

STATE OF MISSOURI



DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS AND PROFESSIONAL REGISTRATION

P.O. Box 690, Jefferson City, Mo. 65102-0690

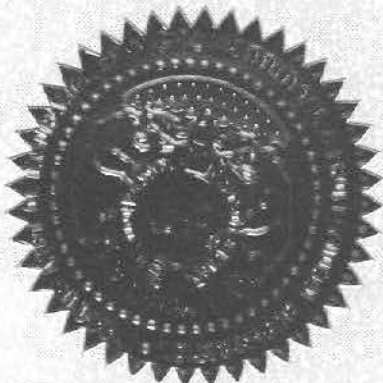
RE: Examination Report of RGA Reinsurance Company as of December 31, 2008

ORDER

After full consideration and review of the report of the financial examination of RGA Reinsurance Company for the period ended December 31, 2008, together with any written submissions or rebuttals and any relevant portions of the examiner's workpapers, I, John M. Huff, Director, Missouri Department of Insurance, Financial Institutions and Professional Registration pursuant to section 374.205.3(3)(a), RSMo., adopt such report. After my consideration and review of such report, workpapers, and written submissions or rebuttals, the findings and conclusions of the examination report are incorporated by reference and deemed to be my findings and conclusions to accompany this order pursuant to section 374.205.3(4), RSMo.

Based on such findings and conclusions, I hereby ORDER, to take the following action or actions, which I consider necessary to cure any violation of law, regulation or prior order of the Director revealed by such report: (1) implement, and verify compliance with, each item mentioned in the General Comments and/or Recommendations section of such report; (2) account for its financial condition and affairs in a manner consistent with the Director's findings and conclusions.

So ordered, signed and official seal affixed this 27th day of April, 2010.



A handwritten signature in black ink, appearing to read "John M. Huff".

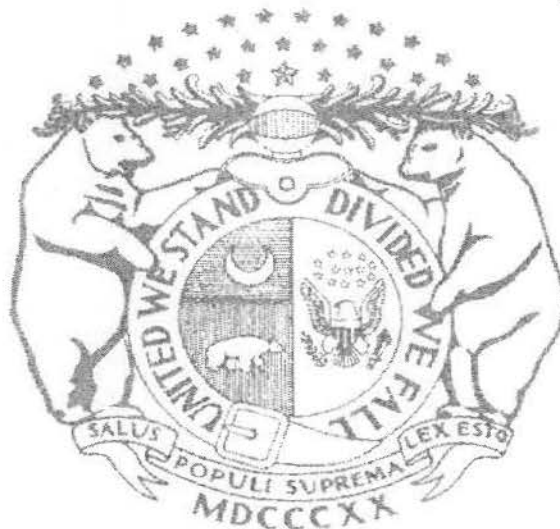
John M. Huff, Director
Department of Insurance, Financial Institutions
and Professional Registration

REPORT OF
FINANCIAL EXAMINATION

RGA Reinsurance Company

As of:
DECEMBER 31, 2008

FILED
MAY 07 2010
DIRECTOR OF INSURANCE &
FINANCIAL INSTITUTIONS &
PROFESSIONAL REGISTRATION



STATE OF MISSOURI

DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS
AND PROFESSIONAL REGISTRATION

JEFFERSON CITY, MISSOURI

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April 8, 2010

Honorable Alfred W. Gross, Commissioner
Bureau of Insurance
Virginia State Corporate Commission
Chairman, Financial Condition (E) Committee, NAIC

Honorable Mary Jo Hudson, Director
Department of Insurance
State of Ohio
Secretary, Midwestern Zone, NAIC

Honorable John M. Huff, Director
Missouri Department of Insurance, Financial
Institutions and Professional Registration
301 West High Street, Room 530
Jefferson City, Missouri 65101

Dear Lady and Gentlemen:

In accordance with your financial examination warrant, a comprehensive financial examination has been made of the records, affairs and financial condition of

RG A Reinsurance Company

hereinafter referred to as such or as "RGA Re" or as the "Company." The Company's statutory home office is located at 1370 Timberlake Manor Parkway, Chesterfield, Missouri 63017-6039, telephone number (636) 736-7000. This examination began on July 21, 2009 and concluded on March 11, 2010.

SCOPE OF EXAMINATION

Period Covered

The last full scope association financial examination of RGA Reinsurance Company was made as of December 31, 2005, by examiners from the state of Missouri representing the Midwestern Zone of the National Association of Insurance Commissioners (NAIC) with no other zones participating.

The current full scope financial examination covers the period from January 1, 2006, through December 31, 2008, and was conducted by examiners from the state of Missouri representing the Midwestern Zone of the NAIC with no other zones participating. This examination also included material transactions or events occurring subsequent to December 31, 2008.

Procedures

This examination was conducted using guidelines set forth in the Financial Condition Examiners Handbook ("Handbook") of the NAIC, except where practices, procedures, and applicable regulations of the Department of Insurance, Financial Institutions and Professional Registration ("DIFP") or statutes of the state of Missouri prevailed. The Handbook requires that we plan and perform the examination to evaluate the financial condition and identify prospective risks of the Company by obtaining information about the Company including corporate governance, identifying and assessing inherent risks within the Company, and evaluating systems controls and procedures used to mitigate those risks. An examination also includes assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation, management's compliance with Statutory Accounting Principles, and Annual Statement Instructions when applicable to domestic state regulations.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. The following key activities were identified: Affiliated Companies, Treasury, Investments, Premiums and Underwriting, Claims, Life Reserves, Taxes, Debt and Surplus, and Reinsurance.

The examiners relied upon information and workpapers provided by the Company's independent auditor, Deloitte and Touche, LLP, of St. Louis, Missouri, for its audit covering the period from January 1, 2008, through December 31, 2008. Such reliance included fraud risk analysis, internal control narratives, and test of internal controls.

SUMMARY OF SIGNIFICANT FINDINGS

There were no significant findings.

SUBSEQUENT EVENTS

On September 9, 2009, the Board of Directors approved an agreement with ReliaStar Life Insurance Company. Pursuant to the agreement RGA Re and RGA Life Reinsurance Company of Canada purchased the U.S. and Canadian group life and group accident and health business of ING North America Insurance Corporation, an affiliate of ReliaStar, effective January 1, 2010.

The Company's surplus increased substantially in 2009 largely due to net income of \$63 million, a capital contribution of \$58 million and an increase in surplus as a result of reinsurance of \$123 million. As shown in the table below, in 2009, the Company's surplus recovered and surpassed the level it held prior to the market downturn of 2008.

	<u>2009</u>	<u>2008</u>	<u>2007</u>
<u>Total Adjusted Capital</u>	<u>\$ 1,430,803,455</u>	<u>\$ 1,106,320,035</u>	<u>\$ 1,216,948,029</u>

On March 3, 2010, the Company requested approval from the DIFP for a \$100 million surplus note to its ultimate parent Reinsurance Group of America, Inc., to be issued on March 31, 2010.

COMPANY HISTORY

General

The Company incorporated on August 3, 1981, as General American Life & Annuity Company and received a Certificate of Authority as a stock life company under the provisions of Chapter 376 RSMo "Life, Health and Accident Insurance."

On September 1, 1988, the Company changed its name to Saint Louis Reinsurance Company. The Company changed its name again on April 26, 1995, to its current name, RGA Reinsurance Company.

RGA Reinsurance Company is licensed by the Department of Insurance, Financial Institutions and Professional Registration, under Chapter 376 RSMo. The Company's Certificate of Authority authorizes it to write life insurance, annuities and endowments, accident and health insurance, and variable contracts.

Capital Stock and Paid-In Surplus

The Articles of Incorporation authorize the Company to issue one hundred thousand shares of capital stock with a par value of \$100 per share. Twenty-five thousand shares of common stock were issued and outstanding at December 31, 2008, for a balance of \$2,500,000 in the Company's capital stock account. Reinsurance Company of Missouri, Incorporated (RCM) owns all outstanding shares.

Gross paid in and contributed surplus totaled \$760,000,000 at December 31, 2008. The following table shows the increases to the gross paid in and contributed capital account during each year of the examination period.

Prior to 2006	\$	686,000,000
2006		8,000,000
2007		8,000,000
2008		<u>58,000,000</u>
TOTAL	\$	<u>760,000,000</u>

Dividends

During the examination period the Company made one dividend payment. In 2008, the Company paid out a \$2,670,000 dividend to its parent, RCM. The dividend represented the Company's ownership of RGA Financial Group, L.L.P., an intermediary-manager specializing in financial reinsurance.

Acquisitions, Mergers and Major Corporate Events

In September 2008, a series of transactions was completed, which in effect, replaced the Company's ultimate controlling entity, MetLife, Inc., with RGA, Inc.

Surplus Debentures

The Company had two surplus debentures issued and outstanding at December 31, 2008, to Reinsurance Group of America, Incorporated. The principal amounts outstanding were as follows:

<u>Issue Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
December 15, 1997	\$40,000,000	7.35%	December 15, 2027
December 15, 1998	<u>60,000,000</u>	7.08%	December 15, 2028
Total	<u>\$100,000,000</u>		

Additionally, \$299,500 of interest was accrued and reported with the surplus notes for a total of \$100,299,500, as special surplus funds per Missouri 20 CSR 200-1.070(5)(C) (Subordinated Indebtedness). This regulation states "All outstanding subordinated indebtedness and interest accruing shall be reported at face value in the Annual Statement on page 3 and in other financial statements of the company as a special surplus account."

CORPORATE RECORDS

A review was performed of the Company's Articles of Incorporation and Bylaws. There were no amendments to either during the examination period.

The minutes of the shareholder, board of directors, and relevant RGA, Inc., committee meetings were reviewed and appear to properly support and approve the corporate transactions and events for the period under examination.

MANAGEMENT AND CONTROL

Board of Directors

The management of the Company is vested in a board of directors, which per the Articles of Incorporation and Bylaws, will consist of not less than nine or more than twenty-five members. The Company had ten Directors serving at December 31, 2008, as follows:

<u>Name and Address</u>	<u>Principal Occupation and Business Affiliation</u>
David B. Atkinson Chesterfield, MO	Executive Vice President RGA Reinsurance Company
Mark D. Buehrer Chesterfield, MO	Senior Vice President, Valuation and Financial Analysis RGA Reinsurance Company
David C. Fischer Chesterfield, MO	Senior Vice President and Chief Investment Officer RGA Reinsurance Company
Todd C. Larson Chesterfield, MO	Senior Vice President, Controller, and Treasurer Reinsurance Group of America, Inc.
John P. Laughlin	Executive Vice President, Financial Markets

Chesterfield, MO	RGA Reinsurance Company
Jack B. Lay Chesterfield, MO	Senior Executive Vice President and Chief Financial Officer Reinsurance Group of America, Inc.
Robert M. Musen Chesterfield, MO	Executive Vice President RGA Reinsurance Company
Paul A. Schuster Chesterfield, MO	Senior Executive Vice President, U.S. Division Reinsurance Group of America, Inc.
Albert G. Woodring Chesterfield, MO	President and Chief Executive Officer Reinsurance Group of America, Inc.
Melville J. Young Chesterfield, MO	Executive Vice President, U. S. Operations RGA Reinsurance Company

Officers

The officers of the Company serving and reported on the Jurat page of the Annual Statement at December 31, 2008, were as follows:

<u>Name</u>	<u>Position</u>
Paul A. Schuster	Chairman, President, and Chief Executive Officer
Todd C. Larson	Senior Vice President, Controller, and Treasurer
James M. Kellett	Senior Vice President, Valuation & Financial Analysis
Jack B. Lay	Senior Executive Vice President, Chief Financial Officer
David B. Atkinson	Vice Chairman and Executive Vice President
Brendan J. Galligan	Executive Vice President, Asia Pacific
John P. Laughlin	Executive Vice President, Financial Markets
Joni W. Lehman	Executive Vice President and Chief Administrative Officer
James E. Sherman	Executive Vice President, General Counsel and Secretary
Michael S. Stein	Executive Vice President and Chief Operating Officer
Melville J. Young	Executive Vice President, U. S. Operations
Wayne D. Adams	Senior Vice President, Long Term Care
Steven J. Abood	Senior Vice President, Medical Reinsurance
Mark D. Buehrer	Senior Vice President, Valuation & Financial Analysis
David C. Fischer	Senior Vice President and Chief Investment Officer
James C. Moye, III	Senior Vice President, Sales, and Marketing
David P. Wheeler	Senior Vice President, Underwriting
Dana C. Wiele	Senior Vice President and Associate General Counsel
Kent P. Zimmerman	Senior Vice President, Tax

Committees

The Company had no active committees as of December 31, 2008. Generally RGA Re has not had board committees. RGA, Inc. has an Audit Committee, Investment

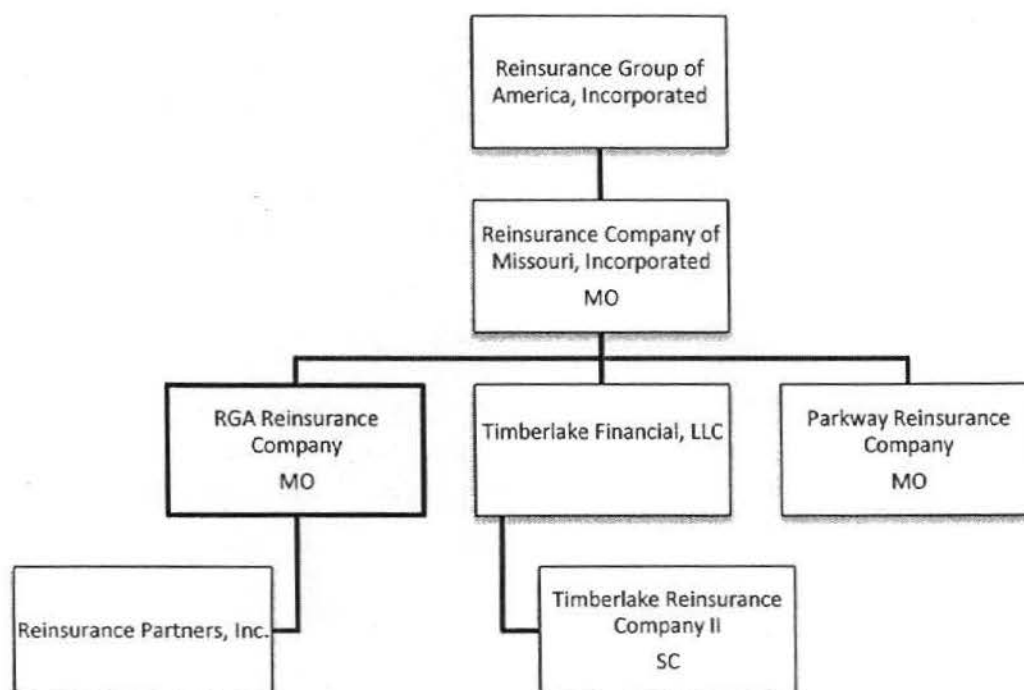
Committee, Corporate Governance Committee, and a Compensation Committee, all of which have provided management oversight to RGA Re.

Holding Company, Subsidiaries and Affiliates

The Company is part of an Insurance Holding Company System as defined by Section 382.010 RSMo (Definitions). The Company is a wholly owned subsidiary of Reinsurance Company of Missouri, Incorporated, which in turn, is a wholly owned subsidiary of Reinsurance Group of America, Incorporated, a Missouri holding company formed in December 1992. Reinsurance Group of America, Incorporated is the ultimate parent of the holding company system.

Organization Chart

The following organizational chart depicts an abbreviated portion of the holding company system at December 31, 2008, including the Company. All subsidiaries shown are wholly owned. Only entities that have direct and indirect ownership of the Company are listed.



Affiliated Transactions

The Company has entered into various agreements with affiliates. The agreements are discussed below:

1. Service Agreement between RGA Re and RGA Reinsurance Company (Barbados), Limited., effective July 1, 2004 and approved June 8, 2004.

RGA Re provides human resource, legal, finance, facilities, corporate communications, corporate training, network administration, and system

infrastructure services. Amounts earned in 2008 and 2007 were \$5.7 million and \$5.2 million, respectively.

There were similar agreements in place with RGA Americas Reinsurance Company (effective July 1, 2004), RGA Financial Group LLC (effective September 28, 1995), and RGA Technology Partners, Inc. (effective May 5, 2003). Amounts earned during 2008 and 2007 from RGA Americas Reinsurance Company were \$23.3 million and \$21.7 million, respectively. Amounts earned during 2008 and 2007 from RGA Financial Group LLC were \$1.2 million and \$1.9 million, respectively. Amounts earned during 2008 and 2007 from RGA Technology Partners, Inc., were \$6.0 million and \$5.6 million, respectively.

2. Service Agreement between RGA Re and RGA Asia Pacific (Pty), Limited, effective and approved September 4, 2003.

RGA Asia Pacific (Pty), Limited provides consultative services to RGA Re regarding accounting, sales, marketing, investment administration, pricing, underwriting and claims practices, treaty and administration system development, and data validation and handling in connection with RGA Re's business in New Zealand and Asia. RGA Re pays for services at cost plus 8% to comply with Australia's transfer pricing rules. Total fees incurred during 2008 and 2007 were \$5.2 million and \$5.7 million, respectively.

3. Administrative Services Agreement between RGA Re and RGA Asia Pacific (Pty), Limited, effective June 30, 2008, and approved May 21, 2008.

RGA Re provides accounting, sales, marketing, investment administration, pricing, underwriting, claims practices, treaty and administration system development, and data validation and handling services to RGA Asia Pacific (Pty), Limited. RGA Asia Pacific (Pty), Limited pays RGA Re an amount equal to all expenses, direct and indirect. The basis for determining such charges are similar to those used by RGA Re for internal cost distribution and are calculated and provided monthly to RGA Asia Pacific (Pty), Limited. Fees earned associated with this agreement were \$91,000 for 2008.

4. Administrative Services Agreement between RGA Re and RGA Life Reinsurance Company of Canada, effective January 1, 2003, approved August 25, 2003.

RGA Life Reinsurance Company of Canada provides administrative services to RGA Re including finance, valuation, taxes, investments, systems, reinsurance, and compliance administration with the U. S. Department of Treasury's Office of Foreign Asset Control (OFAC). The agreement is perpetual unless terminated by either party with 90 days prior written notice. Total fees incurred during 2008 and 2007 were \$1.4 million and \$1.7 million, respectively.

5. Administrative Services Agreement between RGA Re and RGA Australian Holdings (Pty) Limited, effective December 1, 1997, approved February 6, 1998.

RGA Australian Holdings (Pty) Limited provides policy and treaty administration functions as well as ancillary services to RGA Re at cost. Total fees incurred during 2008 and 2007 were \$2.1 million and \$2.4 million, respectively.

6. Marketing Agreement between RGA Re and RGA International Corporation, effective September 1, 1997, approved January 21, 1998.

RGA International Corporation uses its best efforts to identify future reinsurance ventures for RGA Re in markets outside of North America. Total fees incurred during 2008 and 2007 were \$5.8 million and \$639,000, respectively.

7. Reinsurance Intermediary-Manager Contract between RGA Re and RGA Financial Group LLC, effective December 30, 1995, approved March 15, 1996.

RGA Financial Group LLC provides reinsurance management/intermediary services to RGA Re. Total fees incurred during 2008 and 2007 were \$2.3 million and \$5.2 million, respectively.

8. Administrative Services Agreement between RGA Re and Reinsurance Company of Missouri (RCM), effective July 6, 1999, approved July 13, 1999.

RGA Re provides administrative services for RCM including data processing and record keeping. There were no fees associated with this agreement during 2008 or 2007.

9. Tax Allocation Agreement between Reinsurance Group of America, Inc. (RGA, Inc.), RGA Re, RCM, and various other members of the holding company group, effective January 1, 1998, approved December 14, 1999.

RGA, Inc. files a consolidated federal income tax return on behalf of all participants. Federal income tax liability is computed on a separate return basis and provides that the members shall receive reimbursement to the extent their losses and other credits result in a reduction of the consolidated tax income. Payments are made to participants for losses or credits used on the consolidated tax return. Payments incurred during 2008 and 2007 were \$56.5 million and \$67.6 million, respectively.

10. Administrative Services Agreement between RGA Re (Hong Kong Branch) and RGA International Reinsurance Corporation Ltd. (RGA International), effective and approved on April 13, 2005.

RGA Re provides administrative services defined as the services necessary to handle the policy and treaty administration and marketing functions that include marketing products, actuarial, underwriting and claims services, data processing, data

administration and record keeping, investment management services, and any necessary and appropriate ancillary functions of the client's business. Fees earned during 2008 and 2007 were \$10,000 and \$16,000, respectively.

There was a similar agreement in place with RGA Global Reinsurance Company Ltd (Bermuda). Fees earned during 2008 and 2007 were \$4,000 and \$0, respectively.

11. Administrative Services Agreement between RGA Re and RGA Services India Private Ltd., submitted on August 23, 2003 and approved on June 21, 2005. Amended, effective July 5, 2005 and approved March 27, 2006.

RGA Services India Private Ltd., provides administrative services for RGA Re. Administrative services are defined as software development services on internal information technology projects as well as the services necessary to handle the human resource, legal, finance, facilities, valuation, tax, investment systems, and reinsurance administrative functions of RGA Re's business. RGA Re pays a 12% mark up fee replacing the 8% mark up fee approved on June 21, 2005, to comply with the Indian Transfer Pricing Law. Fees incurred under this agreement for 2008 and 2007 were \$800,000 and \$1.2 million, respectively.

12. Investment Management Agreement between RGA Re and Timberlake Financial LLC, effective June 28, 2006 and approved January 30, 2006.

RGA Re provides investment management for Timberlake Financial LLC's portfolio assets. Fees earned associated with this agreement for 2008 and 2007 were \$88,000 and \$149,000, respectively.

RGA Re has similar agreements in place with Timberlake Reinsurance Company II (effective June 28, 2006) and Parkway Reinsurance Company (effective December 1, 2007). Fees earned associated with the Timberlake Reinsurance Company II agreement for 2008 and 2007 were \$412,000 and \$417,000, respectively. Fees earned associated with the Parkway Reinsurance Company agreement for 2008 and 2007 were \$40,000 and \$10,000, respectively.

13. Administrative Services Agreement between RGA Re and Timberlake Financial LLC, (Timberlake Financial) effective April 14, 2006 and approved April 13, 2006.

RGA Re provides administrative services to Timberlake Financial that include legal, tax, and ancillary services. Timberlake Financial pays a fee of \$12,500 to RGA Re per calendar quarter not to exceed \$50,000 per calendar year beginning with the second quarter of 2006. Any fee increase is at the option of RGA Re at a rate not to exceed 3% per calendar year. Fees earned associated with this agreement for 2008 and 2007 were \$50,000 each year.

RGA Re has a similar agreement in place with Parkway Reinsurance Company, effective December 1, 2007. Fees earned associated with this agreement for 2008 and 2007 were \$50,000 and \$0, respectively.

14. Services Agreement between RGA Re and RGA Technology Partners, Inc., effective May 5, 2003 and approved June 16, 2003. Amendment 1 was effective and approved September 5, 2003.

Under the Agreement RGA Re licenses AURA software from RGA Technology Partners, Inc., to provide to RGA Re's customers. The fees incurred during 2008 and 2007 were \$140,000 and \$53,000, respectively.

15. Administrative Services Agreement between RGA Re and RGA Global Reinsurance Company Ltd, (Bermuda), effective and approved April 25, 2007.

RGA Re provides the services necessary to handle the finance, valuation, tax, investment, systems, and reinsurance administration functions as well as necessary or appropriate ancillary functions. Fees earned associated with this agreement for 2008 and 2007 were \$23,000 and \$55,000, respectively.

16. Administrative Services Agreement between RGA Re and RGA Global Reinsurance Company Ltd. (Bermuda), effective and approved April 25, 2007.

RGA Global Reinsurance Company employees in Taiwan Services provide to RGA Re's Taiwan Branch a broad range of services such as actuarial support, valuation services, treaty administration, claims processing, and client communications. Fees incurred associated with this agreement for 2008 and 2007 were \$1.8 million and \$949,000, respectively.

17. Administrative Services Agreement between RGA Re and RGA Atlantic Reinsurance Company, Ltd., (RGA Atlantic) effective January 1, 2008 and approved January 4, 2008.

RGA Re provides administrative services to RGA Atlantic as necessary. Services provided to RGA Atlantic include, but are not limited to, legal, tax, investment management, and ancillary services as may be necessary. RGA Atlantic pays RGA Re an amount equal to all expenses, direct and indirect. The basis for determining such charges to RGA Atlantic are similar to those used by RGA Re for internal cost distribution. RGA Re bills RGA Atlantic quarterly with payment to be made within one quarter of the invoice. Fees earned associated with this agreement were \$158,000 for 2008.

18. Administrative Services Agreement between RGA Re and Reinsurance Partners, Inc., effective and approved January 10, 2008.

RGA Re provides administrative services to Reinsurance Partners, Inc., which include human resource, finance, facilities, corporate communications, corporate training, networks, payroll, employee benefits, legal, and systems infrastructure functions. Estimated fees were expected to be \$175,000 per year and are based on the direct costs of services provided with no mark up. Fees earned associated with this agreement were \$195,000 for 2008.

19. Administrative Services Agreement between RGA Re and RGA International Reinsurance Company, Ltd., (RGA Limited) effective January 1, 2008, and approved May 1, 2008.

RGA Re provides investment management services to RGA Limited in accordance with the investment guidelines incorporated as Schedule 1 of the Agreement, and provides reports to RGA Limited as to the status of the investment portfolio. RGA Re has the authority to select brokers and vote proxies on behalf of RGA Limited. RGA Limited may terminate the agreement upon 30 days prior written notice. RGA Limited pays fees to RGA Re equal to 1.5 basis points (.015%) per calendar quarter charged on the average monthly market value of the assets managed. Fees earned associated with this agreement were \$16,000 for 2008.

20. Administrative Services Agreement between RGA Re and RGA Asia Pacific (Pty), Limited, (RGA Asia Pacific) effective June 30, 2008, and approved May 21, 2008.

RGA Re provides accounting, sales, marketing, investment administration, pricing, underwriting, claims practices, treaty and administration system development, and data validation and handling services to RGA Asia Pacific. RGA Asia Pacific pays RGA Re an amount equal to all expenses, direct and indirect. The basis for determining such charges to RGA Asia Pacific are similar to those used by RGA Re for internal cost distribution and are calculated and provided monthly to RGA Asia Pacific. Fees earned associated with this agreement were \$91,000 for 2008.

21. Reinsurance Support Services Agreement between RGA Re and RGA International Reinsurance Company Limited, (RGA International) effective and approved December 18, 2008.

RGA Re will provide business and marketing reinsurance support services to RGA International. Services provided to RGA International will include, but are not limited to, collation and settlement of claims, processing and delivery of information, underwriting, actuarial, policy administration, analyzing needs and opportunities for current and prospective clients, forwarding client requests and responses, and other ancillary services necessary to perform these duties. No fees were associated with this agreement in 2008.

22. Administrative Services Agreement between RGA Re and RGA UK Services Limited, effective and approved on December 31, 2008.

RGA UK Services Limited (RGA UK) will provide administrative services to RGA Re. These services include human resource, legal, finance, facilities, valuation, tax, investment, systems, reinsurance administration functions including support for software development, and any necessary ancillary functions. RGA Re will reimburse RGA UK Services Limited for the direct and indirect costs incurred by RGA UK plus a fee equal to 5% of the direct costs. The 5% fee was determined to be the minimum amount necessary to meet the United Kingdom's transfer pricing rules. No fees were associated with this agreement in 2008.

FIDELITY BOND AND OTHER INSURANCE

The majority of the Company's insurance coverage is administered by RGA, Inc., which purchases insurance coverage for itself and its subsidiaries. The Company is a named insured on a financial institutions bond with a single loss limit of \$15,000,000 and an aggregate limit of \$15,000,000. This coverage complies with the suggested minimum amount of fidelity insurance prescribed by the NAIC.

The Company carries statutory worker's compensation coverage and \$1,000,000 of employer's liability coverage. The Company is also covered by other insurance policies, including but not limited to: commercial, general, and automobile liability, directors and officers liability, and property insurance coverage. The Company appears to be adequately protected by its insurance coverages.

PENSIONS, STOCK OWNERSHIP AND INSURANCE PLANS

The Company offers its employees a range of benefits including medical coverage, dental and vision care, employee and dependent life insurance, accidental, death and dismemberment protection, long-term disability protection, worker's compensation, and a flexible benefits plan under Section 125 of the Internal Revenue Code (Cafeteria Plan). The flexible benefits plan provides for payment of certain health care costs and dependent care costs with pretax dollars.

Employees are also provided with a noncontributory defined benefit pension plan and other post retirement plans. The fair value of pension and other benefit assets backing this plan at December 31, 2008, was \$21,043,642 and benefit obligations were \$43,584,900. Employees are also provided a defined contribution profit sharing savings plan with the matching contribution features of a 401(k) plan. In addition, life insurance and medical and dental coverage are available to retirees.

The Company also offers the standard benefits of vacation and sick leave, holidays, maternity leave, military leave, jury duty, bereavement, and other benefits such as tuition reimbursement, educational seminars, and recruiting bonuses.

Adequate provision was made in the financial statements for the Company's obligations under the benefit plans described above.

TERRITORY AND PLAN OF OPERATION

RGA Reinsurance Company is licensed with the Department of Insurance, Financial Institutions and Professional Registration under Chapter 376 RSMo "Life and Accident Insurance" to write life insurance, annuities and endowments, accident and health insurance, and variable contracts. The Company markets life and health reinsurance to other insurers through company sales representatives and is one of the country's largest reinsurers. At December 31, 2008, the Company was licensed in 46 states and the District of Columbia. It was not licensed in Connecticut, Maine, New Hampshire, and New York. However, in all four states mentioned above, the Company was an authorized reinsurer. RGA Reinsurance Company writes a negligible amount of direct written insurance.

The Company engages in life and annuity reinsurance within the United States and engages in life, annuity, and accident and health reinsurance internationally. It provides its U.S. and Canadian clients primarily with traditional ordinary life mortality reinsurance and also with significant amounts of reinsurance on in force blocks of business, financial reinsurance and asset intensive reinsurance including ordinary annuity business and corporate-owned ordinary life insurance. The Company provides its U.S. clients with a significant amount of life and annuity surplus relief, the majority of which it retrocedes on terms that result in a net profit.

The Company provides its Latin America clients with traditional ordinary life mortality reinsurance and provides its clients in the Asia Pacific market with traditional ordinary life mortality reinsurance, financial reinsurance and critical care reinsurance.

GROWTH OF COMPANY

RGA Reinsurance Company typically enters into numerous assumption and retrocession agreements each year making written premium an unreliable indicator of financial performance. The Company's financial performance is tracked by monitoring the Company's unassigned funds and its change in surplus as a result of reinsurance.

The Company's unassigned funds grew from \$186.3 million as of the previous examination to \$240.9 million at December 31, 2008. Unassigned funds reached a level of \$379.3 million at December 31, 2007, before falling in 2008, largely due to \$102.6 million in realized investment losses.

The change in surplus as a result of reinsurance was positive each year though December 31, 2007, when \$180.6 million was reported. A reduction of (\$46.3) million was reported at December 31, 2008.

LOSS EXPERIENCE

The following exhibit reflects the annual underwriting results of the Company over the last five years in 000's.

<u>Year</u>	<u>Total Revenues</u>	<u>Total Benefits & Expenses</u>	<u>Net Income</u>
2008	\$4,164,423	\$4,148,263	\$(41,750)

2007	3,984,803	3,941,623	(41,535)
2006	3,117,394	3,073,634	(61,466)
2005	5,183,874	5,202,697	(62,759)
2004	8,741,916	8,541,556	117,378

REINSURANCE

General

Premiums reported during the current examination period were as follows:

<u>Premiums</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Direct Business	\$ 2,222,035	\$ 2,235,110	\$ 1,993,889
Reinsurance Assumed	6,798,210,365	7,308,778,707	6,601,439,081
Reinsurance Ceded	<u>3,946,304,823</u>	<u>3,022,014,711</u>	<u>2,755,020,104</u>
Net Premiums	<u>\$ 2,854,127,577</u>	<u>\$ 4,288,999,106</u>	<u>\$ 3,848,412,866</u>

Assumed

RGA Re's primary business is the assumption of life reinsurance. Business is assumed on either an automatic or facultative basis under multiple reinsurance methods, primarily coinsurance and YRT (yearly renewable term).

The ordinary life and annuity lines of business represent substantially all of RGA Re's assumed business, accounting for nearly 95% of the assumed premium in 2008. RGA Re's ordinary life business has remained relatively stable during the exam period, producing assumed premiums for the years under examination that ranged from \$3.3 billion to \$3.7 billion. Ordinary annuity assumed premiums ranged from \$2.7 billion to \$3.4 billion during the examination period.

The Company assumes a large amount of financial reinsurance, most of which is retroceded on a 100% coinsurance basis.

The Company discontinued its assumption of new U.S. and U.K. accident and health insurance in 1998 and all agreements still in force are in run-off. Although, the Company has assumed an increasing amount of accident and health business from the Asia Pacific region in recent years, accident and health insurance still accounted for less than 5% of assumed premiums in 2008.

Ceded

A substantial percentage of the Company's business is retroceded to affiliates. Of the \$3.9 billion ceded premiums in 2008, \$2.5 billion was ceded to affiliates (\$558 of the \$976 billion ceded in force insurance was ceded to affiliates).

Most of RGA Re's retrocessions to affiliates were ceded either to RGA Reinsurance Co. (Barbados) Ltd. or RGA Americas Reinsurance Co. Ltd. The collective retrocessions in 2008 to these two companies totaled \$2.2 billion in premiums and represented \$412 billion insurance in force.

RGA Re's non-affiliate retrocessions were concentrated in two companies, Alsecure US Life Insurance PCC Ltd domiciled in Guernsey and Union Hamilton Reinsurance Ltd, domiciled in Bermuda. The collective retrocessions in 2008, to these two companies totaled \$1 billion in premiums and represented \$366 billion insurance in force.

These major affiliate and non-affiliate retrocessionaires are unauthorized reinsurers. The review of unauthorized reinsurance for this examination found that all reinsurance credits claimed for retrocessions to unauthorized reinsurers were adequately collateralized, as required by Missouri 20 CSR 200-2.100, Credit for Reinsurance.

RGA Re's maximum retention in 2008 was \$8 million per individual life for North American business, with decreased retention levels for nonstandard risks and for individuals over age 80. The maximum retention was less for International business and varied based on risk factors.

RGA Re has two catastrophe reinsurance agreements. The first provides catastrophe coverage for COLI, BOLI, and TOLI business, (company owned, bank owned, and trust owned life insurance). This coverage is for \$50 million excess of \$10 million with Maximum One Life coverage of \$8 million. The second agreement provides coverage of \$30 million excess of \$10 million for reinsurance assumed on professional athletes.

ACCOUNTS AND RECORDS

General

The Company's financial statements are prepared using PeopleSoft general ledger system software. The majority of the administration of the Company's reinsurance agreements (including the related premiums, claim payments, etc.) is performed on the General American Reinsurance (GARE) System.

Independent Auditor

The Company's financial statements are audited annually by the accounting firm Deloitte & Touche LLP. The workpapers and reports of the most recent independent audit were reviewed for this examination. These workpapers and reports were used in the course of this examination as deemed appropriate.

Independent Actuaries

Reserves and related actuarial accounts reported in the financial statements were reviewed and certified for the Company by James Kellett, Senior Vice President, Valuation and Financial Analysis, RGA Reinsurance Company.

Pursuant to a contract with the DIFP, Leon Langlitz, FCAS, MAAA, of Lewis & Ellis, Inc., reviewed the adequacy of the Company's reserves. The Lewis & Ellis Statement of Actuarial Opinion concluded that all actuarial reserves and related items are fairly stated.

Information Systems

In conjunction with this examination, Andrew Balas, AES, Information Systems Financial Examiner with the DIFP, conducted a review of the Company's information systems. His evaluation did not identify any significant weaknesses.

STATUTORY DEPOSITS

Deposits with the State of Missouri

The funds on deposit with the Missouri Department of Insurance, Financial Institutions and Professional Registration as of December 31, 2008, are reflected below. These deposits had sufficient par and market values to meet the deposit requirement for the state of Missouri per Section 376.290 RSMo (Deposit and transfer of securities), and Section 375.460 RSMo (Director to keep deposits--rights of companies):

<u>Type of Security</u>	<u>Par Value</u>	<u>Market Value</u>	<u>Statement Value</u>
US Treasury Note	\$ 1,500,000	\$ 1,765,575	\$ 1,442,362

Deposits with Other States

The Company also has funds on deposit with other states to satisfy their statutory deposit requirements. Those funds on deposit as of December 31, 2008, were as follows:

<u>State</u>	<u>Type of Security</u>	<u>Par Value</u>	<u>Market Value</u>	<u>Statement Value</u>
Arkansas	US Treasury Note	\$ 120,000	\$ 126,567	\$ 119,678
Florida	US Treasury Note	120,000	126,567	119,678
Georgia	FNMA Agency Bnd	50,000	53,227	49,503
Massachusetts	US Treasury Bond	100,000	134,748	99,343
New Mexico	US Treasury Note	105,000	114,731	106,474
North Carolina	US Treasury Note	425,000	500,246	408,669
South Carolina	US Treasury Note	200,000	235,410	192,315
Virginia	US Treasury Note	65,000	68,557	64,825
		<u>\$ 1,185,000</u>	<u>\$ 1,360,053</u>	<u>\$ 1,160,485</u>

Other Special Deposits

In addition to the funds on deposit with the various states, RGA Re has numerous other securities reported as special deposits. These deposits are not for the benefit of all policyholders. The deposits are funds held by RGA Re to back specific reinsurance contracts, funds held on joint deposit with banks to meet regulatory requirements for operations in foreign countries, and funds on deposit that provide collateral for the Company's liquidity policy with the Federal Home Loan Bank. The statement and market value of these securities at December 31, 2008, was \$1,756,491,582 and \$1,500,904,093, respectively.

FINANCIAL STATEMENTS

The following financial statements, with supporting exhibits, present the financial condition of the Company as of December 31, 2008, and the results of operations for the year then ended. Any examination adjustments to the amounts reported in the financial statements and/or comments regarding such are made in the "Comments on Financial Statements," which follow the financial statements.

There may have been additional differences found in the course of this examination, which are not shown in the "Comments on Financial Statements." These differences were determined to be immaterial in relation to the financial statements, and therefore were only communicated to the Company and noted in the workpapers for each individual annual statement item.

ASSETS

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	\$ 4,711,457,948	\$ -	\$ 4,711,457,948
Preferred stocks	308,849,694	-	308,849,694
Common stocks	19,628,872	-	19,628,872
First liens - mortgage loans on real estate	769,048,116	-	769,048,116
Cash, cash equivalents and short-term investments	230,480,419	-	230,480,419
Contract loans	1,096,713,417	-	1,096,713,417
Other invested assets	54,134,257	-	54,134,257
Receivables for securities	1,779,111	-	1,779,111
Investment income due and accrued	55,576,252	-	55,576,252
Uncollected premiums	1,047,698,567	8,137,082	1,039,561,485
Amounts recoverable from reinsurers	8,455,846	1,097,257	7,358,589
Funds held by or deposited with reinsured companies	4,491,307,809	-	4,491,307,809
Other amounts receivable under reinsurance contracts	123,562,016	38,996	123,523,020
Current federal income tax recoverable	41,606,303	41,606,303	-
Net deferred tax asset	87,651,747	77,820,509	9,831,238
Electronic data processing equipment and software	6,276,711	2,817,308	3,459,403
Furniture and equipment	4,032,168	4,032,168	-
Receivables from parent, subsidiaries and affiliates	7,501,122	7,721	7,493,401
Other amounts due on reinsurance assumed	71,750,073	2,645,421	69,104,652
Cash surrender value of officer's life insurance	9,216,071	-	9,216,071
Other assets	5,319,197	4,856,717	462,480
Disallowed IMR	33,488,440	33,488,440	-
Total Assets	\$ 13,185,534,156	\$ 176,547,922	\$ 13,008,986,234

LIABILITIES, SURPLUS AND OTHER FUNDS

	Current Year
Aggregate reserve for life contracts	\$ 6,894,097,087
Aggregate reserve for accident and health contracts	87,782,420
Liability for deposit type contracts	199,327,315
Life policy and contract claims	946,457,322
Accident and health policy and contract claims	64,842,658
Policyholders' dividends apportioned for payment	9,355,001
Life premium and annuities considerations received in advance	396
Provision for experience rating refunds	85,990,777
Other amounts payable on reinsurance	127,406,976
Commissions and expense allowances payable	113,816,280
General expenses due or accrued	26,549,215
Taxes, licenses and fees due or accrued	4,212,451
Federal income taxes	41,481
Unearned investment income	2,067,413
Amounts withheld or retained by company as trustee	8,921,864
Remittances and items not allocated	526,200,838
Asset valuation reserve	2,567,496
Reinsurance in unauthorized companies	391,519
Funds held under reinsurance with unauthorized reinsurers	2,742,743,379
Payable to affiliates	3,117,388
Funds held under coinsurance	56,817,609
Payable for securities	2,503,427
Other liabilities	23,383
Total liabilities	\$ 11,905,233,695
Common capital stock	\$ 2,500,000
Surplus notes	100,299,500
Gross paid in and contributed surplus	760,000,000
Unassigned funds (surplus)	240,953,039
Surplus as regards policyholders	\$ 1,101,252,539
Total Liabilities, Capital and Surplus	\$ 13,008,986,234

SUMMARY OF OPERATIONS

	Current Year
Premiums earned	\$ 2,854,127,577
Net investment income	410,620,814
Amortization of IMR	1,337,730
Commissions and expense allowances on reinsurance ceded	513,225,394
Reserve adjustments on reinsurance ceded	320,563,987
Miscellaneous income	64,547,178
Total	\$ 4,164,422,680
Death benefits	\$ 1,024,375,491
Annuity benefits	170,494,455
Disability benefits	95,823,967
Surrender benefits	1,819,870,617
Interest and adjustments on contract or deposit type contracts	16,699,524
Increase in reserves for life and accident and health contracts	689,425,264
Total	\$ 3,816,689,318
Commissions on premiums, annuities, and deposit type contracts	15,002
Commissions and expense allowances	973,590,317
General insurance expenses	117,269,745
Taxes, licenses and fees	18,150,782
Net transfers to or from separate accounts	(11,598,783)
Reserve adjustment on reinsurance assumed	(765,853,135)
Total	\$ 4,148,263,246
Net gain from operations before dividends and FIT	\$ 16,159,434
Dividends to policyholders	9,397,064
Net gain from operations after dividends and before taxes	\$ 6,762,370
Federal and Foreign Income Tax	(36,961,285)
Net gain from operations after dividends and taxes and before capital gains	\$ 43,723,655
Net capital gains	(85,474,126)
Net income	\$ (41,750,471)

CAPITAL AND SURPLUS

	<u>Current Year</u>
Surplus as regards policyholders; December 31 prior year	\$ 1,184,133,665
Net income	\$ (41,750,471)
Change in net unrealized capital gains	465,700
Change in net unrealized foreign exchange capital gain	(15,824,634)
Change in net deferred income tax	(11,988,949)
Change in nonadmitted assets	(52,004,060)
Change in liability for reinsurance in unauthorized companies	1,515,260
Change in AVR	30,246,869
Surplus adjustments paid in	58,000,000
Change in surplus as a result of reinsurance	(46,370,740)
Dividends to stockholders	(2,670,000)
Regulatory fines and penalties	(100)
Change in surplus as regards policyholders for the year	<u>\$ (80,381,126)</u>
Capital and Surplus as regards policyholders; December 31 current year	<u>\$ 1,103,752,539</u>

COMMENTS ON FINANCIAL STATEMENTS

There are no comments on the Company's financial statements.

GENERAL COMMENTS OR RECOMMENDATIONS

There are no general comments or recommendations.

