues	45,430	7,440	52,870
BENEFITS AND EXPENSES			
Claims and other policy benefits	39,492	3,122	42,614
Interest credited	27	--	27
Policy acquisition costs and other insurance expenses	1,379	169	1,548
Other operating expenses	4,434	2,108	6,542
Total benefits and expenses	45,332	5,399	50,731
Income before income taxes and minority interest	$ 98	$ 2,041	$ 2,139

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

DIRECT INSURANCE

In 1993, the Company entered into a joint venture in Chile to form BHIFAmerica Seguros de Vida, S.A. ("BHIFAmerica"). This company is a direct life insurer whose primary source of premium is generated from single premium immediate annuities with other lines including credit, individual, and group life. During 1996, in an effort to support the growth of this business and develop additional reinsurance opportunities in Chile, the Company formed RGA Reinsurance Company Chile, S.A. ("RGA Chile"), a wholly owned reinsurance company licensed to assume life reinsurance in Chile. RGA Chile assumed $26.0 million, $35.5 million, and $10.2 million of annuity premiums from BHIFAmerica during 1998, 1997, and 1996, respectively. This business is reported as direct business due to the intercompany nature of the reinsurance.

In 1994, to develop markets in Argentina, RGA formed GA Argentina. GA Argentina writes direct life insurance primarily related to group life and disability insurance for the Argentine privatized pension system as well as traditional group life insurance. Effective July 1998, GA Argentina no longer has new contracts related to the privatized pension system, but continues to market group and individual life products.

Income before taxes and minority interest for the Latin America direct business grew $0.7 million during 1998 to $0.8 million, while results remained fairly level between 1997 and 1996. The increase in 1998 was due to improved results of $0.3 million in Chile and $0.4 million in Argentina. Premiums decreased 14.4% during 1998 compared to 1997 primarily due to fewer single premium annuities sold in Chile. Premiums increased 35.5% during 1997 compared to 1996 due to strong growth in Chilean annuities and group life for Argentine privatized pensions. Investment income increased 97.1% and 89.9% during 1998 and 1997, respectively. The invested assets for the subsidiaries have increased with growth in the business and capital contributions from RGA.

Claims and other policy benefits decreased 7.4% during 1998 as a result of refinement of Chilean annuity reserve calculations and improved mortality experience in Argentina. Liabilities for the annuity reserves are based on expected investment yields, mortality and disability rates, and other assumptions. These assumptions include a margin for adverse deviation and vary with the characteristics of the type of insurance, year of issue, age of insured, and other appropriate factors. Assumptions are based on actual experience and are continuously evaluated and updated. Claims and other policy benefits increased 34.7% during 1997 as a result of new business and the continued growth in the Chilean single premium immediate annuity business. Interest credited represents amounts credited on Argentine universal life products. Increases in interest credited result from increases in direct sales of this product.

Policy acquisition costs and other insurance expenses increased $1.0 million and $2.4 million during 1998 and 1997, respectively. As a percentage of net premiums, policy acquisition costs and other insurance expenses represented 10.0%, 6.8%, and 3.3% of net premiums for 1998, 1997, and 1996, respectively. These expenses have increased with the development of new products such as individual life that have higher levels of acquisition costs. The percentages can also fluctuate due to variations in the mixture of business being written in Argentina and Chile. Other operating expenses increased $0.9 million and $2.1 million during 1998 and 1997, respectively. The overall increases were attributed to planned increases in costs associated with the ongoing growth of the business.

REINSURANCE

The Company conducts reinsurance business in the Latin America region through RGA Reinsurance. During 1998, a representative office was opened in Mexico City and in 1999, a representative office will be opened in Buenos Aires to more directly assist clients in these markets. The Latin America reinsurance operations derive revenue primarily from the reinsurance of privatized pension products in Argentina. Additional types of reinsurance provided in the region are traditional and credit life for groups and individuals.

Income before income taxes and minority interest increased $2.1 million during 1998 as a result of an increase in reinsurance business from privatized pensions in Argentina and developing business in Chile and Mexico. Income before income taxes and minority interest decreased $1.2 million during 1997 due to adverse mortality for the blocks of privatized pension reinsurance from Argentina.

Net premiums increased $38.6 million and $6.6 million during 1998 and 1997, respectively. The increases from privatized pension reinsurance in Argentina were $35.1 million and $6.3 million during 1998 and respectively. Premiums from the other Latin American markets related primarily to the development of new business opportunities. Net investment income increased 8.8% and 53.6% during 1998 and 1997, respectively. Investment income for RGA Reinsurance is allocated to the various operating segments on the basis of net capital and investment performance varies with the composition of investments. This increase was due to the continued growth of business in this segment which resulted in the invested asset base, which included total investments, cash, and accrued investment income, increasing to $151.2 million in 1998 from $135.1 million in 1997.

The claims and other policy benefits for the reinsurance business increased $34.9 million during 1998 and $7.2 million during 1997. Claims and other policy benefits as a percentage of net premiums totaled 89.9%, 88.0%, and 60.9% for 1998, 1997, and 1996, respectively. This percentage was unusually low during 1996 as claims related to the privatized pensions in Argentina were just beginning to develop. 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.

Policy acquisition costs and other insurance expenses increased $1.7 million and $0.2 million for 1998 and 1997, respectively. Policy acquisition costs and other insurance expenses as a percentage of net premiums represented 4.1%, 2.8%, and 3.3% for 1998, 1997, and 1996, respectively. These percentages fluctuate due to the timing of client company reporting and variations in the mixture of business being written. Other operating expenses increased 3.4% and 78.5% during 1998 and 1997, respectively. The Company believes sustained growth in premiums will lessen the burden of start-up expenses and expansion costs.

ASIA PACIFIC OPERATIONS (dollars in thousands)

year ending December 31	1998	1997	1996
Revenues			
Net premiums	$ 53,072	$ 36,591	$ 21,066
Investment income, net of related expenses	2,545	1,126	960
Realized investment gains, net	23	14	--
Other revenue	3,089	--	--
Total revenues	58,729	37,731	22,026
Benefits and Expenses			
Claims and other policy benefits	31,900	21,164	11,641
Policy acquisition costs and other insurance expenses	21,775	15,616	9,808
Other operating expenses	7,660	6,895	5,401
Interest expense	455	468	484
Total benefits and expenses	61,790	44,143	27,334
(Loss) before income taxes and minority interest	$ (3,061)	$ (6,412)	$ (5,308)

The Company conducts reinsurance business in the Asia Pacific region through branch operations in Hong Kong and Japan and will open a liaison office in Taiwan during 1999. Business is also conducted through RGA Australia, a wholly owned subsidiary in Australia, and Malaysian Life Reinsurance Group Berhad ("MLRG"), a joint venture in Malaysia. The principal types of reinsurance provided in the region are life, critical care, superannuation, and financial reinsurance.

The Asia Pacific loss before income taxes and minority interest improved 52.3% in 1998. The decrease in the Asia Pacific loss before income taxes in 1998 compared to 1997 was due in part to fees earned on new financial reinsurance transactions and strong new business growth with premiums increasing by 45.0%. Results were mixed with improving results in Australia offset by losses from the Hong Kong operations due to increased lapse rates on several treaties, reflecting the overall economic slowdown in that market. The increase of the Asia Pacific loss before income taxes in 1997 compared to 1996 was due to the costs associated with the development of new business in Asia Pacific.

Net premiums increased 45.0%, to $53.1 million, in 1998 and increased 73.7%, to $36.6 million, in 1997. Renewal premiums from the existing block of business, new business premiums from facultative and automatic treaties, and premium flows from larger blocks of business all contributed to the premium increase. Business premium levels are significantly influenced by large transactions and reporting practices of ceding companies and therefore can fluctuate from period to period. Net investment income more than doubled during 1998 and increased 17.3% during 1997. Investment income for RGA Reinsurance is allocated to the various operating segments on the basis of average net capital and investment performance varies with the composition of investments. Other revenue during 1998 represented profit and risk fees associated with financial reinsurance in Japan. Fees paid to retrocessionaires that were included in policy acquisition costs and other insurance expenses partially offset these fees earned.

Claims and other policy benefits increased 50.7% in 1998 and 81.8% in 1997. Claims and other policy benefits as a percentage of net premiums increased to 60.1% in 1998 from 57.8% in 1997 and from 55.3% in 1996. This increase was primarily a result of adverse experience in the Hong Kong 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.

Policy acquisition costs and other insurance expenses increased 39.4% in 1998 and 59.2% in 1997. Policy acquisition costs and other insurance expenses as a percentage of net premiums was 41.0%, 42.7%, and 46.6% for 1998, 1997, and 1996, respectively. These percentages fluctuate due to the timing of client company reporting and variations in the mixture of business being written in Asia Pacific. Other operating expenses increased 11.1% in 1998 and 27.7% in 1997. As a percentage of premiums, other operating expenses decreased to 14.4% in 1998 from 18.8% in 1997 and from 25.6% in 1996. The Company believes that sustained growth in premiums should lessen the burden of start-up expenses and expansion costs.

OTHER INTERNATIONAL OPERATIONS (dollars in thousands)

year ending December 31	1998	1997	1996
REVENUES			
Net premiums	$ 3,641	$ 2,170	$ 286
Investment income, net of related expenses	479	383	350
Realized investment gains, net	81	--	--
Other revenue	937	332	--
Total revenues	5,138	2,885	636
BENEFITS AND EXPENSES			
Claims and other policy benefits	2,685	1,755	170
Policy acquisition costs and other insurance expenses	923	479	52
Other operating expenses	6,544	4,312	2,719
Total benefits and expenses	10,152	6,546	2,941
(Loss) before income taxes and minority interest	$ (5,014)	$ (3,661)	$ (2,305)

The other international segment is the newest segment of the Company. This segment provides life reinsurance to international clients throughout Europe and South Africa. The principal type of reinsurance being provided has been life reinsurance for a variety of life products through yearly renewable term and coinsurance agreements. These agreements may be either facultative or automatic agreements. During 1998, the Company continued its expansion efforts, with efforts underway to license a life reinsurance subsidiary in London. In addition, the Company established RGA South Africa, with offices in Cape Town and Johannesburg, South Africa, to promote life reinsurance in South Africa.

Net premiums increased 67.8%, to $3.6 million in 1998 compared to $2.2 million for 1997. New business premium for 1998 and 1997 was primarily automatic business generated from the Company's participation in a Lloyd's of London life syndicate. Investment income for the segment is allocated on the basis of average net capital and the investment performance varies with the composition of investments.

Claims and other policy benefits decreased as a percentage of premiums to 73.7% from 80.9% during 1998. Policy acquisition costs and other insurance expenses increased as a percent of premiums to 25.4% from 22.1% in 1997. These amounts will fluctuate based upon claim levels and the mix of business being reinsured. Year to year comparisons of premiums and claims and other policy benefits are not considered meaningful due to the start-up nature of this segment. Other operating expenses increased $2.2 million during 1998 compared to 1997 and $1.6 million during 1997 compared to 1996. The overall increase in operating expenses was attributed to increases in costs associated with the expansion efforts within the segment.

CORPORATE AND SELECTED CONSOLIDATED

Corporate activity generally represents investment income on the undeployed proceeds from the Company's capital raising efforts, corporate expenses that include unallocated overhead and executive costs, as well as the interest expense related to the 7 1/4% Senior Notes ("Senior Notes") issued in 1996. In addition, the provision for income taxes is generally calculated based on the overall operations of the Company and allocated to the segments. Tax expense (benefit) is not used as a basis of measuring segment profit/loss.

Consolidated investment income from continuing operations increased 61.3% during 1998 and 37.8% in 1997. The cost basis of invested assets increased $1.5 million, or 42.9% in 1998. The increase in the invested assets was a result of an increase in operating cash flows, reinsurance transactions involving deposits for asset-intensive products from ceding companies, primarily stable value product deposits, and proceeds from the Company's issuance of non-voting common stock in June 1998. The average yield earned on investments was 6.84% in 1998 compared with 7.23% in 1997 and 7.32% in 1996. The decrease in overall yield reflected general decline in interest rates and the increase in assets supporting the stable value reinsurance product that are generally of a shorter duration and carry a lower average yield. Investment income has been allocated to the operational segments on the basis of average capital per segment.

Consolidated interest expense increased 12.9% during 1998 and 26.5% during 1997. Interest expense relates primarily to the Senior Notes, drawdowns on a line of credit, and the financing of a portion of Australian Holdings. Interest cost for 1998, 1997, and 1996 was $8.8 million, $7.8 million, and $6.2 million, respectively. Interest related to the Senior Notes was $7.3 million in 1998 and 1997, and $5.7 million in 1996.

Consolidated other expenses represent general corporate expenses that are not allocated to the operational segments.

Consolidated provision for income taxes for continuing operations increased 21.4% in 1998 and 22.0% in 1997 as a result of higher pre-tax income. Income tax expense from continuing operations represented approximately 35.5%, 35.6%, and 36.3% of pre-tax income for 1998, 1997, and 1996, respectively. The Company calculated a tax benefit of $14.9 million, $11.7 million, and $1.4 million related to the discontinued operations in 1998, 1997, and 1996. These benefits resulted in an effective tax rate on the discontinued operations of 35.1%, 39.7%, and 35.0% in 1998, 1997, and 1996, respectively.

DISCONTINUED OPERATIONS

At December 31, 1998, the Company classified its accident and health segment as a discontinued operation for financial reporting purposes. The accident and health segment has been placed into run-off with all treaties (contracts) being terminated at the earliest possible date. This discontinued segment had a net loss after tax of $27.6 million, $18.0 million, and $2.7 million in 1998, 1997, and 1996, respectively. Included in 1998 and 1997 net income were additional pre-tax charges of $32.0 million and $21.0 million, respectively, to increase the segment's reserves. The additional reserves are expected to cover the run-off of the business accepted from outside managed pools as well as the accident and health risks internally underwritten by the Company, in which it has earned premiums through December 31, 1998. The nature of the underlying risks is such that the claims may take years to reach the reinsurers involved. Thus, the Company expects to pay claims out of existing reserves over a number of years as the level of business diminishes. The Company does not expect to incur significant operating losses for premiums earned subsequent to December 31, 1998. The Company also established a reserve to estimate the costs associated with the disposal of the operations of $1.5 million, pre-tax. Premiums totaled $155.8 million, $90.7 million, and $57.2 million for 1998, 1997, and 1996, respectively. The increase in premiums during 1998 primarily resulted from contracts signed or renewed in 1997.

LIQUIDITY AND CAPITAL RESOURCES

RGA is a holding company that has as its principal assets interests in RGA Reinsurance, RGA Canada, BHIFAmerica, RGA Chile, GA Argentina, Australian Holdings, RGA Barbados, and RGA UK. In addition, the Company has minority ownership interests in RGA/ Swiss, MLRG and Thomson Barrett Organization Plc. ("TBOi").

In 1993, RGA completed an initial public offering of voting common stock. 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.

As RGA continues its expansion efforts, management continually analyzes capital adequacy issues. On March 19, 1996, RGA issued 7 1/4% Senior Notes with a face value of $100.0 million in accordance with Rule 144A of the Securities Act of 1933. Interest is payable semiannually on April 1 and October 1 with the principal amount due on April 1, 2006. In addition, Australian Holdings established a line of credit with an outstanding balance at December 31, 1998 and 1997, of $8.9 million and $7.8 million, respectively. Also, the Company has access to a line of credit. At December 31, 1998, $15.0 million was drawn upon that line with this liability included in other liabilities in the consolidated balance sheet at December 31, 1998. 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 funds at RGA, and the Company's ability to raise additional capital.

At RGA's annual stockholders' meeting on May 27, 1998, a new class of non-voting common stock was authorized. In June 1998, RGA completed a public offering in which it sold 7,417,500 shares of non-voting common stock, after split, traded on the New York Stock Exchange under the symbol RGA.A. The offering provided net proceeds of approximately $221.8 million that have been utilized to finance the continued growth of RGA's operations domestically and internationally.

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. Additionally, the Board of Directors of RGA approved a three-for-two split of RGA's common stock for all shareholders of record as of February 5, 1999, payable on February 26, 1999. Effective March 1, 1999, RGA stock began trading at the new, post-split price.

Historically, RGA has paid quarterly dividends ranging from $0.027 per share in 1993 to $0.047 per share in 1998 (amounts adjusted to reflect the stock splits). 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.

RGA has repurchased shares in the open market in the past to enable it to satisfy obligations under its stock option program and to acquire larger blocks of stock. No shares were repurchased in 1998, although RGA could begin repurchasing shares again at some point in the future.

As of December 31, 1998, RGA Reinsurance had statutory capital and surplus of $359.6 million. The maximum amount available for payment of dividends in 1999 by RGA Reinsurance under Missouri law, without the prior approval of the Missouri Director of Insurance, is $36.0 million. RGA Canada's statutory capital was $103.9 million at December 31, 1998. The maximum amount available for dividends by RGA Canada under the Canadian Minimum Continuing Capital and Surplus Requirements ("MCCSR") is $26.6 million. Dividend payments from other subsidiaries and joint ventures are subject to regulations in the country of domicile.

The Company's net cash flows from consolidated operating activities for the years ended December 31, 1998, 1997, and 1996, were $349.1 million, $433.4 million, and $257.0 million, respectively. The sources of funds of the operating subsidiaries of RGA consist of premiums received from ceding insurers and direct insureds, investment income, and proceeds from the sales and redemptions of investments. Premiums are generally received in advance of related claim payments. Funds are applied to policy claims and benefits, operating expenses, income taxes, and investment purchases. The Company believes the short-term cash requirements of its business operations will be sufficiently met by the positive cash flows generated. The Company expects to address its longer-term liquidity needs and capital required to support possible future growth and expansion of the business through equity or debt financing. Any public offering would only be made by means of a prospectus. Because the life reinsurance business provides positive cash flow, the Company's 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 investment 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 the 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. At December 31, 1998, statutory capital and surplus of RGA Reinsurance exceeded all RBC thresholds and RGA Canada's capital levels exceeded any MCCSR requirements. All of the Company's insurance operating subsidiaries exceed the minimum capital requirements in their respective jurisdiction.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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 the U.S. and Canada 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, 1998, the Company's earned yield on fixed maturity securities was 6.84% compared with 7.23% in 1997 and 7.32% in 1996.

The Company's fixed maturity securities are invested primarily in commercial and industrial bonds, U.S. Treasuries, and mortgage and asset-backed securities. As of December 31, 1998, more than 98% of the Company's consolidated investment portfolio of fixed maturity securities was investment-grade, based on market values. 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. The largest asset class in which fixed maturities were invested was in commercial and industrial bonds, which represented approximately 28.0% of total invested assets as of December 31, 1998, an increase from 21.1% of total invested assets as of December 31, 1997. A majority of these securities were classified as corporate securities, with an average Standard and Poor's rating of A at December 31, 1998. As of December 31, 1997, 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, and decreased to 12.2% of total invested assets at December 31, 1998, based on market values. Approximately 56% of these securities at December 31, 1997 were invested in the investment portfolio supporting the stable value reinsurance product. Investors in mortgage-backed securities 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. At December 31, 1998 and 1997, substantially all of the Company's mortgage-backed securities were investment-grade, with an average Standard and Poor's rating of AA.

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.

Policy loans comprised approximately 10.0% and 13.2% of the Company's invested assets as of December 31, 1998 and 1997, respectively. 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 provisions of the treaties in force and the underlying policies determine the policy loan interest rates. 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.

As of December 31, 1998, mortgage loans represented approximately 4.2% of the Company's invested assets, which was comprised of approximately $131.8 million in U.S. mortgages and $84.8 million in Chilean mortgage-related instruments, which include 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 $7.1 million, with the average mortgage loan investment as of December 31, 1998, totaling approximately $2.8 million. The Company's Chilean mortgage instruments are generally less than $1.0 million, with the average less than $100,000. As of December 31, 1997, mortgage loans represented approximately 4.6% of the Company's invested assets, which was comprised of approximately $91.8 million in U.S. mortgages and $73.7 million in Chilean mortgage-related instruments. The mortgage loan portfolio was diversified by geographic region and property type as discussed further in Note 5 of the consolidated financial statements.

The Company utilizes derivative financial instruments to improve the management of the investment-related risks, primarily related to the reinsurance of a portfolio of equity-indexed annuities. 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 invested assets of RGA, RCM, RGA Reinsurance, RGA Barbados, Australian Holdings, and RGA Canada are managed by Conning Asset Management Company ("Conning"), a majority owned subsidiary of General American. As of December 31, 1998, the investments of BHIFAmerica, RGA Chile, GA Argentina, and RGA UK were managed by the staffs of those entities.

MARKET RISK

Market risk is the risk of loss that may occur when fluctuation in interest and currency exchange rates and equity and commodity prices change the value of a financial instrument. Both derivative and nonderivative financial instruments have market risk so the Company's risk management extends beyond derivatives to encompass all financial instruments held that are sensitive to market risk. RGA is primarily exposed to interest rate risk and foreign currency risk.

Interest Rate Risk. The Company manages interest rate risk and credit risk to maximize the return on the Company's capital effectively and to preserve the value created by its business operations. As such, certain management monitoring processes are designed to minimize the impact of sudden and sustained changes in interest rates on fair value, cash flows, and net interest income.

The Company's exposure to interest rate price risk and interest rate cash flow risk is reviewed on a quarterly basis. Interest rate price risk exposure is measured using interest rate sensitivity analysis to determine the change in fair value of the Company's financial instruments in the event of a hypothetical change in interest rates. Interest rate cash flow risk exposure is measured using interest rate sensitivity analysis to determine the Company's variability in cash flows in the event of a hypothetical change in interest rates. If estimated changes of fair value, net interest income, and cash flows are not within limits defined by management, Company management may adjust its asset and liability mix to bring interest rate risk within reasonable limits.

In order to reduce the exposure of changes in fair values from interest rate fluctuations, RGA has developed strategies to manage its liquidity, and increase the interest rate sensitivity of its asset base. RGA utilizes the swap market to manage the volatility of cash flows to interest rate fluctuations.

Interest rate sensitivity analysis is used to measure the Company's interest rate price risk by computing estimated changes in fair value of fixed rate assets, liabilities and off-balance sheet items in the event of a range of assumed changes in market interest rates. This analysis assesses the risk of loss in market risk sensitive fixed rate instruments in the event of a sudden and sustained 100 to 300 basis points increase or decrease in the market interest rates. The table on the following page presents the Company's projected change in fair value of all financial instruments for the various rate shock levels at its fiscal year ended December 31, 1998. All market risk sensitive instruments presented in this table are available for sale. RGA has no trading securities.

The calculation of fair value is based on the net present value of estimated discounted cash flows expected over the life of the market risk sensitive instruments, using market prepayment assumptions and market rates of interest provided by independent broker quotations and other public sources as of December 31, 1998, with adjustments made to reflect the shift in the Treasury yield curve as appropriate.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Percent Change in Interest Rates	Estimated Fair Value of Fixed Rate Instruments	Hypothetical Change	Percentage Hypothetical Change
(dollars in thousands)			
300 basis point rise	$2,264,278	$ (519,163)	-18.65%
200 basis point rise	$2,413,824	$ (369,617)	-13.28%
100 basis point rise	$2,586,239	$ (197,202)	-7.08%
Base Scenario	$2,783,441	$ --	--
100 basis point decline	$3,016,254	$ 232,813	8.36%
200 basis point decline	$3,301,143	$ 517,702	18.60%
300 basis point decline	$3,658,020	$ 874,579	31.42%

At December 31, 1998, the Company's estimated changes in fair value were within the targets outlined in the Company's investment policy.

Interest rate sensitivity analysis is also used to measure the Company's interest rate cash flow risk by computing estimated changes in the cash flows expected in the near term attributable to floating rate assets, liabilities, and off-balance sheet items in the event of a range of assumed changes in market interest rates. This analysis assesses the risk of loss in cash flows in the near term in market risk sensitive floating rate instruments in the event of a sudden and sustained 100 to 300 basis points increase or decrease in the market interest rates. The following table presents the Company's projected change in cash flows in the near term associated with floating-rate instruments for various rate shock levels at December 31, 1998. All floating rate interest sensitive instruments presented in this table are classified as available for sale.

PERCENT CHANGE IN INTEREST RATES	ESTIMATED CASH FLOWS OF FLOATING RATE INSTRUMENTS	HYPOTHETICAL CHANGE	PERCENTAGE HYPOTHETICAL CHANGE
(dollars in thousands)			
300 basis point rise	$214,931	$(17,383)	-7.48%
200 basis point rise	$211,704	$(20,610)	-8.87%
100 basis point rise	$205,810	$(26,504)	-11.41%
Base Scenario	$232,314	$ --	--
100 basis point decline	$254,059	$ 21,745	9.36%
200 basis point decline	$252,534	$ 20,220	8.70%
300 basis point decline	$257,240	$ 24,926	10.73%

Even though the cash flows from coupon payments move in the same direction as interest rates for the Company's floating rate instruments, the volatility in mortgage prepayments more than offsets the cash flows from interest. At December 31, 1998, the Company's estimated changes in cash flows were within the targets outlined in the Company's investment policy.

Computations of prospective effects of hypothetical interest rate changes are based on numerous assumptions, including relative levels of market interest rates, and mortgage prepayments, and should not be relied on as indicative of future results. Further, the computations do not contemplate any actions management could undertake in response to changes in interest rates.

Certain shortcomings are inherent in the method of analysis presented in the computation of the estimated fair value of fixed rate instruments and the estimated cash flows of floating rate instruments, which estimates constitute forward-looking statements. Actual values may differ materially from those projections presented due to a number of factors, including, without limitation, market conditions vary from assumptions used in the calculation of the fair value. In the event of a change in interest rates, prepayments could deviate significantly from those assumed in the calculation of fair value. Finally, the desire of many borrowers to repay their fixed-rate mortgage loans may decrease in the event of interest rate increases.

Foreign Currency Risk. 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.

YEAR 2000

Many of the world's computer systems currently record years in a two-digit format. If not addressed, such computer systems will be unable to properly interpret dates beyond the year 1999, which could lead to business disruptions in the U.S. and internationally (the "Year 2000" issue). The potential costs and uncertainties associated with the Year 2000 issue will depend on a number of factors, including software, hardware and the nature of the industry in which a company operates. Additionally, companies must coordinate with other entities with which they electronically interact.

The Company does not have a mainframe computer and its "legacy" systems are based on technology that correctly handles the Year 2000 issue. A legacy system typically represents older systems that are not currently being maintained or enhanced. As the Company continues to grow, the steady investment in technology has allowed it to keep its systems current and handle impending problems, such as Year 2000, in the normal course of business.

Assessment. The Company has established a plan to address the Year 2000 issue and the work being performed in accordance with that plan is progressing on schedule. The Company has identified all systems that are critical to the Company's reinsurance operations and has completed substantial testing of those critical systems. As of March 1, 1999, the Company is still accumulating information relating to some of its foreign subsidiaries and ventures and has not completed its evaluation of its two direct writing companies in Latin America. Inventories of substantially all software, hardware, and trading partners have been compiled in a Year 2000 database. Each of these items has been researched for Year 2000 compliance, and the majority has been verified as Year 2000 compliant. In addition to internal systems, the Company relies on external systems and has included in the assessment and inventories those systems of significant external parties such as vendors, ceding companies and retrocessionaires. There is no known method to completely determine compliance of external systems, but an effort is being made to assure compliance of these external systems to the extent practicable. The Company has been working with external parties in conjunction with the Company's testing efforts, however the Company could be adversely affected if external parties fail to comply with the Year 2000 issue. This is a situation over which the Company has no direct control.

With respect to non-information technology systems, the Company is moving its St. Louis office in June 1999 and it is anticipated that the new leased premises and all equipment with embedded technology will be upgraded and Year 2000 compliant. The Company believes the only material non-information technology system outside of St. Louis, is the premises occupied by the Company's operation in Canada. The Company has received confirmation from that building's management that the building will be functional, accessible, and not materially affected by the Year 2000 issue.

Testing. The Company completed testing of all critical systems by December 31, 1998. Two types of testing have been completed on RGA's core systems: program tests and global tests. Separate test environments were established and representative subsets of production data were loaded onto systems on test machines. The objective was to assure that day-to-day processing would operate correctly before, during, and beyond the Year 2000. Transactions were processed to simulate all business functions over important time thresholds between July 1998 and January 2001. These tests revealed minor issues that are being addressed. As of December 31, 1998, 100% of the core systems have been tested successfully and 70% of the information requested from external parties had been received. The Company believes that very few additional responses will be received during 1999. It is anticipated that the testing and assessment of the Company's Year 2000 readiness will be completed in 1999, in accordance with the Company's plan.

Contingency Plan. An outline of a contingency plan has been developed to reduce the possibility that any disruption caused by the Year 2000 issue would materially affect the Company's business or results of operations; however, no assurance can be given that the contingency plan would be successful. The contingency plan was formulated in conjunction with the compliance testing process. The plan includes an assessment of the Company's ability to manually enter data for clients that cannot provide electronic data, to estimate data for clients that have Year 2000 issues and cannot provide data to the Company, and to implement a recovery plan in the case of certain Year 2000 failures.

Costs. The Company expects to incur most of the costs of the Year 2000 effort primarily from testing of the administrative systems in St. Louis and Montreal. These systems support the administration of the majority of the Company's business. Therefore, the combined costs of these two locations would effectively represent substantially all of the Company's Year 2000 costs. The Company is continuing to work with its subsidiaries to ensure their compliance with the Year 2000 effort. Costs for St. Louis and Montreal were approximately $300,000 through December 31, 1998. The Company anticipates that additional costs will be approximately $300,000 and $100,000 in 1999 and 2000, respectively. The Company has estimated future costs based on its current knowledge and testing.

The goal of the Company is to be substantially Year 2000 compliant by March 31, 1999. As of March 1, 1999, the Company believes that this goal will be met. However, key external parties or service providers may fail to make their systems Year 2000 compliant by the necessary dates. There can be no assurances that this goal will be met or that there will not be failures on the part of external parties. The failure to correct a material Year 2000 problem could result in an interruption in, or failure of, certain normal business activities and operations. Such failures could adversely affect the Company's results of operations, liquidity and financial condition, particularly as a result of the uncertainty of the Year 2000 readiness of third-party suppliers and clients. The Company believes that, with the completion of the compliance effort, the possibility of significant interruptions of normal operations will be significantly reduced. The Company also believes that a reasonably likely worst case scenario would occur in the event that clients are unable to provide data to process the reinsurance activity. In this event, the Company would estimate existing business based on the historical information in the Company's database. New business would be calculated based on the initial information used by the Company during its evaluation of the client's business. In these scenarios, the Company believes it can still administer reinsurance business based on estimates until reliable client data can be received.

NEW ACCOUNTING STANDARDS

In June 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards ("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 most significant items of comprehensive income are net income, the change in unrealized gains and losses on securities, and the change in foreign currency translation. Both the change in unrealized gains and losses on securities and the change in foreign currency translation historically have been reported as a component of stockholders' equity. The adoption of SFAS No. 130 does not affect results of operations or financial position, but affects their presentation and disclosure. The Company adopted SFAS No. 130 as of January 1, 1998, and has presented accumulated other comprehensive income on the consolidated balance sheet. Changes in comprehensive income are reflected in the statement of stockholders' equity and in Note 19 in the Notes to the Consolidated Financial Statements.

In June 1997, the Financial Accounting Standards Board issued SFAS No. 131. "Disclosure 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. The Company adopted SFAS No 131 as of December 31, 1998. Segment information is provided in the Management's Discussion and Analysis of Financial Condition and Note 16 in the Notes to the Consolidated Financial Statements.

In June 1998, the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," effective for fiscal years beginning after June 15, 1999, and is effective for interim periods in the initial year of adoption. SFAS No. 133 requires companies to record derivatives on the balance sheet as assets or liabilities, measured at fair value. It also requires that gains or losses resulting from changes in the values of those derivatives be reported depending on the use of the derivative and whether it qualifies for hedge accounting. The Company has not yet determined the effect of the implementation of SFAS No. 133 on the results of operation, financial position, or liquidity. The Company plans to adopt the provisions of SFAS No. 133 in 2000.

CONSOLIDATED BALANCE SHEETS

as of December 31	1998	1997
(dollars in thousands)		
ASSETS		
Fixed maturity securities		
Available for sale-at fair value (amortized cost of $3,613,602 and $2,416,308 at December 31, 1998, and December 31, 1997, respectively)	$ 3,701,617	$ 2,528,290
Mortgage loans on real estate	216,636	165,452
Policy loans	513,885	480,234
Funds withheld at interest	359,786	165,413
Short-term investments	314,953	277,635
Other invested assets	22,704	16,977
Total investments	5,129,581	3,634,001
Cash and cash equivalents	15,966	37,395
Accrued investment income	62,447	34,377
Premiums receivable	173,935	119,554
Funds withheld	73,042	33,957
Reinsurance ceded receivables	259,688	316,156
Deferred policy acquisition costs	351,042	289,842
Other reinsurance balances	217,677	153,134
Other assets	35,175	55,134
Total assets	$ 6,318,553	$ 4,673,550
LIABILITIES AND STOCKHOLDERS' EQUITY		
Future policy benefits	$ 1,585,506	$ 1,244,541
Interest sensitive contract liabilities	2,985,515	1,969,270
Other policy claims and benefits	482,049	344,848
Other reinsurance balances	177,806	232,096
Deferred income taxes	121,988	110,763
Other liabilities	105,471	157,616
Long-term debt	107,994	106,830
Total liabilities	5,566,329	4,165,964
Minority interest	3,747	8,265
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; 75,000,000 shares authorized, 39,074,063 and 26,049,375 shares issued and outstanding at December 31, 1998 and 1997, respectively)	392	261
Non-voting common stock (par value $.01 per share; 20,000,000 shares authorized; 7,417,500 shares issued and outstanding at December 31, 1998; no shares issued at December 31, 1997)	74	--
Additional paid in capital	486,669	264,748
Retained earnings	251,512	196,685
Accumulated other comprehensive income	30,305	59,089
Total stockholders' equity before treasury stock	768,952	520,783
Less treasury shares held of 1,178,270 and 844,535 at cost at December 31, 1998, and December 31, 1997, respectively	(20,475)	(21,462)
Total stockholders' equity	748,477	499,321
Total liabilities and stockholders' equity	$ 6,318,553	$ 4,673,550

See accompanying notes to consolidated financial statements

CONSOLIDATED STATEMENTS OF INCOME

year ending December 31	1998	1997	1996
(dollars in thousands, except per share data)			
REVENUES			
Net premiums	$ 1,016,420	$ 744,768	$ 617,703
Investment income, net of related expenses	301,780	187,084	135,809
Realized investment gains (losses), net	3,092	332	928
Other revenue	23,200	46,009	16,720
Total revenues	1,344,492	978,193	771,160
BENEFITS AND EXPENSES			
Claims and other policy benefits	797,901	569,133	463,489
Interest credited	153,247	92,311	54,706
Policy acquisition costs and other insurance expenses	188,471	148,128	118,120
Other operating expenses	58,021	47,406	37,495
Interest expense	8,805	7,801	6,169
Total benefits and expenses	1,206,445	864,779	679,979
Income before income taxes and minority interest	138,047	113,414	91,181
Provision for income taxes			
Current	22,270	22,317	19,182
Deferred	26,785	18,086	13,947
Total provision for income taxes	49,055	40,403	33,129
Income from continuing operations before minority interest	88,992	73,011	58,052
Minority interest in earnings of consolidated subsidiaries	(717)	430	266
Income from continuing operations	89,709	72,581	57,786
Discontinued operations			
Loss on discontinued accident and health operations, net of taxes	(27,628)	(17,962)	(2,714)
Net income	$ 62,081	$ 54,619	$ 55,072
Earnings per share from continuing operations:			
Basic earnings per share	$ 2.11	$ 1.91	$ 1.53
Diluted earnings per share	$ 2.08	$ 1.89	$ 1.52
Earnings per share from net income:			
Basic earnings per share	$ 1.50	$ 1.44	$ 1.45
Diluted earnings per share	$ 1.48	$ 1.42	$ 1.44
Weighted average number of diluted shares outstanding (in thousands)	42,559	38,406	38,115

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(dollars in thousands)	PREFERRED STOCK	COMMON STOCK	NON-VOTING COMMON STOCK	ADDITIONAL PAID IN CAPITAL	RETAINED EARNINGS
BALANCE DECEMBER 31, 1995	$ --	$ 174	$ --	$ 263,169	$ 97,802
Comprehensive income					
Net income					55,072
Other comprehensive income, net of tax					
Currency translation adjustments					
Unrealized (losses) on securities, net of reclassification adjustment					
Other comprehensive (loss)					
Comprehensive income					
Dividends to stockholders					(5,050)
Reissuance of treasury stock				1,230	
BALANCE DECEMBER 31, 1996	$ --	$ 174		$ 264,399	$ 147,824
Comprehensive income					
Net income					54,619
Other comprehensive income, net of tax					
Currency translation adjustments					
Unrealized gains on securities, net of reclassification adjustment					
Other comprehensive income					
Comprehensive income					
Dividends to stockholders		87		(87)	(5,758)
Purchase of treasury stock					
Reissuance of treasury stock				436	
Balance December 31, 1997	$ --	$ 261	$ --	$ 264,748	$ 196,685
Comprehensive income					
Net income					62,081
Other comprehensive income, net of tax					
Currency translation adjustments					
Unrealized (losses) on securities, net of reclassification adjustment					
Other comprehensive (loss)					
Comprehensive income					
Dividends to stockholders		131	25	(156)	(7,254)
Issuance of non-voting stock			49	221,788	
Reissuance of treasury stock				289	
BALANCE DECEMBER 31, 1998	$ --	$ 392	$ 74	$ 486,669	$ 251,512

(dollars in thousands)	COMPREHENSIVE INCOME	ACCUMULATED OTHER COMPREHENSIVE INCOME	TREASURY STOCK	TOTAL
BALANCE DECEMBER 31, 1995		$ 29,274	$ (13,490)	$ 376,929
Comprehensive income				
Net income	$ 55,072			55,072
Other comprehensive income, net of tax				
Currency translation adjustments	(1,800)			(1,800)
Unrealized (losses) on securities, net of reclassification adjustment	(4,645)			(4,645)
Other comprehensive (loss)	(6,445)	(6,445)		
Comprehensive income	48,627			
Dividends to stockholders				(5,050)
Reissuance of treasury stock			3,822	5,052
BALANCE DECEMBER 31, 1996		$ 22,829	$ (9,668)	$ 425,558
Comprehensive income				
Net income	$ 54,619			54,619
Other comprehensive income, net of tax				
Currency translation adjustments	(2,665)			(2,665)
Unrealized gains on securities,				

net of reclassification adjustment	38,925			38,925
Other comprehensive income	36,260	36,260		
Comprehensive income	90,879			
Dividends to stockholders				(5,758)
Purchase of treasury stock			(12,877)	(12,877)
Reissuance of treasury stock			1,083	1,519
BALANCE DECEMBER 31, 1997	$	$ 59,089	$ (21,462)	$ 499,321
Comprehensive income	$ 62,081			62,081
Net income				
Other comprehensive income, net of tax				
Currency translation adjustments	(6,767)			(6,767)
Unrealized (losses) on securities,				
net of reclassification adjustment	(22,017)			(22,017)
Other comprehensive (loss)	(28,784)	(28,784)		
Comprehensive income	33,297			
Dividends to stockholders				(7,254)
Issuance of non-voting stock				221,837
Reissuance of treasury stock			987	1,276
BALANCE DECEMBER 31, 1998		$ 30,305	$ (20,475)	$ 748,477

See accompanying notes to consolidated financial statements

CONSOLIDATED STATEMENTS OF CASH FLOWS

year ending December 31	1998	1997	1996
(dollars in thousands)			
OPERATING ACTIVITIES			
Net income	$ 62,081	$ 54,619	$ 55,072
Adjustments to reconcile net income to net cash provided by operating activities:			
Change in:			
Accrued investment income	(28,523)	(11,125)	(5,660)
Premiums receivable	(55,687)	(44,228)	8,214
Deferred policy acquisition costs	(65,393)	(59,485)	(47,122)
Funds withheld	(43,759)	(17,204)	(2,053)
Reinsurance ceded balances	49,204	(246,095)	4,422
Future policy benefits, other policy claims and benefits, and other reinsurance balances	461,123	722,286	258,562
Deferred income taxes	27,767	15,575	13,695
Other assets and other liabilities	(32,914)	31,570	(20,978)
Amortization of goodwill and value of business acquired	1,484	1,322	1,233
Amortization of net investment discounts	(20,611)	(15,471)	(9,071)
Realized investment gains, net	(3,091)	(334)	(930)
Minority interest in earnings	724	702	302
Other, net	(3,258)	1,295	1,297
Net cash provided by operating activities	349,147	433,427	256,983
Investing Activities			
Sales of investments:			
Fixed maturity securities-Available for sale	495,589	301,685	135,110
Mortgage loans	3,416	42,306	--
Maturities of fixed maturity securities-Available for sale	109,577	246,814	189,969
Purchases of fixed maturity securities-Available for sale	(1,860,673)	(1,456,450)	(917,743)
Cash invested in:			
Mortgage loans	(75,281)	(115,937)	(89,237)
Policy loans	(50,987)	(57,026)	(79,424)
Funds withheld at interest	(194,373)	(35,464)	(28,108)
Principal payments on:			
Mortgage loans	7,088	6,045	4,739
Policy loans	17,335	3,158	--
Change in short-term and other invested assets	(54,051)	(190,939)	(29,791)
Investment in joint venture and purchase of subsidiary stock	--	--	(3,207)
Net cash used in investing activities	(1,602,360)	(1,255,808)	(817,692)
FINANCING ACTIVITIES			
Dividends to stockholders	(7,254)	(5,758)	(5,050)
Proceeds from stock offering	221,837	--	--
Purchase of treasury stock	--	(12,877)	--
Reissuance of treasury stock	987	2,105	4,029
Excess deposits on universal life and other investment type policies and contracts	1,016,245	861,352	450,079
Proceeds from long-term debt issuance	--	1,857	106,403
Net cash provided by financing activities	1,231,815	846,679	555,461
Effect of exchange rate changes	(31)	(48)	135
Change in cash and cash equivalents	(21,429)	24,250	(5,113)
Cash and cash equivalents, beginning of period	37,395	13,145	18,258
Cash and cash equivalents, end of period	$ 15,966	$ 37,395	$ 13,145

See accompanying notes to consolidated financial statements.

NOTE 1. ORGANIZATION

Reinsurance Group of America, Incorporated ("RGA") is an insurance holding company formed December 31, 1992. GenAmerica Corporation, a wholly owned subsidiary of General American Mutual Holding Company and the parent corporation of General American Life Insurance Company ("General American") beneficially owned approximately 64% of RGA's outstanding voting shares and approximately 53% of all shares outstanding at December 31, 1998. The consolidated financial statements include the assets, liabilities, and results of operations of RGA; Reinsurance Company of Missouri, Incorporated ("RCM"); RGA Australian Holdings Pty, Limited ("Australian Holdings"); RGA Reinsurance Company (Barbados) Ltd. ("RGA Barbados"); RGA International, Ltd. (RGA International), 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; General American Argentina Seguros de Vida, S.A., formerly known as Manantial Seguros de Vida, S.A. ("GA Argentina"), an Argentine life insurance company; and RGA South African Holdings (Pty) Ltd ("RGA South Africa"), a South African holding company. In addition, the consolidated financial statements include the subsidiaries of RCM, Australian Holdings, RGA International, RGA UK, RGA Sudamerica, S.A., and RGA South Africa subject to an ownership position of fifty percent or more (collectively, the "Company").

The Company is primarily engaged in life 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 and 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 entities 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.

Impairments in the value of securities held by the Company, considered to be other than temporary, 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 consist primarily of Chilean common stocks and derivatives, are carried at fair value.

The Company has a variety of reasons to use derivative instruments, such as to attempt to protect the Company against possible changes in the market value of its investment portfolio as a result of interest rate changes and to manage the portfolio's effective yield, maturity, and duration. The Company does not invest in derivatives for speculative purposes. Upon disposition, a realized gain or loss is recognized accordingly, except when exercising an option contract or taking delivery of a security underlying a futures contract. In these instances, the recognition of gain or loss is postponed until the disposal of the security underlying the option or futures contract. The Company uses both exchange-traded and customized over-the-counter derivative financial instruments. The Company's use of exchange-traded and customized over-the-counter derivatives is currently not significant.

Summarized below are the specific types of derivative instruments used by the Company.

Interest rate swaps: The Company manages interest rate risk on certain contracts, primarily through the utilization of interest rate swaps. Under interest rate swaps, the Company agrees with counterparties to exchange, at specified intervals, the payments between floating and fixed-rate interest amounts calculated by reference to notional amounts. Net interest payments are recognized within net investment income in the consolidated statements of operations.

Foreign Currency Swaps and Cross Currency Swaps: Under foreign currency swaps, the Company agrees with other parties to exchange, at specified intervals, the difference between two currencies on an exchange rate basis with the interest amounts calculated by reference to an agreed notional principal amount. Under cross currency swaps, the Company swaps the difference between two currencies and between floating and fixed-rate interest amounts calculated by reference to notional amounts. The Company uses this technique for foreign denominated assets to match dollar denominated liabilities of various fixed income products. Net interest payments are recognized within net investment income in the consolidated statements of operations.

Call Options: Currently, the Company buys both exchange-traded and over-the-counter options based on the S&P 500 Index to support a portfolio of equity-indexed annuity policies. An equity-indexed annuity is a product under which contract-holders receive a minimum guaranteed value and also participate in stock market appreciation. Options are marked to market value quarterly. The change in value is reflected in investment income to assure proper matching of the hedge to changes in the liability. The amounts involved are not material.

The Company is exposed to credit-related risk in the event of nonperformance by counterparties to financial instruments but does not expect any counterparties to fail to meet their obligations. Where appropriate, master netting agreements are arranged and collateral is obtained in the form of rights to securities to lower the Company's exposure to credit risk. It is the Company's policy to deal only with highly rated companies. There are not any significant concentrations with counterparties. RGA has established minimum credit quality standards for counterparties and seeks to obtain collateral or other credit support.

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 accumulated other comprehensive income in stockholders' equity on the consolidated balance sheet.

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. The consolidated statement of cash flows includes the results of the discontinued operations in net cash from operations for all years presented as the impact of the discontinued operations on cash flows is not considered material.

Funds Withheld. Funds withheld represent amounts contractually withheld by ceding companies in accordance with reinsurance agreements. For agreements written on a coinsurance basis, assets equal to the net statutory reserves are withheld 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 an implicit rate as defined by the treaty.

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. For reinsurance transactions executed after 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 consolidated balance sheet, since 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. Balances resulting from the assumption and/or subsequent transfer of benefits and obligations resulting from cash flows related to variable annuities have also been classified as other reinsurance balance assets and/or liabilities.

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 excess of purchase price over the fair value of net assets acquired and goodwill was approximately $7,377,000 and $9,050,000 at December 31, 1998 and 1997, respectively. These balances are included in other assets on the consolidated balance sheets. 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 6.5% 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 contract holder 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 claims liability balances that would require fair value disclosure under Statement of Financial Accounting Standards No. 107.

Other Liabilities. Liabilities primarily related to investments in transit, separate accounts, lines of credit, employee benefits, and current federal income taxes payable are included in other liabilities on the consolidated balance sheet.

Investment Contracts. The Company began reinsuring asset-intensive products, including stable value products, annuities and bank-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 liabilities for the asset-intensive reinsurance contracts are included in interest sensitive contract liabilities on the consolidated balance sheet.

Income Taxes. Historically, RGA and its U.S. subsidiaries have filed separate federal income tax returns. For the purpose of filing U.S. tax returns, RGA Barbados is also considered a U.S. taxpayer. For 1998, RGA and its U.S. subsidiaries may elect to file a consolidated U.S. tax return for the first time. This election must be made by the filing date of the 1998 tax return, September 15, 1999. Once elected, consolidated income tax returns are generally required for all future years. It is anticipated that the Company will make the consolidated filing election for 1998. The U.S. consolidated tax return will include RGA, RGA Reinsurance Company ("RGA Reinsurance"), RCM and Fairfield Management Group, Incorporated ("Fairfield"). The Company's Argentine, Australian, Bermudan, Canadian, Chilean, Malaysian, South African and United Kingdom subsidiaries are taxed under applicable local statutes.

For all years presented 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 peso for the Company's Argentine operations, the Australian dollar for the Company's Australian operations, the Canadian dollar for the Company's Canada 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, net of deferred taxes, resulting from such translation are included in accumulated other comprehensive income in stockholders' equity on the consolidated balance sheet.

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 ceded 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. 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.

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.

A majority of the U.S. retrocessionaires was rated A- or better by the A.M. Best Company as of December 31, 1997. Also, six of the twelve international retrocessionaires were reviewed by A.M. Best since December 1996 and rated A- or better. In addition, the Company performs annual financial and in force reviews of its domestic and international retrocessionaires to evaluate financial stability and performance. For a majority of the retrocessionaires that were not rated, security in the form of letters of credit or trust assets have been given by retrocessionaires as additional security in favor of RGA Reinsurance.

RGA Reinsurance has never experienced a material 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 investment income, 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 expenses over the term of the policies. Policy benefits and claims that are charged to expenses 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 6.2%, 6.8%, and 6.7%, during 1998, 1997, and 1996, respectively. Interest crediting rates for investment-type contracts ranged from 5.4% to 6.5% during 1998 and from 5.7% to 6.2% during 1997 and 1996.

Net Earnings Per Share. Net earnings per share were calculated based on the provisions of Statement of Financial Accounting Standards ("SFAS") No. 128, "Earnings Per Share." Basic earnings per share excludes any dilutive effects of options, warrants and convertible securities. Diluted earnings per share includes the dilutive effects assuming outstanding stock options were exercised. All share and earnings per share information has been adjusted to reflect the three-for-two stock split in the form of dividends that were paid on February 26, 1999, and on August 29, 1997.

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 most significant items of comprehensive income are net income, the change in unrealized gains and losses on securities, and the change in foreign currency translation. Both the change in unrealized gains and losses on securities and the change in foreign currency translation historically have been reported as a component of stockholders' equity. The adoption of SFAS No. 130 does not affect results of operations or financial position, but affects their presentation and disclosure. The Company adopted SFAS No. 130 as of January 1, 1998, and has presented accumulated other comprehensive income on the consolidated balance sheet. Changes in comprehensive income are reflected in the statement of stockholders' equity and in Note 19 in the Notes to the Consolidated Financial Statements.

In June 1997, the Financial Accounting Standards Board issued SFAS No. 131. "Disclosure 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. The Company adopted SFAS No 131 as of December 31, 1998. Segment information is provided in the Management's Discussion and Analysis of Financial Condition and Note 16 in the Notes to the Consolidated Financial Statements.

In June 1998, the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," effective for fiscal years beginning after June 15, 1999 and is effective for interim periods in the initial year of adoption. SFAS No. 133 requires companies to record derivatives on the balance sheet as assets or liabilities, measured at fair value. It also requires that gains or losses resulting from changes in the values of those derivatives be reported depending on the use of the derivative and whether it qualifies for hedge accounting. The Company has not yet determined the effect, if any, of the implementation of SFAS No. 133 on the results of operation, financial position, or liquidity. The Company plans to adopt the provisions of SFAS No. 133 in 2000.

Reclassification. The Company has reclassified the presentation of certain prior period information to conform to the 1998 presentation.

NOTE 3. STOCK OFFERING

In June 1998, RGA completed a public offering in which it sold 7,417,500 shares of non-voting common stock, after split, traded on the New York Stock Exchange under the symbol RGA.A. The offering was priced to the public at $31.33 per share and provided net proceeds of approximately $221.8 million.

NOTE 4. DIVIDENDS

RGA paid cash dividends on common shares of $0.17 per share in 1998, $0.15 per share in 1997, and $0.13 per share in 1996.

NOTE 5. INVESTMENTS

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

year ending December 31	1998	1997	1996
Fixed maturity securities	$ 234,465	$ 132,284	$ 91,702
Mortgage loans	9,705	5,335	2,510
Policy loans	37,807	34,326	29,116
Short-term investments	9,033	4,164	3,523
Funds withheld at interest	13,373	11,976	9,813
Other	309	688	406
Investment revenue	304,692	188,773	137,070
Investment expense	2,912	1,689	1,261
Net investment income	$ 301,780	$ 187,084	$ 135,809

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The amortized cost, gross unrealized gains and losses, and estimated fair values of investments in fixed maturity securities at December 31, 1998 and 1997 are as follows (in thousands):

1998	AMORTIZED COST	UNREALIZED GAINS	UNREALIZED LOSSES	FAIR VALUE
Available for sale				
Commercial and industrial	$ 1,427,522	$ 41,869	$ 32,007	$ 1,437,384
Mortgage-backed securities	643,039	8,098	23,358	627,779
Asset-backed securities	391,226	4,363	2,050	393,539
Finance	334,575	4,747	16,504	322,818
U.S. government and agencies	302,237	5,129	1,674	305,692
Public utilities	233,293	48,607	1,987	279,913
Canadian government	199,140	56,977	756	255,361
Chilean government and agencies	63,675	38	3,570	60,143
Other foreign governments	8,601	-	96	8,505
Argentine government and agencies	5,916	-	-	5,916
Australian government agencies	4,378	189	-	4,567
	$ 3,613,602	$ 170,017	$ 82,002	$ 3,701,617

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

There were no investments in any entity in excess of 10% of stockholders' equity at December 31, 1998 or 1997, other than investments issued or guaranteed by the U.S. government.

The cost of equity investments that are included in other invested assets at December 31, 1998 and 1997, was approximately $16.8 million and $12.1 million, respectively. The cost of the derivative financial instruments at December 31, 1998, and 1997, respectively, was $4.4 million and $3.2 million.

The amortized cost and estimated fair value of fixed maturity investments at December 31, 1998 are shown by contractual maturity for all securities except, U.S. Government agencies mortgage-backed securities, which are distributed to maturity year based on the Company's estimate of the rate of future prepayments of principal over the remaining lives of the securities. These estimates are developed using prepayment rates provided in broker consensus data. Such estimates are derived from prepayment rates experienced at the interest rate levels projected for the applicable underlying collateral and can be expected to vary from actual experience.

At December 31, 1998, 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	$ 51,369	$ 51,407
Due after one year through five years	452,958	463,604
Due after five years through ten years	858,915	869,589
Due after ten years	1,607,321	1,689,239
Mortgage-backed securities	643,039	627,778
	$ 3,613,602	$ 3,701,617

Included in net realized losses is a permanent write-down of two fixed maturity securities of approximately $0.8 million during 1998 and one fixed maturity of approximately $2.5 million in 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):

year ending December 31	1998	1997	1996
Fixed maturities:			
Realized gains	$ 4,082	$ 4,120	$ 5,182
Realized losses	(1,064)	(3,789)	(3,972)
Other	74	3	(280)
Net gains	$ 3,092	$ 334	$ 930
Less: Discontinued operations	-	(2)	(2)
Net gains from continuing operations	$ 3,092	$ 332	$ 928

Securities with an amortized cost of $2,970,000 and $2,370,000 were on deposit with various state or governmental insurance departments to comply with applicable insurance laws at December 31, 1998 and 1997, respectively. Securities with an amortized cost of $142,100,998 and $90,159,000 were held in trust in Canada at December 31, 1998 and 1997, respectively, to satisfy collateral requirements for reinsurance business conducted in Canada.

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 distribution of mortgage loans by property type as of December 31, 1998 and 1997 is as follows (dollars in thousands):

	1998		1997	
	CARRYING VALUE	PERCENTAGE OF TOTAL	CARRYING VALUE	PERCENTAGE OF TOTAL
Property Type				
Apartment	$ 1,330	0.61%	$ 1,349	0.81%
Retail	108,887	50.10	83,125	50.11
Office building	56,934	26.20	33,970	20.48
Industrial	33,836	15.57	27,782	16.75
Other commercial	16,345	7.52	19,672	11.85
	217,332	100.00%	165,898	100.00%
Less: Allowance	696		446	
Total	$ 216,636		$ 165,452	

All the Company's mortgage loans are amortizing loans. As of December 31, 1998 and 1997, the Company's mortgage loans were distributed as follows (in thousands):

	1998		1997	
	CARRYING VALUE	PERCENTAGE OF TOTAL	CARRYING VALUE	PERCENTAGE OF TOTAL
United States				
Arizona	$ 16,491	7.59%	$ 12,884	7.77%
California	27,684	12.74	23,174	13.97
Colorado	4,558	2.10	2,009	1.21
Florida	1,242	0.57	-	-
Georgia	3,102	1.43	3,169	1.91
Illinois	12,740	5.86	4,472	2.70
Kansas	8,166	3.76	1,633	0.98
Maryland	7,070	3.25	5,308	3.20
Missouri	7,762	3.57	7,896	4.76
Oklahoma	-	-	1,602	0.96
Nevada	1,545	0.71	14,236	8.58
North Carolina	17,381	8.00	-	-
Pennsylvania	5,470	2.52	5,535	3.34
South Carolina	467	0.21	476	0.29
Texas	9,282	4.27	-	-
Utah	1,887	0.87	1,918	1.15
Washington	7,649	3.52	7,859	4.74
Chile	84,836	39.03	73,727	44.44
	217,332	100.00%	165,898	100.00%
Less: Allowance	696		446	
Total	$ 216,636		$ 165,452	

All domestic mortgage loans were originated in 1998, 1997, and 1996. There were no loans delinquent at December 31, 1998. The Company recorded a valuation allowance of $696,000 and $446,000 in 1998 and 1997, respectively, to be used against possible future losses on the loan portfolio.

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

	1998	1997
Due within one year	$ 1,887	$ -
Due one year through five years	6,256	3,689
Due after five years	209,189	162,209
	217,332	165,898
Less: Allowance	696	446
Total	$ 216,636	$ 165,452

The Company participates in a securities lending program. The amounts involved during the year are not significant and the amount of loans at December 31, 1998 was $4.5 million. The Company's policy is to require collateral at 105% of the loan value.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table presents the carrying amounts and estimated fair values of the Company's financial instruments at December 31, 1998 and 1997. SFAS No. 107, "Disclosures about the Fair Value of Financial Instruments," defines fair value of a financial instrument as the amount at which the instrument could be exchanged in a current transaction between willing parties (in thousands):

	1998		1997	
	CARRYING VALUE	ESTIMATED FAIR VALUE	CARRYING VALUE	ESTIMATED FAIR VALUE
ASSETS				
Fixed maturities	$ 3,701,617	$ 3,701,617	$ 2,528,290	$2,528,290
Mortgage loans	216,636	223,163	165,452	172,199
Policy loans	513,885	513,885	480,234	480,234
Short-term investments	314,953	314,953	277,635	277,635
Other invested assets	22,704	22,617	16,977	16,977
LIABILITIES				
Interest-sensitive contract liabilities	$ 2,985,515	$ 2,976,256	$ 1,969,270	$1,966,125
Long-term debt and other debt	107,994	113,951	106,830	110,970

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's investment advisor, which may be of another issuer. 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, 1998 and 1997 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 fair value of the Company's interest sensitive contract liabilities is based on the cash surrender value of the liabilities, adjusted for recapture fees. The fair value of the Company's long-term debt is estimated based on quoted market prices for corporations with similar credit quality.

NOTE 7. REINSURANCE

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, 1998, and 1997, no allowances were deemed necessary. The Company evaluates the financial condition of its reinsurers/retrocessionaires annually.

At December 31, 1998, 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):

year ending December 31	1998	1997	1996
Direct premiums and amounts assessed against policyholders	$ 50,961	$ 58,901	$ 44,210
Reinsurance assumed	1,213,780	842,407	728,121
Reinsurance ceded	(248,321)	(156,540)	(154,628)
Net premiums and amounts earned	$ 1,016,420	$ 744,768	$ 617,703

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

year ending December 31	1998	1997	1996
Direct	$ 52,879	$ 57,681	$ 41,598
Reinsurance assumed	981,867	700,695	476,929
Reinsurance ceded	(236,845)	(189,243)	(55,038)
Net policyholder claims and benefits	$ 797,901	$ 569,133	$ 463,489

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, 1998	$ 83	$ 330,615	$ 16,171	$ 314,527	105.11%
December 31, 1997	83	227,260	28,720	198,623	114.42%
December 31, 1996	85	168,339	39,050	129,374	130.12%

At December 31, 1998, RGA Reinsurance has provided approximately $512.9 million of statutory financial reinsurance to other insurance companies under financial reinsurance transactions to assist ceding companies in meeting applicable regulatory requirements and to enhance 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 approximately $459.0 million of its assumed financial reinsurance to third party companies and $26.3 million to General American. The Company earns a fee based on the amount of net outstanding financial reinsurance

NOTE 8. DEFERRED POLICY ACQUISITION COSTS

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

year ending December 31	1998	1997	1996
Deferred acquisition cost			
Assumed	$ 359,946	$ 297,351	$ 241,978
Retroceded	(8,904)	(7,509)	(8,413)
Net	$ 351,042	$ 289,842	$ 233,565
Beginning of year	$ 289,842	$ 233,565	$ 186,813
Capitalized			
Assumed	196,876	163,150	115,732
Retroceded	(20,994)	(29,884)	(16,993)
Amortized			
Assumed	(134,281)	(107,777)	(65,870)
Retroceded	19,599	30,788	13,883
End of year	$ 351,042	$ 289,842	$ 233,565

Some reinsurance agreements involve reimbursing the ceding company for allowances and commissions. These amounts represent an investment in the reinsurance agreement, and are capitalized to the extent deemed recoverable from the future premiums and amortized against future profits of the business. This type of agreement presents a risk to the extent that the business lapses faster than originally anticipated resulting in future profits being insufficient to recover the Company's investment.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 9. Income Tax

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

year ending December 31	1998	1997	1996
Current income tax	$ 16,807	$ 17,755	$ 16,966
Deferred income tax expense	23,662	15,430	10,463
Foreign current tax	5,463	4,562	2,216
Foreign deferred tax	3,123	2,656	3,484
Total income tax	$ 49,055	$ 40,403	$ 33,129

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):

year ending December 31	1998	1997	1996
Computed "expected" tax expense	$ 48,316	$ 39,695	$ 31,913
Increase in income taxes resulting from:			
Foreign tax rate in excess of U.S. tax rate	752	556	941
Foreign tax credit	(1,194)	(594)	-
Other, net	1,181	746	275
Total tax expense	$ 49,055	$ 40,403	$ 33,129

Total income taxes were as follows (in thousands):

year ending December 31	1998	1997	1996
Income tax from continuing operations:	$ 49,055	$ 40,403	$ 33,129
Tax (benefit) on discontinued operations	(14,939)	(11,653)	(1,442)
Income tax from stockholders' equity			
Unrealized holding gain or (loss) on debt and equity securities recognized for financial reporting purposes	(11,090)	26,330	(883)
Exercise of stock options	(583)	(436)	(1,023)
Foreign currency translation	(3,644)	(4,416)	-
Total income tax provided	$ 18,799	$ 50,228	$ 29,781

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities at December 31, 1998 and 1997, are presented in the following tables (in thousands):

as of December 31	1998	1997
Deferred tax assets:		
Nondeductible accruals	$ 3,270	$ 6,631
Differences in foreign currency translation	8,060	4,416
Deferred acquisition costs capitalized for tax	25,043	10,318
Net operating loss	46,116	39,828
Subtotal	82,489	61,193
Valuation allowance	(1,092)	(347)
Total deferred assets	$ 81,397	$ 60,846
Deferred tax liabilities:		
Deferred acquisition costs capitalized for financial reporting	$ 135,704	$ 101,445
Differences between tax and financial reporting amounts concerning certain reinsurance transactions and reserve for policies	33,087	24,382
Pension plan overfunding	133	231
Differences in the tax basis of cash and invested assets	34,461	45,551
Total deferred liabilities	203,385	171,609
Net deferred liabilities	$ 121,988	$ 110,763

As of December 31, 1998, and 1997, a valuation allowance for deferred tax assets of approximately $1.1 million and $0.3 million respectively, was provided on the net operating losses of RGA Australia, GA Argentina, 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.

During 1998, 1997, and 1996, the Company made approximately $22.9 million, $15.0 million, and $8.6 million in income tax payments, respectively. At December 31, 1998, the Company recognized deferred tax assets associated with net operating losses of approximately $131.8 million. 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 10. 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 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. The Company's contributions are 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 11. RELATED PARTY TRANSACTIONS

Conning Asset Management Company ("Conning"), a majority-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, 1998, 1997, and 1996, was approximately $2.9 million, $1.7 million, and $1.2 million, 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, 1998, 1997, and 1996, was approximately $2.7 million, $1.8 million, and $1.8 million, respectively. Management does not believe that the various amounts charged by Conning and General American to the Company would be materially different if they had been incurred from an unrelated third party.

The Company has utilized the services of a consulting firm, a former principal of which is an executive officer of RGA at December 31, 1998. The Company has used the consulting firm primarily for market research and development. Payments under consulting agreements for the years ended December 31, 1998, 1997, and 1996, were approximately $0.4 million, $0.2 million, and $0.6 million, respectively.

The Company conducts its business primarily from premises leased by RGA Reinsurance from General American. RGA Reinsurance made rental payments in 1998, 1997, and 1996 to General American, principally for office space, of approximately $1.6 million, $1.6 million, and $1.5 million, respectively.

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 $(1.7) million, $32.1 million and $20.6 million in 1998, 1997, and 1996, respectively. The earned premiums reflect the net of business assumed from and ceded to General American and its subsidiaries. Underwriting gain on this business was approximately $4.9 million, $5.9 million, and $1.2 million in 1998, 1997, and 1996, respectively. Also, the Company's stable value products are reinsured from General American. Deposits from stable value products totaled approximately $700.9 million and $483.0 million during 1998 and 1997, 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 $112.7 million and $124.4 million in 1998 and 1997, respectively.

The Company and General American were parties to shareholder agreements with the minority shareholders of Fairfield, which afforded 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 of $3,000,000 in 1997 for expenses associated with intangible assets expected to arise from the exercise of the preferential shareholder rights. During 1998, the Company recorded an additional expense of $0.4 million in final settlement of the stockholder rights. Fairfield is now wholly owned by RGA Reinsurance.

NOTE 12. 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, 1998 are as follows:

1999	$ 3,593,073
2000	3,438,509
2001	3,145,771
2002	2,995,247
2003	2,891,806

Rent expenses amount to approximately $2,819,000, $2,885,000, and $2,551,000 for the years ended December 31, 1998, 1997, and 1996, respectively.

The Company entered into a new lease on December 28, 1998, to move its principal offices in St. Louis, Missouri. The lease commences July 1, 1999, and future lease payments are included in the table above.

NOTE 13. 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, 1998 and 1997 was as follows (in thousands):

	RGA REINSURANCE		RGA CANADA	
	1998	1997	1998	1997
Admitted assets	$ 5,666,154	$ 3,430,501	$ 586,502	$ 347,778
Liabilities	5,306,531	3,181,169	482,554	283,314
Total capital and surplus	$ 359,623	$ 249,332	$ 103,948	$ 64,464

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

	RGA REINSURANCE			RGA CANADA		
	1998	1997	1996	1998	1997	1996
Net income	$ 12,785	$ 12,059	$ 25,988	$ 6,855	$ 12,512	$ 4,389

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 1999 are limited to $36.0 million without such regulatory approval. The maximum amount available for dividends by RGA Canada under the Canadian Minimum Continuing Capital and Surplus Requirements ("MCCSR") is $26.6 million.

NOTE 14. 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 affiliated and 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, 1998, there were approximately $17,882,000 of outstanding bank letters of credit in favor of unaffiliated entities and $17,500,000 in favor of General American.

NOTE 15. 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 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, investment earnings on the undeployed debt proceeds, and the ability of the Company to raise additional funds. 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, 1998, the Company was in compliance with all covenants under this debt agreement. The Company also has access to a line of credit, of which $15.0 million was drawn upon at December 31, 1998. Interest is based on LIBOR plus 0.30%. This liability is included in other liabilities on the balance sheet at December 31, 1998.

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, 1998 and 1997 was $8,878,000 and $7,804,000, respectively, which approximates fair value. Principal repayments are due in April 1999 and are expected to be renewed under the terms of the line of credit. Interest is paid every three months at a variable rate with a rate of 5.18% as of December 31, 1998. 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, 1998, the Company was in compliance with all covenants under the debt agreements.

Interest paid on debt during 1998, 1997, and 1996 was $8,805,000, $7,801,000, and $6,169,000 respectively.

NOTE 16. SEGMENT INFORMATION

The Company has five main operational segments segregated primarily by geographic region: U.S., Canada, Latin America, Asia Pacific, and other international operations. The U.S. operations provide traditional life reinsurance and non-traditional reinsurance to domestic clients. Non-traditional business includes asset-intensive and financial reinsurance. Asset-intensive products include reinsurance of the stable value products, corporate-owned and bank-owned life insurance, and annuities. The Canada operations provide insurers with traditional reinsurance as well as assistance with capital management activity. The Latin America operations include direct life insurance through a joint venture and subsidiaries in Chile and Argentina. The Latin America operations also include traditional reinsurance and reinsurance of privatized pension products, primarily in Argentina. Asia Pacific operations provide primarily traditional life reinsurance through RGA Australia and RGA Reinsurance. Other international operations include traditional business from Europe and South Africa, in addition to other markets being developed by the Company. The operational segment results do not include the corporate investment activity, general corporate expenses and interest expense of RGA. In addition, the Company's discontinued accident and health operations are not reflected in the continuing operations of the Company.

The accounting policies of the segments are the same as those described in the Summary of Significant Accounting Policies in Note 2. The Company allocates the invested asset base, which includes total investments, cash, and accrued investment income, to the segments based on regulatory capital requirements. The Company measures segment performance based on profit or loss from operations before income taxes and minority interest. There are no intersegment transactions and the Company does not have any material long-lived assets. Investment income is allocated to the segments based upon average assets and related capital levels deemed appropriate to support the segment business volumes.

The Company's reportable segments are strategic business units that are segregated by geographic region. Total revenues from continuing operations are reflected by major product divisions between reinsurance and direct insurance. Total revenues are primarily from external customers with significant intercompany activity eliminated through consolidation. Information related to revenues, income (loss) before income taxes and minority interest, and assets of the Company's continuing operations are summarized below (in thousands).

year ending December 31 (dollars in thousands)	1998	1997	1996
REVENUES			
Reinsurance			
U.S.	$ 968,539	$ 721,830	$ 599,734
Canada	184,741	122,760	81,196
Latin America	54,185	15,278	7,440
Asia Pacific	58,729	37,731	22,026
Other international	5,138	2,885	636
Total reinsurance revenues	1,271,332	900,484	711,032
Direct insurance			
Latin America	62,526	63,712	45,430
Total direct revenues	62,526	63,712	45,430
Corporate	10,634	13,997	14,698
Total from continuing operations	$ 1,344,492	$ 978,193	$ 771,160

year ending December 31 (dollars in thousands)	1998	1997	1996
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES AND MINORITY INTEREST			
U.S.	$ 127,533	$ 106,095	$ 80,463
Canada	22,754	17,697	16,083
Latin America	3,823	935	2,139
Asia Pacific	(3,061)	(6,412)	(5,308)
Other international	(5,014)	(3,661)	(2,305)
Corporate	(7,988)	(1,240)	109
Total from continuing operations	$ 138,047	$ 113,414	$ 91,181

Unconsolidated subsidiaries with an ownership position less than fifty percent are recorded on the equity basis of accounting. For the U.S. operations, equity in the net income of these subsidiaries totaled approximately $3.4 million, $9.3 million, and $2.3 million in 1998, 1997, and 1996, respectively. The Asia Pacific operation had equity in unconsolidated earnings of approximately $0.1 million in 1998.

year ending December 31 (dollars in thousands)	1998	1997	1996
INTEREST EXPENSE			
Asia Pacific	$ 455	$ 468	$ 484
Corporate	8,350	7,333	5,685
Total from continuing operations	$ 8,805	$ 7,801	$ 6,169

year ending December 31 (dollars in thousands)	1998	1997	1996
DEPRECIATION AND AMORTIZATION			
U.S.	$ 59,042	$ 38,112	$ 34,582
Canada	2,300	11,084	1,969
Latin America	2	2	1
Asia Pacific	5,926	3,490	2
Other international	16	1	-
Total from continuing operations	$ 67,286	$ 52,689	$ 36,554

as of December 31	1998	1997	1996
(dollars in thousands)			
Assets			
U.S.	$ 4,558,425	$ 3,312,123	$ 1,872,554
Canada	1,068,498	837,534	571,314
Latin America	248,536	175,921	125,252
Asia Pacific	123,508	88,087	56,392
Other international	(1,865)	(1,673)	(9,788)
Corporate	263,942	176,526	229,112
Discontinued operations	57,509	85,032	48,818
Total assets	$ 6,318,553	$ 4,673,550	$ 2,893,654

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

NOTE 17. 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.

		OPTIONS OUTSTANDING		
	SHARES AVAILABLE	SHARES	OPTION PRICE	WEIGHTED-AVERAGE EXERCISE PRICE
Balance at December 31, 1995	836,570	1,190,822	$11.55 - $12.22	$ 11.82
Additional authorized	102,326	-	-	-
Granted	(269,895)	269,895	$15.61 - $20.22	$ 19.67
Exercised	-	(346,500)	$11.55	$ 11.55
Forfeited	29,720	(29,720)	$11.55 - $12.22	$ 12.12
Balance at December 31, 1996	698,721	1,084,497	$11.55 - $20.22	$ 13.85
Additional authorized	107,442	-	-	-
Granted	(278,550)	278,550	$20.28	$ 20.28
Exercised	-	(92,882)	$11.55 - $12.22	$ 11.59
Forfeited	2,925	(2,925)	$20.28	$ 20.28
Balance at December 31, 1997	530,538	1,267,240	$11.55 - $20.28	$ 15.41
Additional authorized	112,814	-	-	-
Restricted stock	(15,000)	-	-	-
Granted	(344,375)	344,375	$26.33 - $38.83	$ 29.94
Exercised	-	(73,290)	$11.55 - $20.28	$ 11.81
Forfeited	28,365	(28,365)	$12.22 - $35.33	$ 15.35
Balance at December 31, 1998	312,342	1,509,960	$11.55 - $38.83	$ 18.71

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 that vest over a period of two to eight years. The options are exercisable for a period of up to ten years after date of grant. Options granted in December 1996, totaling 237,375, vest in December 1999 and are exercisable up to May 2003. These options represent a noncash stock transfer of a portion of the May 1993 options. Options granted in January 1996, totaling 32,520, and the options granted in January 1997, totaling 278,550, vest over a period of one to six years. The options are exercisable for a period of up to ten years after date of grant. The options granted in January 1998, totaling 207,656, and options granted in July 1998, totaling 133,500, vest over a period of one to six years. The July 1998 grant consisted of options on the Company's non-voting common stock. The options are exercisable for a period of up to ten years after date of grant. The options granted in August 1998, totaling 3,219, vest over a period of three to five years.

At December 31, 1998, there were 312,342 additional shares available for grant under the Plan. The per share weighted-average fair value of stock options granted during 1998, 1997 and 1996 was $10.05, $7.64, and $4.80 on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions: 1998-expected dividend yield of 0.7%, risk-free interest rate of 5.50%, expected life of 6.0 years, and an expected rate of volatility of the stock of 24% over the expected life of the options; 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.

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.

		1998	1997	1996
Net income (in thousands)	As reported	$ 62,081	$ 54,619	$ 55,072
	Pro forma	$ 60,675	$ 54,129	$ 54,950
Basic earnings per share	As reported	$ 1.50	$ 1.44	$ 1.45
	Pro forma	$ 1.47	$ 1.42	$ 1.45
Diluted earnings per share	As reported	$ 1.48	$ 1.42	$ 1.44
	Pro forma	$ 1.45	$ 1.40	$ 1.44

At December 31, 1998 and 1997, the number of options exercisable under the Flexible Stock Plan was 344,118 and 329,963 respectively, and the weighted-average exercise price of those options was $13.11 and $11.65 respectively. At December 31, 1998 and 1997, the range of exercise prices and weighted-average remaining contractual life of exercisable options was $11.55 to $38.83, and 6.4 years, and $11.55 to $20.28 and 6.3 years, respectively. The weighted-average remaining contractual life of outstanding options at December 31, 1998 and 1997, was 8.94 years and 8.34 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, 112,500 post-split shares were available for grant and only treasury stock may be used for Benefits. In May 1997, the Company granted options to purchase 13,500 shares at an exercise price of $24.33. The options vested in May 1998 and are exercisable for a period of ten years after the date of grant. In May 1998, the Company granted options to purchase 13,500 shares at an exercise price of $33.00. The options vest in May 1999 and are exercisable for a period of ten years after the date of the grant. At December 31, 1998, there were 74,949 additional shares available for grant under the Directors Plan.

In January 1998, the Board approved the issuance of 15,000 shares of restricted stock under the Company's Flexible Stock Plan. In January 1999, the Board approved an additional 180,575 incentive stock options on non-voting shares at $36.00 per share and 13,500 shares of restricted stock under the Company's Flexible Stock Plan. The options vest in 20% increments beginning January 2000.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 18. EARNINGS PER SHARE

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

year ending December 31	1998	1997	1996
Numerator:			
Income from continuing operations	$ 89,709	$ 72,581	$ 57,786
Loss from discontinued operations, net of taxes	(27,628)	(17,962)	(2,714)
Net income	$ 62,081	$ 54,619	$ 55,072
Numerator for basic earning per share--income available to common stockholders	62,081	54,619	55,072
Effect of dilutive securities:	-	-	-
Numerator for diluted earnings per share--income available to common stockholders after assumed conversions	$ 62,081	$ 54,619	$ 55,072
Denominator:			
Denominator for basic earnings per share--weighted average shares	42,086	38,091	37,878
Effect of dilutive securities			
Employee stock options	473	315	237
Dilutive potential common shares	473	315	237
Denominator for diluted earnings per share--adjusted weighted average shares and assumed conversions	42,559	38,406	38,115
Basic earnings per share:			
Continuing operations	$ 2.11	$ 1.91	$ 1.53
Discontinued operations	(0.61)	(0.47)	(0.08)
Net income	$ 1.50	$ 1.44	$ 1.45
Diluted earnings per share:			
Continuing operations	$ 2.08	$ 1.89	$ 1.52
Discontinued operations	(0.60)	(0.47)	(0.08)
Net income	$ 1.48	$ 1.42	$ 1.44

NOTE 19. COMPREHENSIVE INCOME

The following summaries present the components of the Company's comprehensive income, other than net income, for the years ending December 31, 1998, 1997 and 1996 (dollars in thousands):

year ending December 31, 1998	BEFORE-TAX AMOUNT	TAX (EXPENSE) BENEFIT	NET-OF-TAX AMOUNT
Foreign currency translation adjustments	$ (10,411)	$ 3,644	$ (6,767)
Unrealized gains on securities:			
Unrealized holding (losses) arising during the period	(30,015)	9,965	(20,050)
Less: reclassification adjustment for gains realized in net income	3,092	(1,125)	1,967
Net unrealized (losses)	(33,107)	11,090	(22,017)
Other comprehensive (loss)	$ (43,518)	$ 14,734	$ (28,784)

year ending December 31, 1997	BEFORE-TAX AMOUNT	TAX (EXPENSE) BENEFIT	NET-OF-TAX AMOUNT
Foreign currency translation adjustments	$ (7,081)	$ 4,416	$ (2,665)
Unrealized gains on securities:			
Unrealized holding gains arising during period	65,589	(26,455)	39,134
Less: reclassification adjustment for gains realized in net income	334	(125)	209
Net unrealized gains	65,255	(26,330)	38,925
Other comprehensive income	$ 58,174	$ (21,914)	$ 36,260

year ending December 31, 1996	BEFORE-TAX AMOUNT	TAX (EXPENSE) BENEFIT	NET-OF-TAX AMOUNT
Foreign currency translation adjustments	$ (1,800)	$ -	$ (1,800)
Unrealized gains on securities:			
Unrealized holding (losses) arising during period	(4,598)	388	(4,210)
Less: reclassification adjustment for gains realized in net income	930	(495)	435
Net unrealized (losses)	(5,528)	883	(4,645)
Other comprehensive (loss)	$ (7,328)	$ 883	$ (6,445)

A summary of the components of net unrealized (depreciation) appreciation of balances carried at fair value is as follows (in thousands):

as of December 31	1998	1997	1996
Change in net unrealized (depreciation) appreciation on:			
Fixed maturity securities available for sale	$ (23,967)	$ 64,367	$ (5,528)
Derivative securities	(2,592)	888	-
Other investments	(4,356)	-	-
Effect of unrealized (depreciation) on:			
Deferred policy acquisition costs	(3,794)	-	-
Minority interest	1,602	-	-
Net unrealized (depreciation) appreciation	$ (33,107)	$ 65,255	$ (5,528)

NOTE 20. DISCONTINUED OPERATIONS

As of December 31,1998, the Company has formally reported its accident and health division as a discontinued operation. The accident and health operation has been placed into run-off with all treaties (contracts) being terminated at the earliest possible date. RGA has given notice to all reinsureds and retrocessionaires that all treaties will be cancelled at the expiration of their term. If the treaty is continuous, a written Preliminary Notice of Cancellation was given, followed by a final notice within 90 days of the expiration date. Included in 1998 and 1997 net income were additional pre-tax charges of $32.0 million and $21.0 million, respectively to increase the segment's reserves. The additional reserves are expected to cover the run-off of the business accepted from outside managed pools as well as the accident and health risks internally underwritten by the Company in which it has earned premiums through December 31, 1998. The nature of the underlying risks is such that the claims may take years to reach the reinsurers involved. Thus, the Company expects to pay claims out of existing reserves over a number of years as the level of business diminishes. The Company does not expect to incur significant operating losses for premiums earned subsequent to December 31, 1998. The consolidated statements of income for all periods presented have been restated, as appropriate, to reflect this line of business being accounted for as a discontinued operation.

Summarized information for the accident and health discontinued segment for the three years ended December 31, 1998 follows (in thousands):

year ending December 31	1998	1997	1996
SUMMARY OF OPERATIONS			
Total revenues	$ 158,178	$ 93,322	$ 58,869
Claims and other policy benefits	143,004	88,658	42,250
Other expenses	56,234	34,005	20,739
Loss before taxes	(41,060)	(29,341)	(4,120)
Income tax benefit	14,413	11,653	1,442
Minority interest	7	274	36
Operating loss	(26,654)	(17,962)	(2,714)
Loss on disposal in 1998 (net of tax benefit of $526)	(974)	-	-
Net loss	$ (27,628)	$ (17,962)	$ (2,714)

as of December 31	1998	1997
BALANCE SHEET		
Total assets	$ 57,509	$ 85,032
Total liabilities	118,354	118,201

NOTE 21. PARENT COMPANY FINANCIAL INFORMATION

The following are the condensed balance sheets as of December 31, 1998, 1997, and 1996, and condensed statements of income and cash flows for the periods ended December 31, 1998, 1997, and 1996, for Reinsurance Group of America, Incorporated (parent company only) (in thousands of dollars):

CONDENSED BALANCE SHEETS	1998	1997	1996
Assets:			
Fixed maturity securities (available for sale)	$ 34,648	$ -	$ 82,571
Short-term investments	850	2,575	14,979
Cash	(995)	232	(44)
Investment in subsidiaries	713,057	548,261	423,278
Other assets	106,161	43,809	4,706
Total assets	$ 853,721	$ 594,877	$ 525,490
Liabilities and stockholders' equity			
Long-term debt	99,116	99,027	98,943
Other liabilities	6,128	(3,471)	989
Stockholders' equity	748,477	499,321	425,558
Total liabilities and stockholders' equity	$ 853,721	$ 594,877	$ 525,490

CONDENSED STATEMENTS OF INCOME	1998	1997	1996
Interest income	$ 4,306	$ 5,584	$ 5,151
Realized investments gains/(losses), net	1,517	827	(150)
Operating expenses	(2,964)	(3,067)	(2,051)
Interest expense	(8,050)	(7,333)	(5,685)
Income before income tax and undistributed earnings of subsidiaries	(5,191)	(3,989)	(2,735)
Income tax benefit	(1,609)	(1,616)	(1,003)
Net income before undistributed earnings of subsidiaries	(3,582)	(2,373)	(1,732)
Equity in undistributed earnings of subsidiaries	65,663	56,992	56,804
Net income	$ 62,081	$ 54,619	$ 55,072

CONDENSED STATEMENTS OF CASH FLOWS	1998	1997	1996
Operating activities:			
Net income	$ 62,081	$ 54,619	$ 55,072
Equity in earnings of subsidiaries	(65,663)	(56,992)	(56,804)
Other, net	9,501	(239)	1,939
Net cash provided by (used in) operating activities	5,919	(2,612)	207
Investing activities:			
Sales of fixed maturity securities available for sale	21,619	60,257	24,444
Purchases of fixed maturity securities available for sale	(115,162)	(16,991)	(95,959)
Change in short-term investments	1,725	12,404	(4,156)
Payment for purchase of stock in subsidiaries		-	(4,482)
Capital contributions to subsidiaries	(130,898)	(35,230)	(18,054)
Net cash (used in) provided by investing activities	(222,716)	20,440	(98,207)
Financing activities:			
Dividends to stockholders	(7,254)	(5,758)	(5,050)
Acquisition of treasury stock		(12,877)	-
Reissuance of treasury stock	987	1,083	4,031
Proceeds from long-term debt issuance, net			98,943
Proceeds from stock offering	221,837	-	0
Net cash provided by (used in) financing activities	215,570	(17,552)	97,924
Net change in cash and cash equivalents	(1,227)	276	(76)
Cash and cash equivalents at beginning of year	232	(44)	32
Cash and cash equivalents at end of year	$ (995)	$ 232	$ (44)

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, 1998 and 1997, 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, 1998. 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, 1998 and 1997, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 1998, in conformity with generally accepted accounting principles.

KPMG LLP

St. Louis, Missouri
January 27, 1999

REPORT OF MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

The consolidated balance sheets of Reinsurance Group of America, Incorporated and subsidiaries as of December 31, 1998 and 1997, and the related consolidated statements of income, cash flows and stockholders' equity for the years ended December 31, 1998, 1997, and 1996, 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, 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/ Todd C. Larson
TODD C. LARSON
Vice President and Controller

/s/ Jack B. Lay
JACK B. LAY
Executive Vice President and
Chief Financial Officer

QUARTERLY DATA (Unaudited - see accompanying accountants' report)

year ending December 31, 1998	FIRST	SECOND	THIRD	FOURTH
(dollars in thousands, except per share data)				
Revenues from continuing operations	$ 313,469	$ 315,427	$ 302,665	$ 412,931
Revenues from discontinued operations	$ 27,664	39,231	52,985	38,298
Total revenues	$ 341,133	$ 354,658	$ 355,650	$ 451,229
Income from continuing operations before income taxes and minority interest	$ 24,853	$ 30,846	$ 34,087	$ 48,261
Income from continuing operations	$ 15,875	$ 19,550	$ 21,625	$ 32,659
Gain (loss) from discontinued operations(1)	34	(332)	(968)	(26,362)
Net income	$ 15,909	$ 19,218	$ 20,657	$ 6,297
Outstanding common shares (voting)(2)	37,842,720	37,860,618	37,865,418	37,895,794
Outstanding common shares (non-voting)(2)	N/A	7,417,500	7,417,500	7,417,500
Total outstanding common shares(2)	37,842,720	45,278,118	45,282,918	45,313,294
Basic earnings per share(2)				
Continuing operations	$ 0.42	$ 0.49	$ 0.48	$ 0.72
Discontinued operations	0.00	(0.01)	(0.02)	(0.58)
Net income	$ 0.42	$ 0.48	$ 0.46	$ 0.14
Diluted earnings per share(2)				
Continuing operations	$ 0.42	$ 0.49	$ 0.47	$ 0.71
Discontinued operations	0.00	(0.01)	(0.02)	(0.57)
Net income	$ 0.42	$ 0.48	$ 0.45	$ 0.14
Dividends per share(3)	$ 0.04	$ 0.04	$ 0.04	$ 0.05
Market price of common stock (voting)				
Quarter end(2)	33 1/3	39 5/12	39 7/24	46 2/3
Common stock price, high(2)	34 7/24	39 5/12	42 1/12	47 1/12
Common stock price, low(2)	25 1/12	31 1/12	33	33 1/24
Market price of common stock (non-voting)(4)				
Quarter end(2)	N/A	34 5/24	34 1/2	40 1/2
Common stock price, high(2)	N/A	34 1/3	37 3/4	40 11/12
Common stock price, low(2)	N/A	31 5/12	30 7/12	28 17/24

year ending December 31, 1997	FIRST	SECOND	THIRD	FOURTH
Revenues from continuing operations	$ 234,952	$ 232,159	$ 226,773	$ 284,309
Revenues from discontinued operations	16,811	20,772	22,254	33,485
Total revenues	$ 251,763	$ 252,931	$ 249,027	$ 317,794
Income from continuing operations before income taxes and minority interest	$ 22,592	$ 23,675	$ 24,014	$ 43,133
Income from continuing operations	$ 14,353	$ 14,927	$ 15,501	$ 27,800
(Loss) gain from discontinued operations(1)	(11,525)	168	(1,129)	(5,476)
Net income	$ 2,828	$ 15,095	$ 14,372	$ 22,324
Outstanding common shares(2)	38,202,516	38,108,241	37,937,013	37,807,260
BASIC EARNINGS PER SHARE(2)				
Continuing Operations	$ 0.38	$ 0.39	$ 0.41	$ 0.73
Discontinued Operations	(0.31)	0.01	(0.03)	(0.14)
Net Income	$ 0.07	$ 0.40	$ 0.38	$ 0.59
DILUTED EARNINGS PER SHARE(2)				
Continuing operations	$ 0.37	$ 0.39	$ 0.40	$ 0.73
Discontinued operations	(0.30)	0.00	(0.03)	(0.15)
Net Income	$ 0.07	$ 0.39	$ 0.37	$ 0.58
Dividends per share(3)	$ 0.03	$ 0.04	$ 0.04	$ 0.04
Market price of common stock:				
Quarter end(2)	21 5/9	25 5/9	27 1/4	28 3/8
Common stock price, high(2)	21 8/9	25 2/3	27 13/18	31 1/8
Common stock price, low(2)	19 2/3	20 2/3	24 8/9	25 1/8

(1) Gain (loss) from discontinued operations for the fourth quarter of 1998 and the first quarter of 1997 includes special charges in estimates on reserves.
(2) Share and stock price information have been restated to reflect the three-for-two stock split declared on January 27, 1999 and paid on February 26, 1999.
(3) Dividends are payable on voting and non-voting share of common stock. See dividend policy in Note 4 of the annual report.
(4) Non-voting shares were issued on June 6, 1998.

Quarterly data has been reclassified to separately identify revenues, income (loss), and earnings per share for continuing and discontinued operations.

Reinsurance Group of America, Incorporated common stock is traded on the New York Stock Exchange (NYSE) under the symbol "RGA" and "RGA.A." There were 132 stockholders of record of RGA's common stock and six stockholders of record of RGA's non-voting common stock on March 1, 1999.

MANAGEMENT AND SHAREHOLDERS' INFORMATION

DIRECTORS AND EXECUTIVE OFFICERS

J. Cliff Eason
Director,
SBC International Operations,
SBC Communications, Inc.

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, President
and Chief Executive Officer
Conning Corporation

William P. Stiritz
Director,
Chief Executive Officer,
President and Chairman
Agribrands International, Inc.

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

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

Roberto Baron
Senior Vice President
Latin American Division

Brendan J. Galligan
Senior Vice President
Asia Pacific Division

Joel S. Iskiwitch
Senior Vice President
Accident and Health

Paul Nitsou
Senior Vice President
Market Development Division

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

James E. Sherman
General Counsel and Secretary

SHAREHOLDER INFORMATION

Transfer Agent:
ChaseMellon Shareholder Services, L.L.C.
Overpeck Centre
85 Challenger Road
Ridgefield Park, New Jersey 07660
888.213.0965
http://www.chasemellon.com

Independent Auditors:
KPMG 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

Shareholders may contact us through our
Internet site at http://www.rgare.com or may
email us at investrelations@rgare.com

[RGA LOGO] is a registered mark in the United States.

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

General American Argentina Seguros de Vida, S.A. (f/k/a 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 UK Limited, United Kingdom corporation

Reinsurance Company of Missouri, Incorporated, Missouri 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 Americas Reinsurance Company, Ltd., Barbados corporation

Benefit Resource Life Insurance Company (Bermuda) (f/k/a 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

RGA South African Holding (Pty) Limited, South African corporation
- RGA Reinsurance Company of South Africa, Limited, South African corporation

Triad Re, Ltd, Barbados 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. 333-51777) on Form S-3, 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 27, 1999, relating to the consolidated balance sheets of Reinsurance Group of America, Incorporated and subsidiaries as of December 31, 1998 and 1997, 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, 1998, and all related schedules, which reports appear or are incorporated by reference in the December 31, 1998, annual report on Form 10-K of Reinsurance Group of America, Incorporated.

/s/ KPMG LLP

St. Louis, Missouri
March 30, 1999

Exhibit 24.1

REINSURANCE GROUP OF AMERICA, INCORPORATED

POWER OF ATTORNEY

I, the undersigned, as a director of Reinsurance Company of America, Incorporated hereby constitute David B. Atkinson, Jack B. Lay and James E. Sherman, 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 1998 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

H. Edwin Trusheim

Name (Typed or printed)

Date 2/25/99

EXHIBIT 24.1

REINSURANCE GROUP OF AMERICA, INCORPORATED

POWER OF ATTORNEY

I, the undersigned, as a director of Reinsurance Company of America, Incorporated hereby constitute David B. Atkinson, Jack B. Lay and James E. Sherman, 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 1998 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/ William P. Stiritz	Director	X

William P. Stiritz

Name (Typed or printed)

Date 2/24/99

EXHIBIT 24.1

REINSURANCE GROUP OF AMERICA, INCORPORATED

POWER OF ATTORNEY

I, the undersigned, as a director of Reinsurance Company of America, Incorporated hereby constitute David B. Atkinson, Jack B. Lay and James E. Sherman, 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 1998 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/ Leonard M. Rubenstein   Director   X

Leonard M. Rubenstein
Name (Typed or printed)

Date 2/23/99

EXHIBIT 24.1

REINSURANCE GROUP OF AMERICA, INCORPORATED

POWER OF ATTORNEY

I, the undersigned, as a director of Reinsurance Company of America, Incorporated hereby constitute David B. Atkinson, Jack B. Lay and James E. Sherman, 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 1998 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/ William A. Peck	Director	X

William A. Peck

Name (Typed or printed)

Date 2/25/99

EXHIBIT 24.1

REINSURANCE GROUP OF AMERICA, INCORPORATED

POWER OF ATTORNEY

I, the undersigned, as a director of Reinsurance Company of America, Incorporated hereby constitute David B. Atkinson, Jack B. Lay and James E. Sherman, 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 1998 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/ Stuart I. Greenbaum	Director	X

Stuart I. Greenbaum

Name (Typed or printed)

Date 2/25/99

EXHIBIT 24.1

REINSURANCE GROUP OF AMERICA, INCORPORATED

POWER OF ATTORNEY

I, the undersigned, as a director of Reinsurance Company of America, Incorporated hereby constitute David B. Atkinson, Jack B. Lay and James E. Sherman, 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 1998 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

Bernard A. Edison

Name (Typed or printed)

Date 2/23/99

EXHIBIT 24.1

REINSURANCE GROUP OF AMERICA, INCORPORATED

POWER OF ATTORNEY

I, the undersigned, as a director of Reinsurance Company of America, Incorporated hereby constitute David B. Atkinson, Jack B. Lay and James E. Sherman, 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 1998 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. Cliff Eason	Director	X

J. Cliff Eason
Name (Typed or printed)

Date 2/24/99

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.

0000898174
REINSURANCE GROUP OF AMERICA
1,000

12-MOS
DEC-31-1998
JAN-01-1998
DEC-31-1998
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62,081
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1.48
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0
0
0
0
0
0

Item adjusted for three-for-two stock split on February 26, 1999

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.

0000898174
REINSURANCE GROUP OF AMERICA
1,000

12-MOS
DEC-31-1997
JAN-01-1997
DEC-31-1997
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0
106,830
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0
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499,060
4,673,550
744,768
187,084
332
46,009
661,444
51,729
96,399
113,414
40,403
72,581
(17,962)
0
0
54,619
1.44
1.42
0
0
0
0
0
0
0

Item adjusted for three-for-two stock split on February 26, 1999
Item adjusted to remove effects of discontinued operations and present separately

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

0000898174
REINSURANCE GROUP OF AMERICA
1,000

12-MOS
DEC-31-1996
JAN-01-1996
DEC-31-1996
1,517,264
0
0
5,997
98,262
0
2,272,048
13,145
59,618
233,565
2,893,654
1,862,284
0
206,284
0
106,493
0
0
174
425,384
2,893,654
617,703
135,809
928
16,720
518,195
36,098
82,022
91,181
33,129
57,786
(2,714)
0
0
55,072
1.45
1.44
0
0
0
0
0
0
0

Item adjusted for three-for-two stock split on February 26, 1999
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0000898174
REINSURANCE GROUP OF AMERICA
1,000

3-MOS
DEC-31-1998
JAN-01-1998
MAR-31-1998
2,941,290
0
0
11,461
185,370
0
3,973,607
39,327
341,432
311,247
5,074,857
3,604,765
0
389,258
0
106,991
0
0
261
520,805
5,074,857
243,077
63,247
922
6,223
232,376
5,932
33,605
24,853
8,827
15,875
35
0
0
15,909
0.42
0.42
0
0
0
0
0
0
0

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0000898174
REINSURANCE GROUP OF AMERICA
1,000

6-MOS
DEC-31-1998
JAN-01-1998
JUN-30-1998
3,218,245
0
0
11,541
214,076
1,633
4,366,545
26,714
323,456
326,411
5,537,108
3,821,556
0
384,350
0
108,052
0
0
310
760,431
5,537,108
481,025
135,054
2,719
10,098
456,161
11,864
73,878
55,699
19,969
35,424
(298)
0
0
35,127
0.90
0.90
0
0
0
0
0
0
0

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separately

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0000898174
REINSURANCE GROUP OF AMERICA
1,000

9-MOS
DEC-31-1998
JAN-01-1998
SEP-30-1998
3,547,717
0
0
9,187
213,717
0
4,592,472
24,485
279,425
337,351
5,846,456
4,040,120
0
404,899
0
107,695
0
0
310
784,387
5,846,456
705,352
206,180
3,358
16,671
663,593
17,797
112,769
89,786
32,279
57,050
(1,267)
0
0
55,783
1.36
1.35
0
0
0
0
0
0
0

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0000898174
REINSURANCE GROUP OF AMERICA
1,000

3-MOS
DEC-31-1997
JAN-01-1997
MAR-31-1997
1,708,304
0
0
6,992
99,359
0
2,471,165
11,666
71,798
245,438
3,148,016
2,064,324
0
249,841
0
106,377
0
0
174
407,538
3,148,016
188,875
41,568
384
4,125
165,738
8,055
26,649
22,592
8,161
14,353
(11,525)
0
0
2,828
0.07
0.07
0
0
0
0
0
0
0

Item adjusted for three-for-two stock split on February 26, 1999
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separately

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0000898174
REINSURANCE GROUP OF AMERICA
1,000

6-MOS
DEC-31-1997
JAN-01-1997
JUN-30-1997
1,815,933
0
0
6,992
112,994
0
2,586,619
11,891
82,221
259,719
3,361,082
2,195,537
0
253,308
0
106,145
0
0
261
439,934
3,361,082
370,362
87,246
916
8,587
319,641
16,967
58,703
46,267
16,808
29,280
(11,357)
0
0
17,923
0.47
0.47
0
0
0
0
0
0
0

Item adjusted for three-for-two stock split on February 26, 1999
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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE
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0000898174
REINSURANCE GROUP OF AMERICA
1,000

9-MOS
DEC-31-1997
JAN-01-1997
SEP-30-1997
2,166,331
0
0
11,757
151,501
0
2,991,829
18,429
52,292
275,412
3,756,412
2,530,824
0
252,014
0
107,715
0
0
261
470,973
3,756,412
546,235
133,432
585
13,632
468,616
26,863
88,562
70,280
25,220
44,781
(12,486)
0
0
32,295
0.85
0.84
0
0
0
0
0
0
0

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separately