

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(MARK ONE)

/ X / QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 1996

OR

/ / 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 (IRS EMPLOYER
OF INCORPORATION OR ORGANIZATION) IDENTIFICATION NUMBER)

660 MASON RIDGE CENTER DRIVE
ST. LOUIS, MISSOURI 63141
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

(314) 453-7439
(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)

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

COMMON STOCK OUTSTANDING (\$.01 PAR VALUE) AS OF OCTOBER 31, 1996:
16,838,896 SHARES

REINSURANCE GROUP OF AMERICA, INCORPORATED AND SUBSIDIARIES

TABLE OF CONTENTS

ITEM -----	PAGE -----
---------------	---------------

PART I - FINANCIAL INFORMATION

1	Financial Statements	
	Condensed Consolidated Balance Sheets (Unaudited) September 30, 1996 and December 31, 1995	3
	Condensed Consolidated Statements of Income (Unaudited) Three months and nine months ended September 30, 1996 and 1995	4
	Condensed Consolidated Statements of Cash Flows (Unaudited) Nine months ended September 30, 1996 and 1995	5
	Notes to Condensed Consolidated Financial Statements (Unaudited)	6
2	Management's Discussion and Analysis of Financial Condition and Results of Operations	7-17

PART II - OTHER INFORMATION

1	Legal Proceedings	18
6	Exhibits and Reports on Form 8-K	18
	Signatures	19
	Index to Exhibits	20

REINSURANCE GROUP OF AMERICA, INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

	September 30, 1996	December 31, 1995
	-----	-----
	(Dollars in thousands)	
Assets		
Fixed maturity securities		
Available for sale-at fair value (amortized cost of \$1,475,406 and		
\$834,314 at September 30, 1996 and December 31, 1995, respectively)	\$ 1,491,176	\$ 887,457
Mortgage loans	41,655	-
Policy loans	379,009	346,942
Funds withheld at interest	127,893	101,841
Short-term investments	35,918	66,161
Other invested assets	4,558	3,112
	-----	-----
Total investments	2,080,209	1,405,513
Cash and cash equivalents	14,436	18,258
Accrued investment income	40,801	17,657
Premiums receivable	88,594	84,731
Funds withheld	30,021	28,644
Reinsurance ceded receivables	58,033	64,076
Deferred policy acquisition costs	216,899	186,813
Other reinsurance balances	153,302	158,967
Other assets	32,461	25,275
	-----	-----
Total assets	\$ 2,714,756	\$ 1,989,934
	=====	=====
Liabilities and Stockholders' Equity		
Future policy benefits	\$ 706,639	\$ 601,674
Interest sensitive contract liabilities	1,019,904	598,935
Other policy claims and benefits	212,078	207,673
Other reinsurance balances	146,525	105,178
Deferred income taxes	61,181	61,169
Other liabilities	66,944	30,495
Long-term debt	106,442	-
	-----	-----
Total liabilities	2,319,713	1,605,124
Minority interest	8,392	7,881
Commitments and contingent liabilities		
Stockholders' equity:		
Preferred stock (par value \$.01 per share; 10,000,000 shares authorized; no	-	-
shares issued or outstanding)		
Common stock (par value \$.01 per share; 50,000,000 shares authorized,	174	174
17,366,250 shares issued)		
Additional paid in capital	263,169	263,169
Currency translation adjustments	(3,179)	(3,736)
Unrealized appreciation of securities, net of taxes	8,953	33,010
Retained earnings	130,713	97,802
	-----	-----
Total stockholders' equity before treasury stock	399,830	390,419
Less treasury shares held of 532,354 and 544,354 at cost at September 30, 1996		
and December 31, 1995, respectively	(13,179)	(13,490)
	-----	-----
Total stockholders' equity	386,651	376,929
	-----	-----
Total liabilities and stockholders' equity	\$ 2,714,756	\$ 1,989,934
	=====	=====

See accompanying notes to condensed consolidated financial statements.

REINSURANCE GROUP OF AMERICA, INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	1996	1995	1996	1995
	(Dollars in thousands, except per share data)			
Revenues:				
Net premiums	\$ 151,284	\$ 137,866	\$ 482,599	\$ 406,157
Investment income, net of related expenses	35,873	22,929	96,798	65,853
Realized investment gains, net	127	914	1,922	1,143
Other revenue	4,754	1,984	12,632	2,248
Total revenues	192,038	163,693	593,951	475,401
Benefits and expenses:				
Claims and other policy benefits	126,342	110,158	407,594	335,454
Policy acquisition costs and other insurance expenses	32,633	28,406	93,679	68,265
Other operating expenses	10,425	7,697	29,165	21,546
Interest expense	1,959	-	4,198	-
Total benefits and expenses	171,359	146,261	534,636	425,265
Income before income taxes and minority interest	20,679	17,432	59,315	50,136
Provision for income taxes	7,593	6,385	21,840	18,467
Income before minority interest	13,086	11,047	37,475	31,669
Minority interest in earnings of consolidated subsidiaries	(469)	169	(862)	(15)
Net income	\$ 12,617	\$ 11,216	\$ 36,613	\$ 31,654
Earnings per common and common equivalent share	\$ 0.74	\$ 0.66	\$ 2.15	\$ 1.87
Weighted average number of common and common equivalent shares outstanding (in thousands)	17,009	16,917	16,999	16,868

See accompanying notes to condensed consolidated financial statements.

REINSURANCE GROUP OF AMERICA, INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine months ended September 30,	
	----- 1996 -----	----- 1995 -----
	(Dollars in thousands)	
Operating Activities:		
Net income	\$ 36,613	\$ 31,654
Adjustments to reconcile net income to net cash provided by operating activities:		
Change in:		
Accrued investment income	(23,145)	(17,500)
Premiums receivable	(3,858)	(31,176)
Deferred policy acquisition costs	(30,146)	(57,851)
Funds withheld	(1,377)	(15,114)
Reinsurance ceded balances	6,069	(35,924)
Future policy benefits, other policy claims and benefits, and other reinsurance balances	189,195	207,800
Deferred income taxes	13,325	4,222
Other assets and other liabilities	30,313	3,204
Amortization of goodwill and value of business acquired	879	784
Amortization of net investment discounts	(6,934)	(5,497)
Realized investment gains, net	(1,922)	(1,143)
Other, net	(101)	847
Net cash provided by operating activities	----- 208,911	----- 84,306
Investing Activities:		
Sales of fixed maturity securities:		
Available for sale	96,664	97,407
Maturities of fixed maturity securities:		
Held to maturity	-	6,058
Available for sale	119,949	12,520
Purchases of fixed maturity securities:		
Held to maturity	-	(3,068)
Available for sale	(850,108)	(240,026)
Cash invested in:		
Mortgage loans	(41,685)	-
Policy loans	(32,067)	(5,126)
Funds withheld at interest	(26,052)	(20,023)
Principal payments on:		
Mortgage loans	30	-
Policy loans	-	3,374
Change in short-term and other invested assets	28,645	(5,950)
Investment in joint venture and purchase of subsidiary stock	(3,207)	(3,366)
Net cash used in investing activities	----- (707,831)	----- (158,200)
Financing activities:		
Dividends to stockholders	(3,702)	(3,198)
Purchase of treasury stock	-	(2,422)
Reissuance of treasury stock	312	156
Minority interest in earnings	862	15
Excess deposits on universal life and other investment type policies and contracts	391,573	72,551
Proceeds from long-term debt issuance	106,335	-
Net cash provided by financing activities	----- 495,380	----- 67,102
Effect of exchange rate changes	(282)	243
Change in cash and cash equivalents	----- (3,822)	----- (6,549)
Cash and cash equivalents, beginning of period	18,258	11,496
Cash and cash equivalents, end of period	----- \$ 14,436 =====	----- \$ 4,947 =====

See accompanying notes to condensed consolidated financial statements.

REINSURANCE GROUP OF AMERICA, INCORPORATED AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 1996
(UNAUDITED)

1. BASIS OF PRESENTATION

The accompanying unaudited, condensed, consolidated financial statements of Reinsurance Group of America, Incorporated and Subsidiaries (the "Company") have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments, consisting of normal recurring accruals, considered necessary for a fair presentation have been included. Operating results for the nine months ended September 30, 1996 are not necessarily indicative of the results that may be expected for the year ending December 31, 1996. For further information, refer to the consolidated financial statements and notes thereto included in the Company's Annual Report for the year ended December 31, 1995.

The Company has reclassified the presentation of certain prior period information to conform with the 1996 presentation.

2. EARNINGS PER SHARE

Earnings per share was computed by dividing net income by the weighted average number of common shares and common stock equivalents outstanding during the period. Outstanding employee stock options, which are reflected as common stock equivalents using the treasury stock method, have been considered in net earnings per share calculations.

3. SIGNIFICANT TRANSACTIONS

On March 22, 1996, Reinsurance Group of America, Incorporated completed the sale of \$100,000,000 of 7-1/4% Senior Notes in accordance with Rule 144A of the Securities Act of 1933, as amended. Interest is payable semiannually on April 1 and October 1 with the principal amount due April 1, 2006.

In June 1996, Reinsurance Group of America, Incorporated (RGA) purchased the remaining 275,000 shares of Manantial Seguros de Vida S.A. (Manantial) for \$4.5 million.

In July 1996, RGA created RGA Reinsurance Company - Chile, a wholly-owned reinsurance company licensed to assume life reinsurance business in Chile.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

THREE MONTHS ENDED SEPTEMBER 30, 1996 AND 1995

RESULTS OF OPERATIONS

Net Premiums. Net premiums increased \$13.4 million, or 9.7%, to \$151.3 million in the third quarter of 1996 compared to \$137.9 million for the same period in 1995.

Premiums by major segment were as follows (in millions):

	1996 ----	1995 ----	Change	
			Dollars -----	Percent -----
U.S. ordinary life	\$106.9	97.6	9.3	9.5
Canadian ordinary life	12.4	12.3	0.1	0.8
Accident and health	12.6	10.3	2.3	22.3
Other international	19.4 ----	17.7 ----	1.7 ---	9.6
Totals	\$151.3 =====	137.9 =====	13.4 =====	9.7 ===

Premiums will fluctuate from quarter to quarter due to the timing of production and normal reporting lags experienced from client companies. In the U.S. ordinary life segment, premiums related to the block of business obtained from ITT Lyndon are included in both periods. As this business was reinsured with an effective date of July 1, 1995, the impact of this business on quarterly premium fluctuations will diminish going forward. The increase of \$9.3 million in U.S. ordinary life premium compared to the same period in 1995 was attributed to the processing of several large blocks of new business and continued growth of the core business, offset by late reported lapses from client companies.

The Canadian ordinary life premiums were relatively flat compared to the same period of 1995. Business premium fluctuates due to normal reporting lags experienced by client companies and the timing of production. At September 30, 1996, this segment had a higher than normal amount of unprocessed business due to insufficient information reported by client companies. Upon receipt of the appropriate information, this business should be processed in the quarter ended December 31, 1996. The effect of the changes in foreign exchange rates during the third quarter of 1996 compared to the same period of 1995 was not material.

Accident and health premiums increased \$2.3 million, or 22.3% from the same period in 1995. The increase was primarily due to the timing of statements received from client companies.

The Company's other international business premiums increased \$1.7 million, or 9.6% from the same period in 1995. Premiums from the South American operations decreased \$3.2 million due to lower renewal rates on premiums for mortality risk reinsurance. Also, an additional allowance for uncollectible premiums was recorded for life policies in Argentina which reduced premium income. In the Asia Pacific operations, premiums increased \$4.9 million, primarily as a result of processing a new block of business and growth in the existing business. Overall, the base of business from the international segment continues to grow.

Investment Income, Net. Investment income, net of investment expenses, increased \$13.0 million, or 56.8%, to \$35.9 million in the third quarter of 1996 from \$22.9 million for the same period in 1995. The cost basis of invested assets increased \$715.0 million from September 30, 1995, to September 30, 1996. The increase in invested assets was a result of an increase in operating cash flows, net proceeds of \$99.0 million from the 7-1/4% Senior Notes issued by Reinsurance Group of America, Incorporated, and reinsurance transactions involving deposits relating to a variable guaranteed interest product (stable value product) totaling \$370.5 million and \$112.5 million during 1996 and the second half of 1995, respectively. The average yield earned on the consolidated investment portfolio was 7.29% for the third quarter of 1996 compared to 7.72% for the same period in 1995. The decrease in overall yield was a result of the assets in the stable value product portfolio that carry a lower average yield which are of a shorter duration and are matched with the shorter duration stable value product liabilities. The stable value product asset portfolio generated \$7.4 million of investment income for the third quarter of 1996, which was largely offset by earnings credited to ceding companies included in claims and other policy benefits.

Realized Investment Gains, Net. In the third quarter of 1996, the Company reported net realized investment gains of \$0.1 million compared to \$0.9 million for the prior year's period.

Other Revenue. Other revenue increased \$2.8 million in the third quarter of 1996 compared to the same period in 1995. Other revenue includes items such as fees associated with financial reinsurance, equity in earnings of minority owned subsidiaries, management fee income, and miscellaneous income related to late premium payments. The increase in other revenue was primarily attributed to the assumption of certain financial reinsurance treaties that resulted in \$3.9 million in financial reinsurance fees during the third quarter of 1996 compared to \$2.4 million for the same period in 1995. This increase was partially offset by fees paid to retrocessionaires of \$3.5 million included in other insurance expenses during 1996 compared to \$2.1 million for the same period in 1995. In addition, the Company reported equity in earnings of a minority owned subsidiary of \$0.5 million in the third quarter of 1996 for a subsidiary that was formed in the third quarter of 1995.

Claims and Other Policy Benefits. Claims and other policy benefits increased \$16.1 million, or 14.6%, to \$126.3 million in the third quarter of 1996 compared to \$110.2 million for the same period in 1995.

Claims and other policy benefits by major segment were as follows (in millions):

	1996	1995	Change	
	----	----	Dollars	Percent
	----	----	-----	-----
U.S. ordinary life	\$ 92.4	77.9	14.5	18.6
Canadian ordinary life	10.1	10.0	0.1	1.0
Accident and health	9.7	7.1	2.6	36.6
Other international	14.1	15.2	(1.1)	(7.2)
Totals	\$126.3	110.2	16.1	14.6
	=====	=====	=====	=====

The increase in claims and other policy benefits in the U.S. ordinary life segment was partially a result of the growth in the overall volume of business and amount of insurance at risk. Also, interest credited on the stable value product liabilities included in claims and other policy benefits was \$6.1 million in the third quarter of 1996. The U.S. ordinary life segment experienced mortality results which were about as expected during the third quarter of 1996. The Company expects actual mortality experience to fluctuate from period to period, but believes it is fairly constant over longer periods of time.

The Canadian claims and other policy benefits increased \$0.1 million when compared to the same period in 1995. For the Canadian segment, the increase over the prior year was affected by an increase in the reserve levels due to the overall increase in the amount at risk and the aging of the existing blocks of business. The effect of the changes in foreign exchange rates during the third quarter of 1996 compared to the same period of 1995 was not material.

Accident and health claims and other policy benefits increased \$2.6 million, primarily resulting from strengthening of claim liabilities and reserves on several closed blocks of business.

The decrease in claims and other policy benefits in the other international business relates to the mix of business being written in the current year compared to prior year. The mortality risk reinsurance assumed in Argentina had lower premium and reserve increases during 1996 based on an overall change in the method of reinsurance.

Policy Acquisition Costs and Other Insurance Expenses. Policy acquisition costs and other insurance expenses totaled \$32.6 million, or 21.5% of net premiums for the quarter. This compared to insurance expenses of \$28.4 million, or 20.6% of net premiums for the third quarter 1995. The increase as a percent of net premium is mainly attributable to the fees paid to retrocessionaires discussed above under other revenue.

Policy acquisition costs and other insurance expenses by major segment were as follows (in millions):

	1996 ----	1995 ----	Change	
			Dollars -----	Percent -----
U.S. ordinary life	\$ 21.3	21.5	(0.2)	(0.9)
Canadian ordinary life	2.4	2.2	0.2	9.1
Accident and health	4.0	2.8	1.2	42.9
Other international	4.9	1.9	3.0	157.9
Totals	\$ 32.6 =====	28.4 =====	4.2 ===	14.8 =====

In the U.S. ordinary life segment, policy acquisition costs and other insurance expenses increased as a percent of net premium to approximately 20.0% for the third quarter of 1996 compared to 17.2% for the entire year of 1995. The increase in the U.S. ordinary life segment resulted primarily from the financial reinsurance business which the Company obtained effective July 1, 1995, coupled with an overall increase in the amount at risk. Most of the financial reinsurance

business assumed by the Company was retroceded to other reinsurers. The cost of these retrocessions is included in policy acquisition costs and other insurance expenses and represents an offset to surplus relief fees included in other income.

The increase in the accident and health segment is a result of a continued transition in the mix of business during 1996. A larger percentage of business is being written on a quota share basis resulting in higher premiums and commissions. The majority of business is being received on a quota share basis as opposed to an excess risk basis.

The increase in the other international segment was attributed to a shift in the mix of business compared with the prior year. This business was primarily mortality risk reinsurance in the third quarter of 1995 versus single premium immediate annuity business in 1996. Single premium immediate annuity business includes a more traditional acquisition and insurance expense margin.

Overall, policy acquisition costs and other insurance expenses continue to fluctuate with business volume and changes in product mix from period to period.

Other Operating Expenses. Other operating expenses increased \$2.7 million, or 35.1%, to \$10.4 million for the third quarter in 1996 compared to \$7.7 million for the same period in 1995. Expenses of the U.S. operations increased \$1.2 million while expenses of the Canadian operations increased \$0.2 million. In addition, the other international business operating expenses increased \$1.4 million which represented operating costs in South America and Asia Pacific, as well as additional home office support staff for these operations. The increase in other expenses was primarily the result of planned activities associated with pursuing new business opportunities domestically and expansion efforts internationally.

Interest Expense. Interest expense during the third quarter of 1996 relates to the issuance of \$100.0 million (principal amount) of 7-1/4% Senior Notes by Reinsurance Group of America, Incorporated on March 22, 1996, and the financing of a portion of the Company's Australian reinsurance operations, RGA Australian Holdings PTY, Limited. Interest cost was \$2.0 million for the third quarter of 1996 with \$1.8 million related to the Senior Notes.

Provision for Income Taxes. Income tax expense represented approximately 36.7% of pre-tax income, compared to 36.6% for the third quarter of 1995. The effective tax rate of 36.7% represents the Company's expected annual effective tax rate.

NINE MONTHS ENDED SEPTEMBER 30, 1996 AND 1995

RESULTS OF OPERATIONS

Net Premiums. Net premiums increased \$76.4 million, or 18.8%, to \$482.6 million through the third quarter of 1996 compared to \$406.2 million for the same period of 1995. Premiums by major segment were as follows (in millions):

	1996	1995	Change	
	----	----	Dollars	Percent
	----	----	-----	-----
U.S. ordinary life	\$ 356.2	291.8	64.4	22.1
Canadian ordinary life	41.2	35.2	6.0	17.0
Accident and health	38.4	35.4	3.0	8.5
Other international	46.8	43.8	3.0	6.8
	----	----	---	
Totals	\$ 482.6	406.2	76.4	18.8
	=====	=====	=====	=====

Through the third quarter of 1996, U.S. ordinary life premiums increased by 22.1% over the same period in 1995. The increase was attributed to new business production, renewal premium increases from existing blocks of business, revisions of existing treaties, and the continuing impact of past production. A significant portion of the increase was attributed to new business production, which includes the business obtained in the ITT Lyndon transaction that was effective July 1, 1995. The impact of the original business reinsured by this transaction on period to period trends will diminish going forward. In addition, growth in credit life premiums of \$7.9 million over 1995 contributed to the overall increase in premiums. Reported premiums will fluctuate from period to period due to normal reporting lags experienced by client companies and the timing of production.

The Canadian ordinary life premiums increased \$6.0 million, or 17.0% from the same period in 1995. The increase was attributed to continued growth in new business and incremental increases in renewal premium rates. The effect of the changes in foreign exchange rates during the first nine months of 1996 compared to the same period of 1995 was not material.

The accident and health premium level increased 8.5% compared to the same period in 1995. This rate of increase reflects the Company's decision to remain selective in the opportunities it

pursues. Reported premium will fluctuate from period to period due to the timing of statements received from client companies.

The Company's other international business contributed to the increase in premiums with \$31.3 million in premiums from South America and \$15.5 million from Asia Pacific. The premiums from South America generally represent results from the Company's joint venture in Chile and wholly-owned businesses in Chile and Argentina. Premiums from South America decreased by \$3.2 million in the first nine months of 1996 compared to the same period of 1995. This decrease was the result of increasing the allowance for uncollectible premiums for life policies in Argentina and lower renewal rates on premiums for mortality risk reinsurance assumed from Argentina. The premiums from Asia Pacific increased as a result of the growth in the base of business from the prior year and the processing of a new block of business. Overall, the base of business from the other international segment continues to grow.

Investment Income, Net. Investment income, net of investment expenses, increased \$30.9 million, or 46.9%, to \$96.8 million through the end of the third quarter of 1996 compared to \$65.9 million for the same period in 1995. The cost basis of invested assets increased \$715.0 million from September 30, 1995, to September 30, 1996. The increase in invested assets was a result of an increase in operating cash flows, net proceeds of \$99.0 million from the 7-1/4% Senior Notes issued by the Company, and reinsurance transactions involving stable value product deposits from ceding companies of \$370.5 million and \$112.5 million during 1996 and the second half of 1995, respectively. The average yield earned was 7.29% through the third quarter of 1996 compared with 7.67% earned in the same period of 1995. The decrease in overall yield was a result of the assets in the stable value product portfolio that carry a lower average yield which are of a shorter duration and are matched with the shorter duration stable value product liabilities. The stable value product asset portfolio generated \$15.7 million of investment income through the end of the third quarter of 1996, which was largely offset by earnings credited to ceding companies included in claims and other policy benefits.

Realized Investment Gains, Net. Realized investment gains increased \$0.8 million to \$1.9 million through the end of the third quarter of 1996 compared to \$1.1 million in the same period of 1995. This was primarily the result of repositioning the Company's Canadian operation portfolio to achieve a better duration match for the assets and liabilities.

Other Revenue. Other revenue increased \$10.4 million to \$12.6 million through the end of the third quarter of 1996 compared to \$2.2 million for the same period in 1995. This increase was primarily attributed to fee income for the assumption of certain financial reinsurance treaties resulting in \$10.7 million in financial reinsurance fees. This increase was partially offset by fees paid to retrocessionaires of \$9.3 million included in other insurance expenses.

Claims and Other Policy Benefits. Claims and other policy benefits increased \$72.1 million, or 21.5%, to \$407.6 million through the end of the third quarter of 1996 compared to \$335.5 million for the same period in 1995.

Claims and other policy benefits by major segment were as follows (in millions):

	1996 ----	1995 ----	Change	
			Dollars -----	Percent -----
U.S. ordinary life	\$308.7	247.4	61.3	24.8
Canadian ordinary life	33.8	27.4	6.4	23.4
Accident and health	29.0	24.6	4.4	17.9
Other international	36.1	36.1	-	-
Totals	\$407.6 =====	335.5 =====	72.1 =====	21.5 =====

Through the third quarter of 1996, the increase in claims and other policy benefits in the U.S. ordinary life segment was the result of increased business levels over the comparable prior year period, interest paid for the stable value product of \$13.0 million, and less favorable mortality than that experienced in the same period in 1995. The Company expects mortality to fluctuate from period to period, but believes it is fairly constant over longer periods of time.

The Canadian claims and other policy benefits increased \$6.4 million when compared to the same period in 1996. In Canada, the mortality results were above the expected level through the third quarter of 1996 compared to favorable mortality during the first nine months of 1995. The Company continues to monitor mortality trends to determine the appropriateness of reserve and IBNR levels. Overall, the effect of the changes in foreign exchange rates through the third quarter of 1996 compared to the same period of 1995 was not material.

The accident and health segment increase related to the strengthening of claim liabilities on several closed blocks of business. The claims and other policy benefits for the other international operations remained stable between years.

Policy Acquisition Costs and Other Insurance Expenses. Policy acquisition costs and other insurance expenses totaled \$93.7 million, or 19.4% of net premium through the third quarter of 1996. This compared to 16.8% of net premiums through the third quarter of 1995.

Policy acquisition costs and other insurance expenses by major segment were as follows (in millions):

	1996 ----	1995 ----	Change	
			Dollars -----	Percent -----
U.S. ordinary life	\$ 66.0	48.7	17.3	35.5
Canadian ordinary life	7.0	6.7	0.3	4.5
Accident and health	11.9	9.9	2.0	20.2
Other international	8.8	3.0	5.8	193.3
Totals	\$ 93.7 =====	68.3 =====	25.4 =====	37.2 =====

In the U.S. ordinary life segment, the increase in expenses as a percent of premium to 18.5% through the third quarter of 1996, from 16.7% for the same period of 1995, was primarily a result of financial reinsurance transactions which were effective July 1, 1995. Most of the financial reinsurance business assumed by the Company was retroceded to other reinsurers. The cost of these retrocessions is included in policy acquisition costs and other insurance expenses. The Company's international activities have experienced a shift in the mix of business compared with the prior year. This business was primarily mortality risk reinsurance in 1995 versus the single premium immediate annuity business received in 1996. Single premium immediate annuity business includes a more traditional acquisition and insurance expense margin.

Overall, policy acquisition costs and other insurance expenses continue to fluctuate with business volume and changes in product mix from period to period.

Other Operating Expenses. Other operating expenses increased \$7.7 million, or 35.8%, to \$29.2 million in 1996 compared to \$21.5 million for the same period in 1995. The 1996 and 1995 amounts represented approximately 4.7% and 4.0% of gross premium, respectively. The increase in other expenses was primarily the result of planned activities associated with pursuing new business opportunities domestically and expansion efforts internationally.

Interest Expense. Interest expense during 1996 related to the issuance of \$100.0 million (principal amount) of 7-1/4% Senior Notes by Reinsurance Group of America, Incorporated on March 22, 1996, and the financing of a portion of the Company's Australian reinsurance operations, RGA Australian Holdings PTY. Interest cost through the third quarter of 1996 was \$4.2 million with \$3.8 million related to the Senior Notes.

Provision for Income Taxes. Income tax expense represented approximately 36.8% of pre-tax income through the third quarter of 1996 and 1995. The effective tax rate of 36.8% represents the Company's expected annual effective tax rate.

LIQUIDITY AND CAPITAL RESOURCES

Invested assets increased by \$674.7 million, or 48.0%, to \$2,080.2 million at September 30, 1996, compared to \$1,405.5 million at December 31, 1995. The increase resulted from cash deposits on certain reinsurance transactions of \$370.5 million, net proceeds from a Senior Note offering of \$99.0 million, and positive operating cash flows. These increases were partially offset by a decrease in the fair value adjustment of fixed maturities available for sale of \$37.4 million. The Company has historically generated positive cash flows from operations, and expects to do so in the future.

At September 30, 1996, the Company's portfolio of fixed maturity securities available for sale had net unrealized gains before tax of \$15.8 million.

The Company began investing in commercial mortgages during this quarter. Those mortgages were originated by an affiliate of the Company, Conning Asset Management Company, and are subject to strict guidelines regarding loan to value ratios, credit attributes of borrowers, and cash flows of underlying properties.

A regular quarterly dividend of \$0.08 per share is payable on November 29, 1996, to shareholders of record on November 8, 1996. All future payments of dividends are at the discretion of the Board of Directors of Reinsurance Group of America, Incorporated 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.

A program of repurchasing shares of stock in Reinsurance Group of America, Incorporated was approved at a meeting of the company's Board of Directors held on July 24, 1996. The program is intended to enable Reinsurance Group of America, Incorporated to satisfy obligations under its stock option program and to acquire larger blocks of stock. Purchases will be made in the open market from time to time, at the then prevailing market price, or through negotiated transactions. To date, no shares have been repurchased in connection with this program.

The ability of the Company to make debt principal and interest payments as well as dividend payments to shareholders is ultimately dependent on the earnings and surplus of subsidiaries and the undeployed debt proceeds. The transfer of funds from the insurance subsidiaries to Reinsurance Group of America, Incorporated is subject to applicable insurance laws and regulations.

PART II - OTHER INFORMATION

ITEM 1

LEGAL PROCEEDINGS

From time to time, subsidiaries of Reinsurance Group of America, Incorporated are subject to reinsurance-related litigation and arbitration in the normal course of business. Management does not believe that any such pending litigation or arbitration would have a material adverse effect on the Company's future operations.

ITEM 6

EXHIBITS AND REPORTS ON FORM 8-K

- (a) See index to exhibits.
- (b) No reports on Form 8-K were filed during the three months ended September 30, 1996.

SIGNATURES

Pursuant to the requirements 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 11/12/96

A. Greig Woodring
President & Chief Executive Officer

/s/ Jack B. Lay 11/12/96

Jack B. Lay
Executive Vice President & Chief
Financial Officer

INDEX TO EXHIBITS

Exhibit Number -----	Description -----
3.1	Restated Articles of Incorporation of Reinsurance Group of America, Incorporated ("RGA") incorporated by reference to Exhibit 3.1 to Registration Statement on Form S-1 (No. 33-58960) filed on March 2, 1993
3.2	Bylaws of RGA incorporated by reference to Exhibit 3.2 to Registration Statement on Form S-1 (No. 33-58960) filed on March 2, 1993
3.3	Form of Certificate of Designations for Series A Junior Participating Preferred Stock incorporated by reference to Exhibit 3.3 to Amendment No. 1 to Registration Statement on Form S-1 (No. 33-58960) filed on April 14, 1993
27.1	Financial Data Schedule

