REINSURANCE GROUP OF AMERICA INC
Form 10-Q/A
November 05, 2003

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

FORM 10-Q/A

(MARK ONE)

[ ] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2003

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 OF INCORPORATION OR ORGANIZATION)	(IRS EMPLOYER IDENTIFICATION NUMBER)

1370 TIMBERLAKE MANOR PARKWAY
CHESTERFIELD, MISSOURI 63017
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)
(636) 736-7439
(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

INDICATE BY CHECK MARK WHETHER THE REGISTRANT IS AN ACCELERATED FILER (AS DEFINED IN RULE 12B-2 OF THE EXCHANGE ACT).

YES X NO

COMMON STOCK OUTSTANDING ($.01 PAR VALUE) AS OF JULY 31, 2003:
49,803,595 SHARES.

REINSURANCE GROUP OF AMERICA, INCORPORATED AND SUBSIDIARIES

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EXPLANATORY NOTE:

This Form 10-Q/A is being filed solely for the purpose of amending certain disclosures in Item 1 and Item 2 of Part I, as follows:

Due to an error by the registrant's financial printer/filing agent, "Revenues" for the "Corporate and Other" segment, as presented in Note 4 to the unaudited condensed consolidated financial statements contained in Item 1 of Part I for the three and six months ended June 30, 2003 and 2002, were reflected in the

incorrect columns. The correct figures for revenues for the "Corporate and Other" segment for the three and six months ended June 30, 2003 and 2002 are, in thousands, $7,121, $5,627, $11,524, $14,764, respectively. The total revenues from continuing operations as reported in Note 4 were correct as originally reported.

The Company previously reported in the "Liquidity and Capital Resources" section of Item 2 of Part I that net cash provided by operating activities and net cash used by financing activities were $165.2 million and $305.4 million, respectively. These amounts should have been reported as $172.0 million and $312.3 million, respectively.

These changes do not affect any of the Amounts previously reported in the Company's Condensed Consolidated Capital Balance Sheet, Statements of Income, and Statements of Cash Flows.

This report continues to speak as of the date of the original filing of the Form 10-Q on August 14, 2003, and the registrant has not updated the disclosures in this report to speak as of a later date or to reflect subsequent results, events, or developments. Items 1 and 2 of Part I appear below with the appropriate figures.

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

(Unaudited)

	June 30, 2003
	(Dollars in
ASSETS	
Fixed maturity securities:	
Available-for-sale at fair value (amortized cost of $3,593,759 and $3,332,717 at June 30, 2003 and December 31, 2002, respectively)	$ 3,941,006
Mortgage loans on real estate	360,319
Policy loans	842,933
Funds withheld at interest	2,333,860
Short-term investments	20,485
Other invested assets	117,792
Total investments	7,616,395
Cash and cash equivalents	158,282
Accrued investment income	66,819
Premiums receivable	309,093
Reinsurance ceded receivables	409,800

Deferred policy acquisition costs	1,259,594
Other reinsurance balances	372,519
Other assets	72,771
Total assets	$ 10,265,273
LIABILITIES AND STOCKHOLDERS' EQUITY	
Future policy benefits	$ 2,781,626
Interest sensitive contract liabilities	3,851,394
Other policy claims and benefits	870,692
Other reinsurance balances	267,845
Deferred income taxes	402,875
Other liabilities	115,289
Long-term debt	377,042
Company-obligated mandatorily redeemable preferred securities of subsidiary trust holding solely junior subordinated debentures of the Company	158,232
Total liabilities	8,824,995
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, 51,053,273 shares issued at June 30, 2003 and December 31, 2002, respectively)	511
Warrants	66,915
Additional paid-in-capital	614,144
Retained earnings	549,651
Accumulated other comprehensive income:	
Accumulated currency translation adjustment, net of income taxes	36,589
Unrealized appreciation of securities, net of income taxes	208,707
Total stockholders' equity before treasury stock	1,476,517
Less treasury shares held of 1,273,068 and 1,596,629 at cost at June 30, 2003 and December 31, 2002, respectively	(36,239)
Total stockholders' equity	1,440,278
Total liabilities and stockholders' equity	$ 10,265,273

See accompanying notes to unaudited condensed consolidated financial statements.

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

	Three months ended June 30,	
	2003	2002

(Dollars in thousands, except per share data)

REVENUES:		
Net premiums	$ 582,561	$ 465,258
Investment income, net of related expenses	115,936	90,267
Realized investment gains (losses), net	4,044	(8,426)
Other revenues	11,834	10,210
Total revenues	714,375	557,309
BENEFITS AND EXPENSES:		
Claims and other policy benefits	452,632	366,770
Interest credited	43,867	29,896
Policy acquisition costs and other insurance expenses	114,988	84,804
Other operating expenses	26,837	21,859
Interest expense	9,042	8,915
Total benefits and expenses	647,366	512,244
Income from continuing operations before income taxes	67,009	45,065
Provision for income taxes	23,423	16,141
Income from continuing operations	43,586	28,924
Discontinued operations:		
Loss from discontinued accident and health operations, net of income taxes	(1,027)	(873)
Net income	$ 42,559	$ 28,051
Earnings per share from continuing operations:		
Basic earnings per share	$ 0.88	$ 0.59
Diluted earnings per share	$ 0.87	$ 0.58
Earnings per share from net income:		
Basic earnings per share	$ 0.86	$ 0.57
Diluted earnings per share	$ 0.85	$ 0.56
Dividends declared per share	$ 0.06	$ 0.06

See accompanying notes to unaudited condensed consolidated financial statements.

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

	Six months June
	2003
	(Dollars in t
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net income	$ 75,301
Adjustments to reconcile net income to net cash provided by operating activities:	
Change in:	
Accrued investment income	(30,692)
Premiums receivable	(73,708)
Deferred policy acquisition costs	(152,201)
Reinsurance ceded balances	42,420
Future policy benefits, other policy claims and benefits, and other reinsurance balances	274,103
Deferred income taxes	36,430
Other assets and other liabilities	29,585
Amortization of net investment discounts and other	(20,929)
Realized investment losses, net	5,784
Other, net	(14,056)
Net cash provided by operating activities	172,037
CASH FLOWS FROM INVESTING ACTIVITIES:	
Sales and maturities of fixed maturity securities - available for sale	1,000,392
Purchases of fixed maturity securities - available for sale	(1,111,533)
Cash invested in policy loans and mortgage loans on real estate	(141,016)
Cash invested in funds withheld at interest	(35,888)
Principal payments on mortgage loans on real estate	6,607
Change in short-term investments and other invested assets	(30,820)
Net cash used in investing activities	(312,258)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Dividends to stockholders	(5,951)
Borrowings under credit agreements	46,618
Purchase of treasury stock	--
Exercise of stock options	5,550
Excess deposits on universal life and other investment type policies and contracts	160,229
Net cash provided by financing activities	206,446
Effect of exchange rate changes	3,956
Change in cash and cash equivalents	70,181
Cash and cash equivalents, beginning of period	88,101
Cash and cash equivalents, end of period	$ 158,282

Supplementary disclosure of cash flow information:

Amount of interest paid	$	14,468
Amount of income taxes paid	$	4,177

See accompanying notes to unaudited condensed consolidated financial statements.

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REINSURANCE GROUP OF AMERICA, INCORPORATED AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements of Reinsurance Group of America, Incorporated ("RGA") and subsidiaries (collectively, the "Company") have been prepared in conformity with accounting principles generally accepted in the United States of America 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 accounting principles generally accepted in the United States of America 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 six-month period ended June 30, 2003 are not necessarily indicative of the results that may be expected for the year ending December 31, 2003. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2002 ("Annual Report").

The accompanying unaudited condensed consolidated financial statements include the accounts of Reinsurance Group of America, Incorporated and its subsidiaries. All material intercompany accounts and transactions have been eliminated. The Company has reclassified the presentation of certain prior period information to conform to the 2003 presentation.

Accounting Changes. Effective January 1, 2003, the Company adopted the fair value recognition provisions of Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation," and as amended by SFAS No. 148, "Accounting for Stock-Based Compensation--Transition and Disclosure," prospectively to all awards granted, modified or settled on or after January 1, 2003. The effects on net income and earnings per share from net income if the fair value based method had been applied to all awards since the effective date of SFAS No. 123 for the periods presented below were (in thousands, except per share amounts):

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS
	2003	2002	2003
Net income as reported	$ 42,559	$ 28,051	$ 75,301

Add compensation expense included in net income	272	--	543
Deduct total fair value of compensation expense for all awards, net of income taxes	(942)	(751)	(1,895)
Pro forma net income	$ 41,889	$ 27,300	$ 73,949
Net income per share:			
As reported - basic	$ 0.86	$ 0.57	$ 1.52
Pro forma - basic	$ 0.84	$ 0.55	$ 1.49
As reported - diluted	$ 0.85	$ 0.56	$ 1.51
Pro forma - diluted	$ 0.84	$ 0.55	$ 1.48

2. EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted earnings per share on income from continuing operations (in thousands, except per share information):

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2003	2002	2003	2002
Earnings:				
Income from continuing operations (numerator for basic and diluted calculations)	$43,586	$28,924	$76,746	$57,960
Shares:				
Weighted average outstanding shares (denominator for basic calculation)	49,741	49,304	49,646	49,362
Equivalent shares from outstanding stock options	222	365	188	341
Denominator for diluted calculation	49,963	49,669	49,834	49,703
Earnings per share:				
Basic	$ 0.88	$ 0.59	$ 1.55	$ 1.17
Diluted	$ 0.87	$ 0.58	$ 1.54	$ 1.17

The calculation of equivalent shares from outstanding stock options does not include the impact of options having a strike price that exceeds the average stock price for the earnings period, as the result would be antidilutive. For the three and six month periods ended June 30, 2003, approximately 1.4 million in outstanding stock options were not included in the calculation of common equivalent shares. For the three and six month periods ended June 30, 2002, approximately 0.9 million in outstanding stock options were not included in the calculation of common equivalent shares. These options were outstanding at the end of their respective periods. Diluted earnings per share exclude the antidilutive effect of 5.6 million shares that would be issued upon exercise of

outstanding warrants to purchase Company common stock, as the Company could repurchase more shares than it issues with the exercise proceeds.

3. COMPREHENSIVE INCOME

The following schedule reflects the change in accumulated other comprehensive income for the three- and six-month periods ended June 30, 2003 and 2002 (in thousands):

	THREE MONTHS ENDED		SIX M
	JUNE 30, 2003	JUNE 30, 2002	JUNE 30, 2003
Net income	$ 42,559	$ 28,051	$ 75,301
Accumulated other comprehensive income, net of income taxes:			
Unrealized gains on securities	121,683	52,731	105,939
Foreign currency items	26,173	13,364	35,874
Comprehensive income	$ 190,415	$ 94,146	$ 217,114

4. SEGMENT INFORMATION

Prior to 2003, the Company reported the results of its operations in five main operational segments segregated primarily by geographic region: U.S., Canada, Latin America, Asia Pacific, and Europe & South Africa. The Latin America, Asia Pacific, and Europe & South Africa segments were presented historically as one reportable segment, Other International. As a result of the Company's declining presence in Argentina and changes in management responsibilities for part of the Latin America region, beginning with the first quarter of 2003, the Other International reportable segment no longer includes Latin America operations. Latin America results relating to the Argentine privatized pension business as well as direct insurance operations in Argentina are now reported in the Corporate and Other segment. The results for all other Latin America business, primarily traditional reinsurance business in Mexico, will be reported as part of U.S. operations in the Traditional sub-segment. The Asia Pacific and Europe & South Africa operational segments are presented herein as one reportable segment, Other International. Prior period segment information has been reclassified to conform to this new presentation.

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The accounting policies of the segments are the same as those described in the Summary of Significant Accounting Policies in Note 2 of the Annual Report. The Company measures segment performance based on profit or loss from operations before income taxes. 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.

Information related to total revenues and income (loss) from continuing operations before income taxes for each reportable segment are summarized below (in thousands).

	THREE MONTHS ENDED		SI
	JUNE 30, 2003	JUNE 30, 2002	JUNE 30, 20
REVENUES			
U.S.	$ 476,506	$ 403,547	$ 927,31
Canada	77,175	61,766	145,19
Other International	153,573	86,369	283,88
Corporate and Other	7,121	5,627	11,52
Total from continuing operations	$ 714,375	$ 557,309	$ 1,367,92
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES			
U.S.	$ 55,761	$ 38,491	$ 98,39
Canada	13,429	9,905	24,05
Other International	8,429	2,751	12,20
Corporate and Other	(10,610)	(6,082)	(17,79
Total from continuing operations	$ 67,009	$ 45,065	$ 116,86

Other International assets increased approximately 52.2% from the amounts disclosed in Note 17 of the Annual Report, primarily due to the continued growth in the Europe & South Africa and Asia Pacific segments. Latin America assets have been reclassified between U.S. and Corporate and Other segments.

5. COMMITMENTS AND CONTINGENT LIABILITIES

The Company is currently a party to various litigation and arbitrations that involve medical reinsurance arrangements, personal accident business, and aviation bodily injury carve-out business. As of June 30, 2003, the ceding companies involved in these disputes have raised claims that are $50.3 million in excess of the amounts held in reserve by the Company. The Company believes it has substantial defenses upon which to contest these claims, including but not limited to misrepresentation and breach of contract by direct and indirect ceding companies. In addition, the Company is in the process of auditing ceding companies which have indicated that they anticipate asserting claims in the future against the Company that are $7.6 million in excess of the amounts held in reserve by the Company. Depending upon the audit findings in these cases, they could result in litigation or arbitrations in the future. See Note 21, "Discontinued Operations," in the Company's 2002 Annual Report for more information. 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. While it is not feasible to predict or determine the ultimate outcome of the pending litigation or arbitrations or provide reasonable ranges of potential losses, it is the opinion of management, after consultation with counsel, that their outcomes, after consideration of the provisions made in the Company's consolidated financial statements, would not have a material adverse effect on its consolidated financial position, but could have a positive or negative effect on net income.

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 credits. The letters of credit issued by banks represent a guarantee of performance under the reinsurance agreements. At June 30, 2003, there were approximately $42.9 million of outstanding letters of credit in favor of third-party entities. Additionally, the Company utilizes letters of credit to secure reserve credits when it retrocedes business to its offshore subsidiaries, including RGA Americas Reinsurance Company, Ltd. and RGA Reinsurance Company (Barbados)

Ltd. As of June 30, 2003, $362.7 million in letters of credit from various banks were outstanding between the various subsidiaries of the Company. Fees associated with letters of credit are not fixed for periods in excess of one year and are based on the Company's ratings and the general availability of these instruments in the marketplace. The letters of credit are issued for a term of one year and renew automatically unless the issuing bank provides the Company with at least thirty days notice of their intent not to renew.

RGA has issued guarantees of its subsidiaries' performance for the payment of amounts due under certain credit facilities and reinsurance treaties, whereby if a subsidiary fails to meet an obligation, RGA or one of its other subsidiaries will make a payment to fulfill the obligation. Treaty guarantees are granted to ceding companies in order to provide them additional security, particularly in cases where RGA's subsidiary is relatively new, unrated, or not of a significant size, relative to the ceding company. Liabilities supported by the treaty guarantees, before consideration for any legally offsetting amounts due from the guaranteed party, totaled $148.8 million as of June 30, 2003 and are reflected on the Company's consolidated balance sheet as future policy benefits. Guarantees related to credit facilities provide additional security to third party banks should a subsidiary fail to make principal and/or interest payments when due. As of June 30, 2003, RGA's exposure related to credit facility guarantees was $37.6 million and had a maximum potential exposure of $48.4 million.

6. NEW ACCOUNTING STANDARDS

In July 2003, the Accounting Standards Executive Committee issued Statement of Position ("SOP") 03-1, "Accounting and Reporting by Insurance Enterprises for Certain Nontraditional Long-Duration Contracts and for Separate Accounts." SOP 03-1 provides guidance on separate account presentation and valuation , the accounting for sales inducements and the classification and valuation of long-duration contract liabilities. SOP 03-1 is effective for fiscal years beginning after December 15, 2003. The Company is in the process of quantifying the impact of SOP 03-1 on its consolidated financial statements.

In May 2003, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 150 "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity". SFAS 150 establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify a financial instrument that is within its scope as a liability (or an asset in some circumstances). Many of those instruments were previously classified as equity. Effective July 1, 2003, the Company adopted these provisions of SFAS 150, which did not materially affect the Company's financial position or results of operations.

In April 2003, the FASB issued SFAS No. 149 "Amendment of Statement 133 on Derivative Instruments and Hedging Activities". SFAS 149 requires that contracts with comparable characteristics be accounted for similarly. In particular, SFAS 149 clarifies under what circumstances a contract with an initial net investment meets the characteristic of a derivative and when a derivative contains a financing component, amends the definition of an underlying to conform it to language used in FASB Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others", and amends certain other existing pronouncements. SFAS 149 is effective for contracts entered into or modified after June 30, 2003, and for hedging relationships designated after June 30, 2003. In addition, provisions of SFAS 149 should be applied prospectively. The Company does not expect the application of FAS 149 to have a material effect on its financial position or results of operations.

In April 2003, the FASB cleared SFAS No. 133 Implementation Issue No. B36, "Embedded Derivatives: Modified Coinsurance Arrangements and Debt Instruments That Incorporate Credit Risk Exposures That Are Unrelated or Only Partially Related to the Creditworthiness of the Obligor under Those Instruments" ("Issue B36"). Issue B36 concluded that (i) a company's funds withheld payable and/or receivable under certain reinsurance arrangements and (ii) a debt instrument that incorporates credit risk exposures that are unrelated or only partially related to the creditworthiness of the obligor include an embedded derivative feature that is not clearly and closely related to the host contract. Therefore, the embedded derivative must be measured at fair value on the balance sheet and changes in fair value reported in income. Issue B36 is effective October 1, 2003. The Company is in the process of quantifying of the impact of the adoption of Issue B36 on its consolidated financial statements.

Effective January 1, 2003, the Company adopted the provisions of SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities," FASB Interpretation No. 46, "Consolidation of Variable Interest Entities," and FASB Interretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees,

Including Indirect Guarantees of Indebtedness of Others." The adoption of these provisions did not materially affect the Company's financial position or results of operations.

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

Prior to 2003, the Company reported the results of its operations in five main operational segments segregated primarily by geographic region: U.S., Canada, Latin America, Asia Pacific, and Europe & South Africa. The Latin America, Asia Pacific, and Europe & South Africa segments were presented historically as one reportable segment, Other International. As a result of the Company's declining presence in Argentina and changes in management responsibilities for part of the Latin America region, beginning with the first quarter of 2003, the Other International reportable segment no longer includes Latin America operations. Latin America results relating to the Argentine privatized pension business as well as direct insurance operations in Argentina are now reported in the Corporate and Other segment. The results for all other Latin America business, primarily traditional reinsurance business in Mexico, will be reported as part of U.S. operations in the Traditional sub-segment. The Asia Pacific and Europe &

South Africa operational segments are presented herein as one reportable segment, Other International. Prior period segment information has been reclassified to conform to this new presentation.

The U.S. operations provide traditional life, asset-intensive, and financial reinsurance products. The Canada operations provide insurers with traditional life reinsurance as well as creditor and critical illness products. The Asia Pacific operations provide primarily traditional life and critical illness reinsurance and, to a lesser extent, financial reinsurance. The Europe & South Africa operations include traditional life reinsurance and critical illness business from Europe and South Africa, in addition to other markets being developed by the Company. The Corporate and Other segment results include corporate investment activity, general corporate expenses, interest expense of RGA, and the provision for income tax expense (benefit). 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 income or loss from continuing operations before income taxes.

Consolidated income from continuing operations before income taxes increased $21.9 million for the second quarter and $26.6 million for the six months ended June 30, 2003, as compared to the respective prior-year periods. After-tax diluted earnings per share from continuing operations were $0.87 and $1.54 for the second quarter and first six months of 2003, respectively, compared to $0.58 and $1.17 for the comparable prior-year periods.

Consolidated investment income, net of related expenses, increased 28.4% and 25.1% during the second quarter and first six months of 2003, respectively, primarily due to a larger invested asset base. Invested assets as of June 30, 2003 totaled $7.6 billion, a 38.2% increase over June 30, 2002. The average yield earned on investments was 6.67% for the second quarter of 2003 compared to 6.68% for the same period in 2002. Investment income is allocated to the segments based upon average assets and related capital levels deemed appropriate to support the segment business volumes.

The consolidated provision for income taxes increased 45.1% and 24.2% for the second quarter and first six months of 2003, respectively, primarily a result of a higher income from continuing operations before income taxes during the current year. The effective tax rate was 35.0% for the second quarter and 34.3% for the first six months of 2003, compared to 35.8% for both comparable prior-year periods. The decrease in the effective tax rate was primarily due to earnings in certain foreign subsidiaries, which resulted in a release of valuation allowances in those entities, and a reduction in foreign country tax rates.

Further discussion and analysis of the results for 2003 compared to 2002 are presented by segment.

U.S. OPERATIONS

U.S. Operations consists of two major sub-segments: Traditional and Non-Traditional. The Traditional sub-segment primarily specializes in mortality-risk reinsurance. This category derives revenues primarily from renewal premiums from existing mortality-risk reinsurance treaties, new business premiums from existing or new mortality-risk reinsurance treaties, and income earned on invested assets. The Non-traditional category consists of Asset Intensive and Financial Reinsurance.

FOR THE THREE MONTHS ENDED JUNE 30, 2003 (IN THOUSANDS):

	TRADITIONAL	NON-TRADITIONA	
		ASSET-INTENSIVE	FIN REIN
REVENUES:			
Net premiums	$ 378,382	$ 1,006	$
Investment income, net of related expenses	45,175	42,204	
Realized investment gains (losses), net	(714)	1,148	
Other revenues	884	1,766	
Total revenues	423,727	46,124	
BENEFITS AND EXPENSES:			
Claims and other policy benefits	297,525	1,771	
Interest credited	14,931	28,580	
Policy acquisition costs and other insurance expenses	56,714	8,003	
Other operating expenses	8,484	826	
Total benefits and expenses	377,654	39,180	
Income from continuing operations before income taxes	$ 46,073	$ 6,944	$

FOR THE THREE MONTHS ENDED JUNE 30, 2002 (IN THOUSANDS):

	TRADITIONAL	NON-TRADITIONA	
		ASSET-INTENSIVE	FIN REIN
REVENUES:			
Net premiums	$ 336,426	$ 1,125	$
Investment income, net of related expenses	39,454	22,730	
Realized investment losses, net	(986)	(4,524)	
Other revenues	686	2,908	
Total revenues	375,580	22,239	
BENEFITS AND EXPENSES:			
Claims and other policy benefits	266,112	1,715	
Interest credited	14,063	15,118	
Policy acquisition costs and other insurance expenses	52,002	4,584	
Other operating expenses	6,878	186	
Total benefits and expenses	339,055	21,603	
Income from continuing operations before income taxes	$ 36,525	$ 636	$

FOR THE SIX MONTHS ENDED JUNE 30, 2003 (IN THOUSANDS):

	TRADITIONAL	NON-TRADITIONAL	
		ASSET-INTENSIVE	FI REI
REVENUES:			
Net premiums	$ 747,189	$ 2,104	$
Investment income, net of related expenses	87,876	78,538	
Realized investment losses, net	(5,958)	(1,713)	
Other revenues	2,697	3,013	
Total revenues	831,804	81,942	
BENEFITS AND EXPENSES:			
Claims and other policy benefits	591,251	3,390	
Interest credited	30,250	53,721	
Policy acquisition costs and other insurance expenses	107,519	16,031	
Other operating expenses	16,939	1,938	
Total benefits and expenses	745,959	75,080	
Income from continuing operations before income taxes	$ 85,845	$ 6,862	$

FOR THE SIX MONTHS ENDED JUNE 30, 2002 (IN THOUSANDS):

	TRADITIONAL	NON-TRADITIONA	
		ASSET-INTENSIVE	FI REI
REVENUES:			
Net premiums	$ 683,256	$ 1,993	$
Investment income, net of related expenses	76,609	46,448	
Realized investment losses, net	(3,031)	(3,960)	
Other revenues	806	3,169	
Total revenues	757,640	47,650	
BENEFITS AND EXPENSES:			
Claims and other policy benefits	553,866	7,716	
Interest credited	28,095	28,811	
Policy acquisition costs and other insurance			

expenses	93,495	6,429	
Other operating expenses	13,295	386	
Total benefits and expenses	688,751	43,342	
Income from continuing operations before income taxes	$ 68,889	$ 4,308	$

Income before income taxes for the U.S. operations segment totaled $55.8 million and $98.4 million for the second quarter and first six months of 2003, an increase of 44.9% and 27.9% from the comparable prior-year periods. The increase in income is primarily the result of favorable claim experience and premium growth compared to the same period last year. The claims and other policy benefits as a percent of net premiums (loss ratio) for the Traditional sub-segment declined to 78.6% and 79.1% for the second quarter and first six months of 2003, a decrease from 79.1% and 81.1% from the comparable prior-year periods, a reflection of the improved claim experience. Premium growth for the Traditional sub-segment was 12.5% and 9.4% for the second quarter and first six months of 2003.

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Traditional Reinsurance

The U.S. traditional reinsurance is the oldest and largest sub-segment of the Company. This sub-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 the second quarter and first six months of 2003, the Company added $39.4 billion and $65.8 billion face amount of new business, respectively, compared to $37.7 billion and $74.2 billion for the same periods in 2002. Total assumed inforce, as measured by insurance face amount, as of June 30, 2003 for U.S. Operations was $580.4 billion, an increase of 15.6% over the total at June 30, 2002. Management believes industry consolidations and the trend towards reinsuring mortality risks should continue to provide reinsurance opportunities, although the timing and level of production is uncertain.

Income from continuing operations before income taxes for U.S. traditional reinsurance increased 26.1% and 24.6% in the second quarter and six months ended 2003, respectively. The increase was due to favorable claim experience and continued premium growth, somewhat offset by an increase in net realized investment losses of $2.9 million.

Net premiums for U.S. traditional reinsurance increased 12.5% and 9.4% in the second quarter and first six months of 2003. New premiums from facultative and automatic treaties and renewal premium on existing blocks of business all contributed to growth. Additionally, new inforce blocks assumed contributed $23.1 million of the growth for the quarter and year.

Net investment income increased 14.5% and 14.7% in the second quarter and first six months of 2003. The increase is due to growth in the invested asset base, primarily due to increased cash flows from operating activities on traditional reinsurance.

Claims and other policy benefits as a percentage of net premiums were 78.6% and 79.1% in the second quarter and first six months of 2003, respectively, compared to 79.1% and 81.1% for the same periods in 2002. The decrease in the loss ratio for the period is the result of improved claim experience compared to the same period last year. Management believes death claims are reasonably predictable over a period of many years, but are less predictable over shorter periods and are subject to significant fluctuation.

Interest credited relates to amounts credited on the Company's cash value products in this sub-segment, which have a significant mortality component. This amount fluctuates with the changes in deposit levels, cash surrender values and investment performance.

As a percentage of net premiums, policy acquisition costs and other insurance expenses were 15.0% and 14.4% for the second quarter and first six months of 2003, respectively, compared to 15.5% and 13.7% for the same periods in 2002. The increase for the year is related to the proportional increase in the volume of coinsurance business written versus yearly renewable term business. These percentages will fluctuate due to variations in the mixture of business being written.

Other operating expenses, as a percentage of net premiums were 2.2% and 2.3% for the second quarter and first six months of 2003, respectively, compared to 2.0% and 1.9% for the same periods in 2002. These percentages will fluctuate slightly from period to period, but should remain fairly constant over the long term.

Asset-Intensive Reinsurance

The U.S. asset-intensive reinsurance sub-segment includes the reinsurance of annuities and corporate-owned and bank-owned life insurance ("BOLI"). Most of these agreements are coinsurance or modified coinsurance of non-mortality risks such that the Company recognizes profit or losses primarily from the spread between the investment earnings and interest credited on the underlying deposit liabilities.

Income from continuing operations before income taxes for the second quarter and first six months of 2003 was $6.9 million, as compared $0.6 million and $4.3 million, respectively, in the comparable prior-year periods. Contributing to the increase were realized investment gains of $1.1 million for the second quarter of 2003 and realized investment losses of $1.7 million for the first six months of 2003 compared to realized investment losses of $4.5 million and $4.0 million for the comparable prior-year periods.

Total revenues, which are comprised primarily of investment income, increased to $46.1 million and $81.9 million in the second quarter and first six months of 2003, respectively, from $22.2 million and $47.7 million for the comparable prior-year periods. The growth in revenue is the result of new annuity treaties executed in late 2002.

Three new annuity treaties contributed $30.7 million of additional revenues over the prior year. The invested asset base increased from $1.6 billion as of June 30, 2002, to $2.4 billion as of December 31, 2002 to $2.9 billion as of June 30, 2003. Other operating expenses were $826 thousand and $1.9 million for the second quarter and first six months of 2003, respectively, compared to $186

thousand and $386 thousand in the comparable prior-year periods. This increase can be attributed to the significant growth in this sub-segment in recent years.

Financial Reinsurance

The U.S. financial reinsurance sub-segment includes net fees earned on financial reinsurance agreements. Financial reinsurance agreements represent low risk business that the Company assumes and generally 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.

Income from continuing operations before income taxes increased to $2.7 million and $5.7 million in the second quarter and first six months of 2003, respectively, as compared to $1.3 million and $3.8 million in the prior-year periods. These results are attributed to higher amounts of financial reinsurance outstanding during the respective periods. Financial reinsurance outstanding, as measured by pre-tax statutory surplus, was $831.6 million and $692.3 million as of June 30, 2003 and 2002, respectively. The decrease in operating expenses can be attributed to lower overhead costs being allocated to this sub-segment due to the growth in the asset intensive sub-segment.

CANADA OPERATIONS

The Company conducts reinsurance business in Canada through RGA Life Reinsurance Company of Canada ("RGA Canada"), a wholly-owned company. RGA Canada is a leading life reinsurer in Canada, assisting clients with capital management activity and mortality risk management, and is primarily engaged in traditional individual life reinsurance, including preferred underwriting products, as well as creditor and non-guaranteed critical illness products. More than 90% of RGA Canada's premium income is derived from life reinsurance products.

	FOR THE THREE MONTHS ENDED		
	JUNE 30, 2003	JUNE 30, 2002	JUNE
REVENUES:			
Net premiums	$ 52,017	$ 44,144	$
Investment income, net of related expenses	21,509	17,776	
Realized investment gains (losses), net	3,825	(105)	
Other revenues	(176)	(49)	
Total revenues	77,175	61,766	
BENEFITS AND EXPENSES:			
Claims and other policy benefits	56,149	45,103	
Interest credited	264	388	
Policy acquisition costs and other insurance expenses	4,864	4,045	
Other operating expenses	2,469	2,325	
Total benefits and expenses	63,746	51,861	

Income from continuing operations before income taxes	$ 13,429	$ 9,905	$

Income from continuing operations before income taxes increased by 35.6% and 28.3% in the second quarter and first six months of 2003, respectively. The Canadian dollar has strengthened during the first six months of 2003, which contributed $1.1 million or 8.2% and $1.6 million or 6.7% to the reported income before income taxes for the quarter and the first six months respectively. Current period realized investment gains are related to the sale of fixed maturity securities associated with the restructuring of the investment portfolio to eliminate concentrations in certain issuers.

Net premiums increased 17.8% and 10.9% in the second quarter and first six months of 2003, respectively. The

increase in strength of the Canadian dollar contributed $5.1 million or 9.8% and $7.7 million or 7.7% to net premiums reported during the second quarter and first six months of 2003, respectively. 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 21.0% and 23.6% in the second quarter and first six months of 2003, respectively. The increase is due to an increase in the invested asset base and the strengthening of the foreign exchange rate, the latter of which had an effect of $1.9 million or 8.8% and $2.9 million or 7.0% in the second quarter and first six months of 2003, respectively. The invested asset base growth is due to operating cash flows on traditional reinsurance, interest on the growth of funds withheld at interest and a greater amount of allocated invested assets.

Claims and other policy benefits as a percentage of net premiums were 107.9% and 104.6% in the second quarter and first six months of 2003, respectively, compared to 102.2% and 100.2% in the prior-year periods. The increased percentage is primarily the result of several large inforce blocks assumed in 1998 and 1997. These blocks are mature blocks of level premium business in which mortality as a percentage of premiums is expected to be higher than the historical ratios and should increase over time. The nature of level premium policies requires that the Company invest the amounts received in excess of mortality costs to fund claims in the later years. Claims and other policy benefits as a percentage of net premiums and investment income were 76.4% and 74.2% for the quarter and first six months of 2003, respectively, compared to 72.8% and 73.2% in 2002. Management believes death claims are reasonably predictable over a period of many years, but are less predictable over shorter periods and are subject to significant fluctuation.

Policy acquisition costs and other insurance expenses as a percentage of net premiums totaled 9.4% and 10.4% for the second quarter and first six months of 2003, respectively, compared to 9.2% and 10.2% in the prior-year periods. The percentage fluctuates based on the mix of business in the segment, which varies from period to period, primarily due to new production.

OTHER INTERNATIONAL OPERATIONS

The Other International Operations reportable segment comprises the Asia Pacific

segment and the Europe & South Africa segment. The Asia Pacific segment provides life reinsurance for a variety of life products, critical illness (paid on the earlier of death or diagnosis of a pre-defined critical illness), disability income, and financial reinsurance to life insurance companies throughout the Asian region, with primary focus on Australia, Hong Kong, Japan, Malaysia, South Korea, and Taiwan. The Europe & South Africa segment provides life reinsurance for a variety of life products through yearly renewable term and coinsurance agreements and the reinsurance of accelerated critical illness coverage. The Europe & South Africa segment has business primarily from the United Kingdom, South Africa and Spain. Reinsurance agreements for both segments may be either facultative or automatic agreements covering primarily individual risks and in some markets, group risks. Each segment operates multiple offices throughout each region to best meet the needs of the local client companies.

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FOR THE THREE MONTHS ENDED JUNE 30, 2003 (IN THOUSANDS):

	ASIA PACIFIC	EUROPE & SOUTH AFRICA	TOT OTH INTERNA
REVENUES:			
Net premiums	$ 66,165	$ 83,450	$ 149
Investment income, net of related expenses	2,421	639	3
Realized investment gains (losses), net	(131)	23	
Other revenues	707	299	1
Total revenues	69,162	84,411	153
BENEFITS AND EXPENSES:			
Claims and other policy benefits	47,190	47,450	94
Policy acquisition costs and other insurance expenses	13,006	28,689	41
Other operating expenses	4,189	4,106	8
Interest expense	250	264	
Total benefits and expenses	64,635	80,509	145
Income from continuing operations before income taxes	$ 4,527	$ 3,902	$ 8

FOR THE THREE MONTHS ENDED JUNE 30, 2002 (IN THOUSANDS):

	ASIA PACIFIC	EUROPE & SOUTH AFRICA	TOTA OTHE INTERNAT

REVENUES:			
Net premiums	$ 31,840	$ 51,942	$ 83,7
Investment income, net of related expenses	1,785	17	1,8
Realized investment losses, net	(123)	(1)	(1
Other revenues	579	330	9
Total revenues	34,081	52,288	86,3
BENEFITS AND EXPENSES:			
Claims and other policy benefits	21,592	33,006	54,5
Policy acquisition costs and other insurance expenses	5,792	16,332	22,1
Other operating expenses	3,546	2,862	6,4
Interest expense	215	273	4
Total benefits and expenses	31,145	52,473	83,6
Income (loss) from continuing operations before income taxes	$ 2,936	$ (185)	$ 2,7

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FOR THE SIX MONTHS ENDED JUNE 30, 2003 (IN THOUSANDS):

	ASIA PACIFIC	EUROPE & SOUTH AFRICA	TOT OTH INTERNA
REVENUES:			
Net premiums	$ 108,575	$ 167,327	$ 275
Investment income, net of related expenses	5,148	1,479	6
Realized investment gains (losses), net	(518)	848	
Other revenues	907	123	1
Total revenues	114,112	169,777	283
BENEFITS AND EXPENSES:			
Claims and other policy benefits	74,454	101,233	175
Policy acquisition costs and other insurance expenses	24,528	54,223	78
Other operating expenses	8,716	7,546	16
Interest expense	519	464	
Total benefits and expenses	108,217	163,466	271
Income from continuing operations before income taxes	$ 5,895	$ 6,311	$ 12

FOR THE SIX MONTHS ENDED JUNE 30, 2002 (IN THOUSANDS):

	ASIA PACIFIC	EUROPE & SOUTH AFRICA	INTE
REVENUES:			
Net premiums	$ 64,992	$ 92,155	$ 15
Investment income, net of related expenses	3,154	248	
Realized investment losses, net	(173)	(296)	
Other revenues	1,275	336	
Total revenues	69,248	92,443	16
BENEFITS AND EXPENSES:			
Claims and other policy benefits	44,160	58,196	10
Policy acquisition costs and other insurance expenses	14,016	28,280	4
Other operating expenses	6,277	5,349	1
Interest expense	388	351	
Total benefits and expenses	64,841	92,176	15
Income from continuing operations before income taxes	$ 4,407	$ 267	$

Income before income taxes during the second quarter of 2003 tripled from $2.8 million to $8.4 million, driven by a 78.6% growth in premiums from $83.8 million to $149.6 million. For the six months ended June 30, 2003, income before income taxes grew 161.1% from $4.7 million to $12.2 million, attributable to a 75.6% increase in premiums from $157.1 million to $275.9 million for the six months ended June 30, 2002 and 2003, respectively.

The growth in premium for the quarter is attributable to growth in both segments, with the Asia Pacific segment increasing premiums by 107.8% and the Europe & South Africa segment growing by 60.7%. For the six months ended June 30, 2003, premiums for the Europe & South Africa segment increased 81.6% and for the Asia Pacific

segment premiums increased 67.1%, in each case, over the comparable period for 2002. The growth has been generated by new business premiums from facultative and automatic treaties and renewal premiums from existing treaties, including premiums associated with accelerated critical illness coverage. The growth has also been aided by favorable exchange rates, with several of the local currencies strengthening significantly against the U.S. dollar. Premiums earned during the second quarter and first six months associated with critical illness

coverage totaled $36.8 million and $78.0 million, respectively, compared to $27.4 million and $46.7 million in the prior-year periods. Premium levels are significantly influenced by large transactions and reporting practices of ceding companies and therefore may fluctuate from period to period.

Net investment income increased to $3.1 million in the second quarter of 2003 and $6.6 million for the six months ended June 30, 2003 due to an increase in allocated assets supporting the growth in the overall business. Investment income and realized investment gains and losses are allocated to the operating segments on the basis of capital required to support underlying business and investment performance varies with the composition of investments and the relative allocation of capital to units.

Claims and other policy benefits, as a percentage of net premiums, were 63.3% and 65.2%, in the second quarter of 2003 and 2002, respectively. Claims as a percentage of premiums in Asia Pacific worsened from 67.8% to 71.3%, while the experience in Europe & South Africa improved from 63.5% to 56.9%. For the six months ended on June 30, 2003, the overall ratio has improved to 63.7%, dropping from 65.1% for the six months ended June 30, 2002. Claims and other policy benefits include claims paid, claims in the course of payment and establishment of additional reserves to provide for unreported claims. Management believes death claims are reasonably predictable over a period of many years, but are less predictable over shorter periods and are subject to significant fluctuation. The Company monitors mortality trends to evaluate the appropriateness of reserve levels and periodically adjusts the reserve levels.

Policy acquisition costs and other insurance expenses as a percentage of net premiums were 27.9% in the second quarter of 2003 compared to 26.4% in 2002. For the six months ended June 30, 2003, the ratio increased to 28.5% for 2003 versus 26.9% for the six months ended June 30, 2002. These percentages fluctuate due to the timing of client company reporting and variations in the type of business being written, along with the mix of new and renewal business. Other operating expenses for the quarter declined from 7.6% of premiums in 2002 to 5.5% in 2003. The comparable figures for the six months declined to 5.9% for 2003 versus 7.4% for 2002. Over time, sustained growth in premiums should lessen the burden of start-up expenses and expansion costs. Interest expense increased in 2003 over 2002 due to higher interest rates, an increase in debt levels in Europe & South Africa to support the growth in operations, and the effect of foreign exchange.

CORPORATE AND OTHER OPERATIONS

Corporate and Other operations include investment income on invested assets not allocated to support segment operations and undeployed proceeds from the Company's capital raising efforts, in addition to unallocated realized capital gains or losses. General corporate expenses consist of unallocated overhead and executive costs and interest expense related to debt and the $225.0 million, 5.75% mandatorily redeemable trust preferred securities. Additionally, the Corporate and Other operations segment includes results from the Company's Argentine privatized pension business, which is currently in run-off, and an insignificant amount of direct insurance operations in Argentina.

	FOR THE THREE MONTHS ENDED		FOR
	JUNE 30, 2003	JUNE 30, 2002	JUNE 30,
REVENUES:			
Net premiums	$ 1,541	$ (219)	$ 1,
Investment income, net of related expenses	3,988	8,481	8,
Realized investment losses, net	(107)	(2,687)	(2,
Other revenues	1,699	52	2,
Total revenues	7,121	5,627	11,
BENEFITS AND EXPENSES:			
Claims and other policy benefits	2,547	(758)	
Interest credited	92	327	
Policy acquisition costs and other insurance expenses	991	111	1,
Other operating expenses	5,573	3,602	9,
Interest expense	8,528	8,427	17,
Total benefits and expenses	17,731	11,709	29,
Loss from continuing operations before income taxes	$ (10,610)	$ (6,082)	$ (17,

Loss before income taxes increased 74.4% during the second quarter and 75.9% for the first six months of 2003 primarily due to a decrease in investment income and an increase in claims on the Argentine privatized pension business, offset in part by realized foreign currency gains associated with the Argentine peso. Investment income decreased 53.0% during the second quarter and 52.1% for the first six months of 2003 primarily due to a decrease in the amount of unallocated investments.

DISCONTINUED OPERATIONS

For the second quarter and first six months of 2003, the discontinued accident and health division reported losses, net of taxes, of $1.0 million and $1.4 million, respectively, compared to losses, net of taxes, of $0.9 million and $2.1 million for the prior year comparable periods. The calculation of the claim reserve liability for the entire portfolio of accident and health business requires management to make estimates and assumptions that affect the reported claim reserve levels. Those estimates and assumptions are based on historical loss experience, changes in the nature of the business, anticipated outcomes of claim disputes and claims for rescission, and projected future premium run-off, all of which may affect the level of the claim reserve liability. Due to the significant uncertainty associated with the run-off of this business, net income in future periods could be affected positively or negatively.

LIQUIDITY AND CAPITAL RESOURCES

Net cash provided by operating activities for the six months ended June 30, 2003 and 2002 was $172.0 million and $147.7 million, respectively. Cash flows from operating activities are affected by the timing of premiums received, claims paid, and working capital changes. The Company believes the short-term cash requirements of its business operations will be sufficiently met by the positive cash flows generated. Additionally, the Company maintains a fixed maturity portfolio that it believes is high quality with good liquidity characteristics. These securities are classified on the condensed consolidated balance sheet as

available-for-sale and management believes they could be sold to meet the Company's obligations, if necessary.

Net cash used in investing activities was $312.3 million and $234.0 million in 2003 and 2002, respectively. Changes in cash provided by or used in investing activities primarily relate to the management of the Company's investment portfolios and the investment of excess funds generated by operating and financing activities.

Net cash provided by financing activities was $206.4 million and $48.5 million in 2003 and 2002, respectively. Changes in cash provided by financing activities primarily relate to the issuance of equity or debt securities,

borrowings or payments under the Company's existing credit agreements, treasury stock activity, and excess deposits or withdrawals under investment type contracts.

RGA is a holding company whose primary uses of liquidity include, but are not limited to, the immediate capital needs of its operating companies associated with the Company's primary businesses, dividends paid by RGA to its shareholders, interest payments on its senior indebtedness and junior subordinated notes (See Notes 15, "Long-Term Debt," and 16, "Issuance of Trust Piers Units," in the Annual Report), and repurchases of RGA common stock under a plan approved by the board of directors. The primary sources of RGA's liquidity include proceeds from its capital raising efforts, interest income on undeployed corporate investments, interest income received on surplus notes with two operating subsidiaries, and dividends from operating subsidiaries. As the Company continues its expansion efforts, RGA will continue to be dependent on these sources of liquidity.

Certain of the Company's debt agreements contain financial covenant restrictions related to, among others, liens, the issuance and disposition of stock of restricted subsidiaries, minimum requirements of net worth ranging from $600 million to $700 million, and minimum rating requirements. A material ongoing covenant default could require immediate payment of the amount due, including principal, under the various agreements. Additionally, the Company's debt agreements contain cross-default covenants, which would make outstanding borrowings immediately payable in the event of a material uncured covenant default under any of the agreements, including, but not limited to, non-payment of indebtedness when due for amounts greater than $10 million or $25 million depending on the agreement, bankruptcy proceedings, and any event which results in the acceleration of the maturity of indebtedness. As of June 30, 2003, the Company had $377.0 million in outstanding borrowings under its debt agreements and was in compliance with all covenants under those agreements.

The ability of the Company to make debt principal and interest payments depends primarily on the earnings and surplus of its subsidiaries, investment earnings on undeployed capital proceeds, and the Company's ability to raise additional funds. At June 30, 2003, Reinsurance Company of Missouri, Incorporated ("RCM") and RGA Canada had statutory capital and surplus of $592.5 million and $214.1 million, respectively. RCM's primary asset is its investment in RGA Reinsurance Company, the Company's principal operating subsidiary based in Missouri. RGA

Reinsurance Company (Barbados) Ltd., which we refer to as ""RGA Barbados," and RGA Americas Reinsurance Company, Ltd., which we refer to as ""RGA Americas," do not have material restrictions on their ability to pay dividends out of retained earnings. The transfer of funds from the subsidiaries to RGA is subject to applicable insurance laws and regulations. The Company expects any future increases in liquidity needs due to treaty recaptures, relatively large policy loans or unanticipated material claims levels would be met first by cash flows from operating activities and then by selling fixed-income securities or short-term investments.

During the second quarter of 2003, the Company's U.S. credit facility was amended and restated with a May 2006 expiration and capacity of $175.0 million, up from the original $140.0 million capacity. The Company is prohibited from paying dividends under the credit agreement unless, at the time of declaration and payment, a default would not exist under the agreement. As of June 30, 2003, the Company had $40.0 million outstanding under this facility and the average interest rate on all long-term debt outstanding, excluding the Company-obligated mandatorily redeemable preferred securities of subsidiary trust holding solely junior subordinated debentures of the Company ("Trust Preferred Securities"), was 6.13%. Interest is expensed on the face amount, or $225.0 million, of the Trust Preferred Securities at a rate of 5.75%.

Based on the historic cash flows and the current financial results of the Company, subject to any dividend limitations which may be imposed by various insurance regulations or our credit facility, management believes RGA's cash flows from operating activities, together with undeployed proceeds from its capital raising efforts, including interest and investment income on those proceeds, interest income received on surplus notes with two operating subsidiaries, and its ability to raise funds in the capital markets, will be sufficient to enable RGA to make dividend payments to its shareholders, to make interest payments on its senior indebtedness and junior subordinated notes, to repurchase RGA common stock under the plan approved by the board of directors, and to meet its other obligations. The Company did not purchase Company common stock during the first six months of 2003 and purchased approximately 0.2 million shares at an aggregate cost of $6.6 million during 2002.

A general economic downturn or a downturn in the equity and other capital markets could adversely affect the market for many annuity and life insurance products. Because the Company obtains substantially all of its revenues

through reinsurance arrangements that cover a portfolio of life insurance products, as well as annuities, its business would be harmed if the market for annuities or life insurance were adversely affected.

INVESTMENTS

The Company had total cash and investments of $7.8 billion and $5.7 billion as of June 30, 2003 and 2002, respectively. All investments made by RGA and its subsidiaries conform in all material respects to the qualitative and quantitative limits prescribed by the applicable jurisdiction's insurance laws and regulations. In addition, the operating companies' boards of directors periodically review the investment portfolios of their respective subsidiaries. The Company's investment strategy is to maintain a predominantly investment-grade, fixed maturity portfolio, with a goal of providing adequate liquidity for expected reinsurance obligations, and maximizing 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 U.S. portfolios, which are segmented along product lines, range between four and seven years. 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. The Company's earned yield on investments was 6.67% for the second quarter of 2003, compared to 6.68% for the second quarter of 2002. See "Note 5 - INVESTMENTS" in the Notes to Consolidated Financial Statements of the Annual Report for additional information regarding the Company's investments.

The Company's fixed maturity securities are invested primarily in commercial and industrial bonds, public utilities, Canadian government securities, and mortgage and asset-backed securities. As of June 30, 2003, approximately 97% of the Company's consolidated investment portfolio of fixed maturity securities was investment-grade. Important factors in the selection of investments include diversification, quality, yield, total rate of return potential, and call protection. The relative importance of these factors is determined by market conditions and the underlying product or portfolio characteristics. Cash equivalents are invested in high-grade money market instruments. The largest asset class in which fixed maturities were invested was in commercial and industrial bonds, which represented approximately 39.7% of fixed maturity securities as of June 30, 2003, an increase from 32.2% as of December 31, 2002. A majority of these securities were classified as corporate securities, with an average Standard and Poor's ("S&P") rating of "A-" at June 30, 2003. The Company owned floating rate securities that represented approximately 0.8% of fixed maturity securities at June 30, 2003, compared to 2.8% at December 31, 2002. These investments may have a higher degree of income variability than the other fixed income holdings in the portfolio due to the floating rate nature of the interest payments.

Within the fixed maturity security portfolio, the Company held approximately $80.3 million in asset-backed securities at June 30, 2003, which included credit card and automobile receivables, home equity loans and collateralized bond obligations. The Company's asset-backed securities are diversified by issuer and contain both floating and fixed rate securities. Approximately 9.1%, or $7.3 million are collateralized bond obligations. In addition to the risks associated with floating rate securities, principal risks in holding asset-backed securities are structural, credit and capital market risks. Structural risks include the securities' priority in the issuer's capital structure, the adequacy of and ability to realize proceeds from collateral, and the potential for prepayments. Credit risks include consumer or corporate credits such as credit card holders, equipment lessees, and corporate obligors. Capital market risks include general level of interest rates and the liquidity for these securities in the marketplace.

The Company monitors its fixed maturity securities to determine impairments in value. In conjunction with its external investment managers, the Company evaluates factors such as financial condition of the issuer, payment performance, the length of time and the extent to which the market value has been below amortized cost, compliance with covenants, general market conditions and industry sector, intent and ability to hold securities, and various other subjective factors. As of June 30, 2003, the Company held fixed maturities with a cost basis of $6.0 million and a market value of $8.6 million, or 0.2% of fixed maturities, that were not accruing interest. Securities, based on management's judgment, with an other-than-temporary impairment in value are written down to net realizable value. The Company recorded other-than-temporary write-downs of $11.9 million and $15.3 million for the six months ended June 30, 2003 and 2002, respectively. The circumstances that gave rise to these impairments were primarily bankruptcy proceedings or deterioration in collateral value supporting certain asset-backed securities. During the first six months of 2003, the Company sold fixed maturity securities with a fair value of $172.4 million that resulted in a loss of $18.4 million.

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The following table presents the total gross unrealized losses for fixed maturity securities where the estimated fair value had declined and remained below amortized cost by the indicated amount (in thousands):

	At June 30, 2003	
	Gross Unrealized Losses	% of Total
Less than 20%	$ 21,701	86.0%
20% or more for less than six months	271	1.0%
20% or more for six months or greater	3,276	13.0%
Total	$ 25,248	100.0%

While all of these securities are monitored for potential impairment, the Company's experience indicates that the first two categories do not present as great a risk of impairment, and fair values often recover over time. These securities have generally been adversely affected by the downturn in the financial markets, overall economic conditions, and continuing effects of the September 11, 2001 tragedies. Of the $3.3 million in unrealized losses on fixed maturity securities whose book value has exceeded market value 20% or more for six months or longer, approximately $1.8 million related to two bonds, one each in the automotive and airline sector, $0.8 million related to five asset-backed securities, and $0.7 million related to Canadian zero coupon bonds whose maturities are long term. Small movements in interest rates can have a significant impact on the fair value of these securities. The Company believes that the analysis of each security indicated that the financial strength, liquidity, leverage, future outlook and/or recent management actions support the view that the security was not other-than-temporarily impaired as of June 30, 2003.

The following table presents the total gross unrealized losses for fixed maturity securities as of June 30, 2003, by class of security, and broken out between investment and non-investment grade investments whose market value has been below amortized cost for the length of time indicated (in thousands):

	Number of months		
	Less than six	More than six, but less than twelve	Over twelve
Investment grade securities:			
Commercial and industrial	$ 3,421	$ 468	$13,401
Public utilities	297	--	--
Asset-backed securities	171	--	1,698

Canadian and Canadian provincial governments	535	--	49
Mortgage-backed securities	1,561	--	--
Finance	111	--	--
U.S. government and agencies	82	--	--
Foreign governments	257	3	--
Investment grade securities	6,435	471	15,148

	Less than six	More than six, but less than twelve	Over twelve
Non-investment grade securities:			
Commercial and industrial	75	--	1,819
Public utilities	--	--	--
Asset-backed securities	--	532	263
Finance	505	--	--
Non-investment grade securities	580	532	2,082
Total	$ 7,015	$ 1,003	$17,230

Approximately $14.6 million of the total unrealized losses were related to securities issued by the airline, financial, automotive, telecommunication, and utility sectors. These securities have generally been adversely affected by the downturn in the financial markets, overall economic conditions, and continuing effects of the September 11, 2001 tragedies. The Company believes that the analysis of each such security whose price has been below market for greater than twelve months indicated that the financial strength, liquidity, leverage, future outlook and/or recent management actions support the view that the security was not other-than-temporarily impaired as of June 30, 2003.

The Company's mortgage loan portfolio consists principally of investments in U.S.-based commercial offices and retail locations. The mortgage loan portfolio is diversified by geographic region and property type. All mortgage loans were performing and no valuation allowance had been established as of June 30, 2003.

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.

Funds withheld at interest comprised approximately 30.6% and 29.7% of the Company's investments as of June 30, 2003 and December 31, 2002, respectively.

For agreements written on a modified coinsurance basis and certain agreements written on a coinsurance basis, assets equal to the net statutory reserves are withheld and legally owned and managed by the ceding company, and are reflected as funds withheld at interest on RGA's balance sheet. In the event of a ceding company's insolvency, RGA would need to assert a claim on the assets supporting its reserve liabilities. However, the risk of loss to RGA is mitigated by its ability to offset amounts it owes the ceding company for claims or allowances with amounts owed to RGA from the ceding company. Interest accrues to these assets at rates defined by the treaty terms. The Company is subject to the investment performance on the withheld assets, although it does not directly control them. These assets are primarily fixed maturity investment securities and pose risks similar to the fixed maturity securities the Company owns. To mitigate some of this risk, the Company helps set, and monitor compliance with, the investment guidelines followed by these ceding companies. Ceding companies with funds withheld at interest had a minimum A.M. Best financial strength rating of "A-". See discussion of FASB B36 in "New Accounting Standards."

COUNTERPARTY RISK

In the normal course of business, the Company seeks to limit its exposure to reinsurance contracts by ceding a portion of the reinsurance to other insurance companies or reinsurers. Should a counterparty not be able to fulfill its obligation to the Company under a reinsurance agreement, the impact could be material to the Company's financial condition and results of operations.

MARKET RISK

Market risk is the risk of loss that may occur when fluctuations 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 arises from many of the Company's primary activities, as the Company invests substantial funds in interest-sensitive assets and also has certain interest-sensitive contract liabilities. 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 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.

There has been no significant change in the Company's quantitative or qualitative aspects of market risk during the quarter ended June 30, 2003 from that disclosed in the Annual Report on Form 10-K for the year ended December 31,

2002.

NEW ACCOUNTING STANDARDS

In July 2003, the Accounting Standards Executive Committee issued Statement of Position ("SOP") 03-1, "Accounting and Reporting by Insurance Enterprises for Certain Nontraditional Long-Duration Contracts and for Separate Accounts." SOP 03-1 provides guidance on separate account presentation and valuation , the accounting for sales inducements and the classification and valuation of long-duration contract liabilities. SOP 03-1 is effective for fiscal years beginning after December 15, 2003. The Company is in the process of quantifying the impact of SOP 03-1 on its consolidated financial statements.

In May 2003, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 150 "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity". SFAS 150 establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify a financial instrument that is within its scope as a liability (or an asset in some circumstances). Many of those instruments were previously classified as equity. Effective July 1, 2003, the Company adopted these provisions of SFAS 150, which did not materially affect the Company's financial position or results of operations.

In April 2003, the FASB issued SFAS No. 149 "Amendment of Statement 133 on Derivative Instruments and Hedging Activities". SFAS 149 requires that contracts with comparable characteristics be accounted for similarly. In particular, SFAS 149 clarifies under what circumstances a contract with an initial net investment meets the characteristic of a derivative and when a derivative contains a financing component, amends the definition of an underlying component to conform it to language used in FASB Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others", and amends certain other existing pronouncements. SFAS 149 is effective for contracts entered into or modified after June 30, 2003, and for hedging relationships designated after June 30, 2003. In addition, provisions of SFAS 149 should be applied prospectively. The Company does not expect the application of FAS 149 to have a material effect on its financial position or results of operations.

In April 2003, the FASB cleared SFAS No. 133 Implementation Issue No. B36, "Embedded Derivatives: Modified Coinsurance Arrangements and Debt Instruments That Incorporate Credit Risk Exposures That Are Unrelated or Only Partially Related to the Creditworthiness of the Obligor under Those Instruments" ("Issue B36"). Issue B36 concluded that (i) a company's funds withheld payable and/or receivable under certain reinsurance arrangements and (ii) a debt instrument that incorporates credit risk exposures that are unrelated or only partially related to the creditworthiness of the obligor include an embedded derivative feature that is not clearly and closely related to the host contract. Therefore, the embedded derivative must be measured at fair value on the balance sheet and changes in fair value reported in income. Issue B36 is effective October 1, 2003. The Company is in the process of quantifying of the impact of the adoption of Issue B36 on its consolidated financial statements.

Effective January 1, 2003, the Company adopted the provisions of SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities," FASB Interpretation No. 46, "Consolidation of Variable Interest Entities," and FASB Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others." The adoption of these provisions did not materially affect the Company's financial position or results of operations.

In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based

Compensation -- Transition and Disclosure, an amendment of FASB Statement No. 123." Effective January 1, 2003, the Company prospectively adopted the fair value-based employee stock-based compensation expense recognition provisions of SFAS No. 123, as amended by SFAS No. 148. The Company formerly applied the intrinsic value-based expense provisions set forth in APB Opinion No. 25, Accounting for Stock Issued to Employees, ("APB 25"). For the three and six month periods ended June 30, 2003, the Company recorded pre-tax compensation expense of approximately $0.4 million and $0.8 million, respectively, associated with stock option grants issued during January 2003.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including, among others, statements relating to projections of the

earnings, revenues, income or loss, future financial performance and growth potential of Reinsurance Group of America, Incorporated and its subsidiaries (which we refer to in the following paragraphs as "we," "us" or "our"). The words "intend," "expect," "project," "estimate," "predict," "anticipate," "should," "believe," and other 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 important factors could cause actual results and events to differ materially from those expressed or implied by forward-looking statements including, without limitation, (1) adverse changes in mortality, morbidity or claims experience, (2) changes in our financial strength and credit ratings or those of Metropolitan Life Insurance Company ("MetLife") or its subsidiaries, and the effect of such changes on our future results of operations and financial condition, (3) general economic conditions affecting the demand for insurance and reinsurance in our current and planned markets, (4) market or economic conditions that adversely affect our ability to make timely sales of investment securities, (5) changes in investment portfolio yields due to interest rate or credit quality changes, (6) fluctuations in U.S. or foreign currency exchange rates, interest rates, or securities and real estate markets, (7) adverse litigation or arbitration results, (8) the stability of governments and economies in the markets in which we operate, (9) competitive factors and competitors' responses to our initiatives, (10) the success of our clients, (11) successful execution of our entry into new markets, (12) successful development and introduction of new products, (13) regulatory action that may be taken by state Departments of Insurance with respect to us, MetLife, or its subsidiaries, (14) changes in laws, regulations, and accounting standards applicable to us, our subsidiaries, or our business, and (15) other risks and uncertainties described in this document and in our other filings with the Securities and Exchange Commission ("SEC").

Forward-looking statements should be evaluated together with the many risks and uncertainties that affect our business, including those mentioned in this document and described in the periodic reports we file with the SEC. You are cautioned not to place undue reliance on the forward-looking statements, which speak only as of the date on which they are made. We do not undertake any obligations to update these forward-looking statements, even though our situation may change in the future. We qualify all of our forward-looking

statements by these cautionary statements.

ITEM 4. CONTROLS AND PROCEDURES

As of the end of the period covered by this report, management, including the Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures with respect to the information generated for use in this Quarterly Report. Based upon, and as of the date of that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the reports that the Company files or submits under the Securities Exchange act of 1934 are recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms.

There was no change in the Company's internal control over financial reporting during the quarter ended June 30, 2003, that has materially affected, or is reasonable likely to materially affect our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 6

EXHIBITS AND REPORTS ON FORM 8-K

(a) See index to exhibits.

(b) The following reports on Form 8-K were filed with the SEC during the three months ended June 30, 2003:

1. The Company furnished a current report on Form 8-K dated April 24, 2003, referring under Item 9 to its press release regarding, among other things, certain financial results. The press release was attached thereto as Exhibit 99.1.

2. The Company filed a current report on Form 8-K dated May 23, 2003, referring under Item 5 to an amended and restated credit agreement with a bank syndicate. The agreement was attached thereto as Exhibit 10.1.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this amended report to be signed on its behalf by

the undersigned thereunto duly authorized.

Reinsurance Group of America, Incorporated

By: /s/ A. Greig Woodring   November 5, 2003

A. Greig Woodring
President & Chief Executive Officer
(Principal Executive Officer)

/s/ Jack B. Lay   November 5, 2003

Jack B. Lay
Executive Vice President & Chief Financial Officer
(Principal Financial and Accounting Officer)

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INDEX TO EXHIBITS

Exhibit Number	Description
3.1	Second Restated Articles of Incorporation, incorporated by reference to Exhibit 3.1 of Post-Effective Amendment No. 2 to the Registration Statements on Form S-3/A (File Nos. 333-55304, 333-55304-01 and 333-55304-02), filed on September 6, 2001.
3.2	Bylaws of RGA, as amended, incorporated by reference to Exhibit 3.2 to Form 10-Q for the quarter ended September 30, 2000 (No. 1-11848), filed on November 13, 2000.
10.20	First Amended and Restated Credit Agreement dated as of May 23, 2003 between RGA, as borrower, the financial institutions listed on the signature pages thereof, The Bank of New York, as Administrative Agent, Bank of America, N.A. and Fleet National Bank, as Co-Syndication Agents, and KeyBank National Association, as Documentation Agent, incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K dated May 23, 2003 (File No. 1-11848)
31.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to section 302 of the Sarbanes-Oxley Act of

2002

32.1 Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002

32.2 Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002