

**DEPARTMENT OF INSURANCE, FINANCIAL
INSTITUTIONS AND PROFESSIONAL REGISTRATION**

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

ORDER

After full consideration and review of the report of the financial examination of RGA Reinsurance Company for the period ended December 31, 2016, together with any written submissions or rebuttals and any relevant portions of the examiner's workpapers, I, Chlora Lindley-Myers, Director of the Missouri Department of Insurance, Financial Institutions and Professional Registration pursuant to section 374.205.3(3)(a), RSMo, adopt such examination report. After my consideration and review of such report, workpapers, and written submissions or rebuttals, I hereby incorporate by reference and deem the following parts of such report to be my findings and conclusions to accompany this order pursuant to section 374.205.3(4), RSMo: summary of significant findings; subsequent events; company history; corporate records; management and control; pensions, stock ownership and insurance plans; territory and plan of operation; growth of company; loss experience; reinsurance; accounts and records; financial statements; analysis of examination changes; comments on the financial statements; and summary of recommendations.

Based on such findings and conclusions, I hereby ORDER that the report of the financial examination of RGA Reinsurance Company as of December 31, 2016 be and is hereby ADOPTED as filed and for RGA Reinsurance Company 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) 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 29th day of May, 2018.

A handwritten signature in blue ink that reads "Chlora Lindley-Myers".

Chlora Lindley-Myers, Director
Department of Insurance, Financial Institutions
and Professional Registration

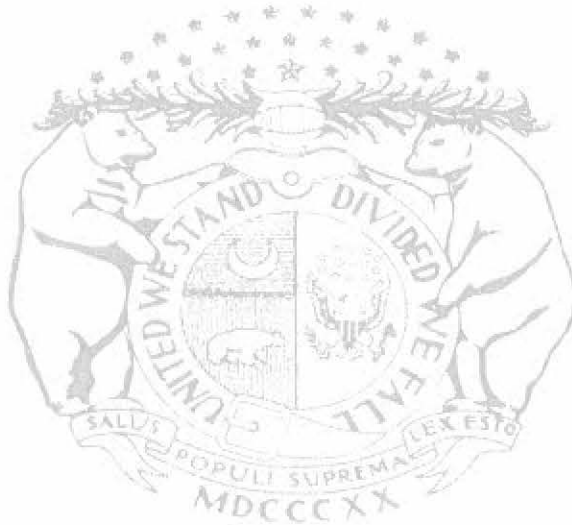


REPORT OF
FINANCIAL EXAMINATION

FILED
JUN 08 2018
DIRECTOR OF INSURANCE,
FINANCIAL INSTITUTIONS &
PROFESSIONAL REGISTRATION

RGA Reinsurance Company

As of:
DECEMBER 31, 2016



STATE OF MISSOURI
DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS
AND PROFESSIONAL REGISTRATION
JEFFERSON CITY, MISSOURI

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March 15, 2018
Chesterfield, Missouri

Honorable Chlora Lindley-Myers, Director
Missouri Department of Insurance, Financial
Institutions and Professional Registration
301 West High Street, Room 530
Jefferson City, Missouri 65101

Director Lindley-Myers:

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 main administrative office is located at 16600 Swingley Ridge Road, Chesterfield, MO 63017-1706, telephone number (636) 736-7000. This examination began on March 6, 2017, and concluded on the above date.

SCOPE OF EXAMINATION

Period Covered

We have performed a multi-state examination of RGA Reinsurance Company. The last examination was completed as of December 31, 2012. This examination covers the period of January 1, 2013 through December 31, 2016. This examination also included material transactions or events occurring subsequent to December 31, 2016.

Procedures

This full-scope 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 (Department or DIFP) or statutes of the state of Missouri prevailed. The Handbook requires that we plan and perform the examination to evaluate the financial condition, assess corporate governance, identify current and prospective risks of the Company and evaluate system controls and procedures used to mitigate those risks. An examination also includes identifying and evaluating significant risks that could cause an insurer's surplus to be materially misstated both currently and prospectively.

This examination was coordinated with the examinations of the other insurance company subsidiaries within the Reinsurance Group of America, Inc. group. The Department served as the lead state for the coordinated group examination, with the California Department of Insurance and South Carolina Department of Insurance also participating.

All accounts and activities of the Company were considered in accordance with the risk-focused

examination process. This includes assessing significant estimates made by management and evaluating management's compliance with Statutory Accounting Principles. The examination does not attest to the fair presentation of the financial statements included herein. If, during the course of the examination an adjustment is identified, the impact of such adjustment is documented separately following the Company's financial statements. The following key activities were identified during the examination: Affiliated Companies, Capital and Surplus, Claims, Investments, Premiums, Reinsurance Assumed, Reinsurance Ceded, Reserves and Treasury.

This examination report includes significant findings of fact and general information about the Company and its financial condition. There may be other items identified during the examination that, due to their nature (e.g., subjective conclusions, proprietary information, etc.), are not included within the examination report but separately communicated to other regulators and/or the Company.

SUMMARY OF SIGNIFICANT FINDINGS

There were no material adverse findings, significant non-compliance issues or material changes to the balance sheet or income statement identified during the examination.

SUBSEQUENT EVENTS

In the 3rd quarter 2017, the Company discovered a reporting error relating to a retrocession agreement effective December 31, 2014 with Rockwood Reinsurance Company. The error impacted the amortization of the Change in Surplus as a Result of Reinsurance on the Summary of Operations page, which in turn impacts reported Net Income. As a result of this error, Net Income was understated by \$36.5 million in 2015, \$42.0 million in 2016, and \$37.0 million as of 2nd quarter 2017. There was no impact on surplus or any other balance sheet line items. The misstatement was corrected on the quarterly statement filed as of September 30, 2017.

COMPANY HISTORY

General

The Company was incorporated on August 3, 1981, as General American Life & Annuity Company and was issued 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 currently licensed by the Department under Chapter 376 RSMo (Life, Health and Accident Insurance). 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, 2016, for a balance of \$2,500,000 in the Company's capital account. Reinsurance Company of Missouri, Incorporated (RCM) owns all outstanding shares.

Gross paid in and contributed surplus totaled \$1,056,000,000 at December 31, 2016. The only change to the gross paid in and contributed capital account during the examination period was a \$75,000,000 contribution made by RCM in 2013.

Dividends

Below is a summary of the dividends declared and subsequently paid by RGA Re during the examination period.

2013	\$	100,000,000
2014		140,000,000
2015		80,000,000
2016		64,458,977
Total	\$	<u>384,458,977</u>

All of the payments were made to the Company's parent, RCM.

Acquisitions, Mergers and Major Corporate Events

On April 1, 2015, RGA Re completed the acquisition of 100% ownership of Aurora National Life Assurance Company (Aurora), a California domestic insurer and formerly a wholly owned subsidiary of Swiss Re Life and Health America, Inc. Aurora is licensed in 46 states and the District of Columbia and has approximately \$1.6 billion of gross life insurance in force, but currently does not actively market new business. The transaction was accounted for as a statutory purchase with a cost of \$246.9 million, which produced negative goodwill of \$77.1 million.

Surplus Debentures

The Company had three surplus debentures issued and outstanding at December 31, 2016, all payable to Reinsurance Group of America, Incorporated (RGA, Inc.). The principal amounts outstanding were as follows:

<u>Issue Date</u>	<u>Amount</u>	<u>Rate</u>	<u>Maturity</u>
December 15, 1997	\$ 40,000,000	7.35%	December 15, 2027
December 15, 1998	60,000,000	7.08%	December 15, 2028
March 10, 2010	100,000,000	7.15%	December 15, 2040
Total	\$ 200,000,000		

Additionally, \$597,417 of interest was accrued and reported with the surplus notes for a total of \$200,597,417, 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

The Company's articles of incorporation and bylaws were reviewed. There were no amendments to either document during the examination period.

The minutes of the shareholder, board of directors and relevant 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-one members. The Company had nine Directors serving at December 31, 2016. None of the Directors are independent.

<u>Name</u>	<u>Principal Occupation</u>
Michael L. Emerson	President and Chief Executive Officer
Tony K. Cheng	Executive Vice President, Head of Asia
John W. Hayden	Senior Vice President and Chief Financial Officer
James M. Kellett	Senior Vice President, Valuation and Financial Analysis
John P. Laughlin, Jr.	Executive Vice President, Global Financial Solutions
Timothy T. Matson	Executive Vice President and Chief Investment Officer
Robert M. Musen	Executive Vice President
Jonathan W. Porter	Executive Vice President and Global Chief Risk Officer
David P. Wheeler	Executive Vice President, U.S. Mortality Markets

Officers

The officers of the Company serving and reported on the Jurat page of the Annual Statement at December 31, 2016, were as follows:

<u>Name</u>	<u>Position</u>
Michael L. Emerson	President and Chief Executive Officer
John W. Hayden	Senior Vice President and Chief Financial Officer
James M. Kellett	Senior Vice President and Appointed Actuary
William L. Hutton	Executive Vice President, General Counsel and Secretary
Jonathan W. Porter	Executive Vice President and Global Chief Risk Officer
Timothy T. Matson	Executive Vice President and Chief Investment Officer
Suzanne E. Scanlon-Pope	Executive Vice President and Chief Information Officer
Jaime Correa	Senior Vice President and Chief Underwriter
Brian W. Haynes	Senior Vice President and Corporate Treasurer
Paul D. Smith	Senior Vice President, Global Audit Services

Committees

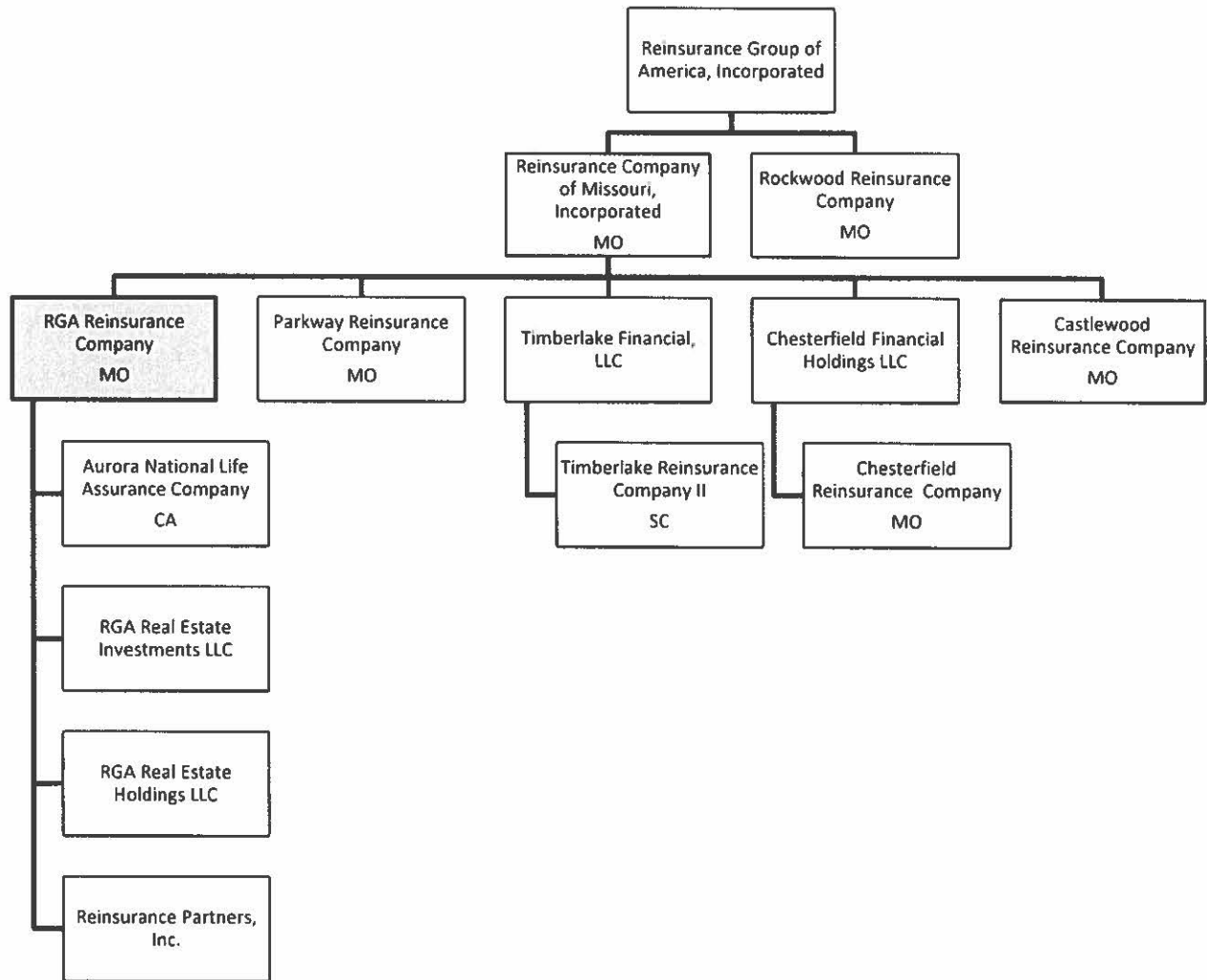
RGA Re had two board committees in place as of December 31, 2016, an Executive Committee and an Investment Committee. In addition, RGA, Inc. has an Audit Committee, Compensation Committee, Nominating & Corporate Governance Committee and Finance, Investment & Risk Management Committee, all of which provide 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 RCM, which in turn, is a wholly owned subsidiary of RGA, Inc., a Missouri holding company formed in December 1992. RGA, Inc. is the ultimate parent of the holding company system. An Insurance Holding Company Registration Statement was filed by RGA, Inc. for each year under examination.

Organization Chart

The following organizational chart depicts a portion of the holding company system at December 31, 2016, of which the Company is directly a part, and includes other Missouri domestic insurance company affiliates and their subsidiaries. All subsidiaries are wholly owned.



Affiliated Transactions

RGA Re was a party to 29 intercompany agreements as of December 31, 2016, all of which were approved by the DIFP. The Company incurred \$311.0 million in intercompany fees to affiliates, and earned \$33.7 million in fees from affiliates in 2016. Agreements with incurred fees greater than \$2.0 million are described below. The agreements described represent approximately 98% of intercompany fees incurred and 97% of intercompany fees earned in 2016.

Services Agreement

Parties: RGA Re and RGA Enterprise Services Company (ESC)
Effective: January 1, 2016
Terms: ESC provides administrative services to RGA Re, including marketing consulting, actuarial, underwriting and claims management, market research, pricing, treaties, information technology, financial, accounting, legal, tax, general administration, human resources and any ancillary services agreed to by the parties.
Rate(s): RGA Re pays ESC an amount equal to all expenses plus transfer pricing fees as stipulated in Schedule A to the agreement. Fees are capped at 110% of the fees estimated and agreed to by the parties for the calendar year as stated in each party's financial plan. RGA Re incurred fees of \$240.3 million under this agreement in 2016.

Services Agreement

Parties: RGA Re and RGA Global Reinsurance Company, Ltd. (RGA Global)
Effective: January 1, 2015
Terms: RGA Global provides services to RGA Re, including marketing consulting, actuarial, underwriting and claims management, market research, pricing, treaties, information technology, financial, accounting, legal, tax, general administration, human resources and ancillary services.
Rate(s): RGA Re pays a monthly fee equal to all expenses plus a markup of 7% for IT and marketing consulting services and 10% for actuarial and underwriting and claims management services. Fees are capped at 110% of the estimated fees for the services. RGA Re incurred fees of \$3.4 million under this agreement in 2016.

Services Agreement

Parties: RGA Re and RGA International Corporation (RGA International)
Effective: January 1, 2015
Terms: RGA International provides services to RGA Re, including marketing consulting, actuarial, underwriting and claims management, market research, pricing, treaties, information technology, financial, accounting, legal, tax, general administration, human resources and ancillary services.
Rate(s): RGA Re pays a monthly fee equal to all expenses plus a markup of 7% for IT and marketing consulting services and 10% for actuarial and underwriting and claims management services. Fees are capped at 110% of the estimated fees for the services. RGA Re incurred fees of \$11.9 million under this agreement in 2016.

Services Agreement

Parties: RGA Re and RGA International Division Sydney Office (RGA International-Sydney)
Effective: January 1, 2015
Terms: RGA International-Sydney provides services to RGA Re, including marketing consulting, actuarial, underwriting and claims management, market research, pricing, treaties, information technology, financial, accounting, legal, tax, general administration, human resources and ancillary services.
Rate(s): RGA Re pays a monthly fee equal to all expenses plus a markup of 7% for IT and marketing consulting services and 10% for actuarial and underwriting and claims management services. Fees are capped at 110% of the estimated fees for the services. RGA Re incurred fees of \$3.3 million under this agreement in 2016.

Services Agreement

Parties: RGA Re and RGA UK Services Limited (RGA UK)
Effective: January 1, 2015
Terms: RGA UK provides services to RGA Re, including marketing consulting, actuarial, underwriting and claims management, market research, pricing, treaties, information technology, financial, accounting, legal, tax, general administration, human resources and ancillary services.
Rate(s): RGA Re pays a monthly fee equal to all expenses plus a markup of 7% for IT and marketing consulting services and 10% for actuarial and underwriting and claims management services. Fees are capped at 110% of the estimated fees for the services. RGA Re incurred fees of \$7.2 million under this agreement in 2016.

Tax Allocation Agreement

Parties: RGA, Inc., RGA Re and other affiliates
Effective: January 1, 1998. Agreement has been amended multiple times with the most recent being Amendment #15 effective December 4, 2015.
Terms: RGA, Inc. files on behalf of participants. The 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. Participants will be paid for losses or credits used on consolidated tax return to the extent of the amounts previously paid to RGA, Inc.
Rate(s): RGA Re was reimbursed \$15.8 million by affiliates under this agreement in 2016.

Software License and Maintenance Agreement

Parties: RGA Re and ESC
Effective: January 1, 2012. Assignment Agreement effective January 1, 2016.
Terms: ESC provides software maintenance services to RGA Re. These services include all information, advice, and services to correct errors or defects or performance failures arising in the Core Financial Reporting Initiative software. ESC will also create and make available new releases of the software and provide training on the use and operation.

Rate(s): RGA Re pays a monthly amount equal to all expenses determined by ESC to be attributable to RGA Re for maintenance services. The Company incurred fees of \$5.7 million under this agreement in 2016.

Investment Management Agreement

Parties: RGA Re and ESC

Effective: January 1, 2016

Terms: ESC provides certain investment management services to RGA Re including investment management, legal, information technology, investment accounting and ancillary services. All assets are managed to meet RGA Re's investment guidelines.

Rate(s): RGA Re pays ESC a monthly fee based on the book value of the assets managed. RGA Re incurred fees of \$26.7 million under this agreement in 2016.

Benefit Plan and Employment Issues Agreement

Parties: RGA Re and ESC

Effective: January 1, 2016

Terms: RGA Re agrees to maintain and sponsor certain employee benefit plans for the employees of ESC. In exchange, ESC will administer the plans. ESC agrees to process benefit payments and payroll for all U.S. employees and remit the necessary amounts to RGA Re for various plans.

Rate(s): ESC reimburses RGA Re for all costs incurred, or paid, by RGA Re. RGA Re received payments of \$16.8 million under this agreement in 2016.

Mortgage Loan Origination and Servicing Agreement

Parties: RGA Re and RGA ReCap LLC (RGA ReCap)

Effective: January 1, 2016

Terms: RGA ReCap provides services and support to RGA Re relating to the origination and servicing of mortgage loans.

Rate(s): RGA Re pays various fees to RGA ReCap including loan documentation fees, underwriting fees, origination fees, servicing fees and others as stipulated in the agreement. RGA Re incurred fees of \$5.7 million under this agreement in 2016.

PENSIONS, STOCK OWNERSHIP AND INSURANCE PLANS

The Company has no direct employees. Effective January 1, 2016, all U.S. based employees were transferred from RGA Re to the newly formed ESC. ESC offers a comprehensive benefits package to its employees, including medical, dental, vision, life, accidental death and dismemberments, long-term disability, flexible spending accounts, paid time off, holidays, tuition reimbursement, and a bonus plan. Additionally, life insurance and medical and dental coverage are available for retirees.

Even though all U.S. employees were transferred to ESC, RGA Re still sponsors the qualified and non-qualified pension and savings plans. Effective January 1, 2016, RGA Re and ESC entered into an affiliated agreement whereby ESC will administer the employee benefit plans and

remit necessary benefit payments to the Company. Adequate provisions were made in the financial statements for the Company's obligations under the benefit plans.

TERRITORY AND PLAN OF OPERATION

RGA Re is licensed with the DIFP under Chapter 376 RSMo (Life, Health 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 largest reinsurers in the world. At December 31, 2016, 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 these four states, the Company was an authorized reinsurer. RGA Re is also a qualified reinsurer in Guam and Puerto Rico. The Company writes a negligible amount of direct insurance.

The Company engages in life, annuity and accident and health reinsurance within the U.S. and internationally. RGA Re provides its clients with traditional ordinary life mortality reinsurance as well as 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. A significant amount of the Company's assumed business is retroceded to other reinsurers.

GROWTH OF COMPANY

Written premium is an unreliable indicator of financial performance for reinsurance companies, as it is dependent on the mix of reinsurance agreements in place at a specific time. As a result, the Company's financial performance is tracked by monitoring its total capital and surplus and unassigned funds.

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Capital and Surplus	\$ 1,550,069,872	\$ 1,528,301,434	\$ 1,503,401,724	\$ 1,521,643,767
Unassigned Funds	\$ 290,972,455	\$ 269,204,017	\$ 244,304,307	\$ 262,546,350

Capital and surplus and unassigned funds remained relatively steady from 2013 through 2016. In general, the Company reported positive net incomes, which were offset by a sizable amount of dividends paid to the parent company, RCM.

LOSS EXPERIENCE

The following exhibit illustrates the Company's underwriting results during the examination period.

	2013	2014	2015	2016
Net Premium Earned	\$ 2,305,630,108	\$ 3,494,171,186	\$ 3,364,186,569	\$ 2,636,088,010
Net Investment Income	\$ 751,110,010	\$ 788,152,804	\$ 830,033,037	\$ 906,103,211
Benefit and Expenses	\$ 3,706,752,136	\$ 5,364,910,961	\$ 5,085,689,259	\$ 4,361,748,706
Net Income	\$ 115,813,709	\$ 17,084,670	\$ (23,615,489)	\$ 148,575,997

Net premium earned and total benefits and expenses experienced significant volatility during the examination period. This is common in the reinsurance industry as operating results for a particular period reflect the agreements in place at that time. Net investment income increased at a steady rate. The Company reported positive net income in three of the four years.

REINSURANCE

General

RGA Re offers a range of reinsurance products to insurance companies that are designed to (i) reduce the net liability on individual risks, thereby enabling the ceding company to increase the volume of business it can underwrite, as well as increase the maximum risk it can underwrite on a single life or risk; (ii) stabilize operating results by leveling fluctuations in the ceding company's loss experience; (iii) assist the ceding company to meet applicable regulatory requirements; and (iv) enhance the ceding company's financial strength and surplus position. Likewise, RGA Re enters into retrocession agreements for the same reasons. Underwriting is performed on a facultative or automatic basis and treaties can be structured as yearly renewable term, coinsurance, modified coinsurance, or coinsurance with funds withheld.

The Company's premium activity on a direct, assumed, and ceded basis for the period under examination is detailed below.

	2013	2014	2015	2016
Direct Business	\$ 12,562,473	\$ 20,872,831	\$ 28,590,249	\$ 29,123,557
Reinsurance Assumed	6,325,664,576	8,093,110,215	8,683,115,192	8,260,926,784
Reinsurance Ceded	4,032,596,940	4,619,811,858	5,347,518,873	5,653,962,327
Net Premium Earned	<u>\$ 2,305,630,108</u>	<u>\$ 3,494,171,186</u>	<u>\$ 3,364,186,569</u>	<u>\$ 2,636,088,010</u>

Assumed

RGA Re writes a nominal amount of direct premium. Substantially all of its revenue is obtained through reinsurance agreements that cover a portfolio of life and health insurance products, including term life, credit life, universal life, whole life, group life and health, joint and last survivor insurance, critical illness, disability income, as well as asset-intensive (i.e. annuities) and financial reinsurance (i.e. surplus relief, redundant reserve relief, and risk-based capital relief). Generally, the reinsurance is for mortality, morbidity, and lapse risks associated with

such products. With respect to asset-intensive products, the reinsurance covers investment-related risks.

Assumed premiums fluctuated slightly from 2013 through 2016. Of the \$8.3 billion of assumed premiums during 2016, approximately 86% was concentrated in the U.S. Only 2.3% of total assumed premiums are from U.S. and non-U.S. affiliates, while the remainder is assumed from non-affiliates. Traditional life insurance is by far the largest line of business, representing approximately 70% of assumed premiums in 2016.

Ceded

A large portion of direct and assumed premium is retroceded to affiliated and unaffiliated reinsurers in an effort to transfer risk exposure. In general, approximately 62% percent of direct and assumed premiums were retroceded throughout the examination period. As of December 31, 2016, 87% of the \$5.6 billion retroceded premiums were ceded to U.S. and non-U.S. affiliates.

In the normal course of business, the Company limits its exposure to losses on any single insured life by ceding reinsurance to other insurance companies (or retrocessionaires) under excess coverage and coinsurance contracts. This coverage is obtained each year through RGA's North American and International Retrocession Pools, which offer distinct retention schedules, rates, binding limits and jumbo limits. In individual life markets, the Company retains a maximum of \$8.0 million of coverage per life.

RGA Re also obtains annual catastrophe coverage. The current policy applies to the RGA group of companies' worldwide portfolio for events involving eight or more insured deaths from a single occurrence, and provides coverage of \$100.0 million of claims in excess of a \$25.0 million deductible.

A significant number of the retrocession agreements are designed to offset the impact of surplus strain, which stems from RGA Re providing this type of relief to direct writers. This is accomplished by retroceding the associated reserves from such agreements to unaffiliated and affiliated reinsurers and special purpose captives in order to reduce statutory capital and reserve requirements.

The Company is contingently liable for all reinsurance losses ceded to others. This contingent liability would become an actual liability in the event that any assuming reinsurer should fail to perform its obligations under its reinsurance agreement with the Company.

ACCOUNTS AND RECORDS

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.

Actuarial Opinion

Reserves and related actuarial accounts reported in the financial statements were reviewed and certified by James M. Kellett, FSA, MAAA, Senior Vice President, Valuation and Financial Markets.

Consulting actuary, Patricia Matson, FSA, MAAA, of Risk and Regulatory Consulting, Inc. was retained by the DIFP to review the adequacy of the Company's reserves. She concluded that the Company's reserves were reasonable as of the examination date.

Information Systems

In conjunction with this examination, Andrew Balas, Information Systems Financial Examiner with the DIFP conducted a review of the Company's information systems.

FINANCIAL STATEMENTS

The following financial statements are based on the statutory financial statements as filed by RGA Re with the DIFP and present the financial condition of the Company as of December 31, 2016, 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 the 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 the Financial Statements." These differences, if any, 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

	<u>Assets</u>	<u>Nonadmitted Assets</u>	<u>Net Admitted Assets</u>
Bonds	\$ 12,414,112,150		\$ 12,414,112,150
Preferred stocks	19,959,072		19,959,072
Common stocks	131,081,818		131,081,818
First liens - mortgage loans on real estate	3,399,800,164		3,399,800,164
Cash, cash equivalents, and short-term	444,505,844		444,505,844
Contract loans	1,271,168,459		1,271,168,459
Derivatives	113,400,106		113,400,106
Other invested assets	713,958,298	\$ 64,788	713,893,510
Receivables for securities	5,918,657		5,918,657
Cash collateral on derivatives	661,001		661,001
Subtotals, cash and invested assets	<u>\$ 18,514,565,569</u>	<u>\$ 64,788</u>	<u>\$ 18,514,500,781</u>
Investment income due and accrued	\$ 147,574,259		\$ 147,574,259
Uncollected premiums and agents' balances	1,137,495,352	11,326,138	1,126,169,214
Amounts recoverable from reinsurers	115,125,232		115,125,232
Funds held by or deposited with reinsured companies	4,997,342,789		4,997,342,789
Other amounts receivable under reinsurance contracts	112,387,768		112,387,768
Net deferred tax asset	248,041,711	191,851,274	56,190,437
Electronic data processing equipment and	7,640,535	7,368,942	271,593
Furniture and equipment	795,076	795,076	-
Receivables from parent, subsidiaries and	33,486,024	1,398,414	32,087,610
Cash surrender value of corporate owned life insurance	193,586,105		193,586,105
Other amounts due on reinsurance assumed	138,140,059	1,122,255	137,017,804
Premiums paid in advance	517,791		517,791
Other assets	5,105,719	5,105,440	279
Totals	<u>\$ 25,651,803,989</u>	<u>\$ 219,032,327</u>	<u>\$ 25,432,771,662</u>

Liabilities, Surplus and Other Funds

Aggregate reserve for accident and health contracts	\$ 1,887,005,343
Liability for deposit-type contracts	302,918,412
Contract claims: Life	1,397,767,350
Contract claims: Accident and health	278,920,877
Dividends apportioned for payment	7,698,580
Premiums and annuity considerations received in advance	5,448,744
Provision for experience rating refunds	85,513,432
Other amounts payable on reinsurance	263,286,737
Interest maintenance reserve	145,252,290
Commissions to agents due or accrued	110,275
Commissions and expense allowances payable on reinsurance assumed	125,818,366
General expenses due or accrued	91,115,134
Taxes, licenses and fees due or accrued	5,922,751
Current federal and foreign income taxes	24,545,943
Unearned investment income	4,946,795
Amounts withheld or retained by company	39,518,977
Remittances and items not allocated	308,273,777
Borrowed money and interest thereon	25,020,524
Asset valuation reserve	251,973,591
Reinsurance in unauthorized and certified companies	4,582,709
Funds held under reinsurance treaties	1,316,134,076
Payable to parent, subsidiaries and affiliates	44,921,916
Funds held under coinsurance	5,547,515,749
Derivatives	145,617,285
Payable for securities	21,538,655
Cash collateral on derivatives	69,875,507
Postretirement benefit transition liability	8,734,800
Ceded allowances received in advance	68,133
TOTAL LIABILITIES	<u>\$ 23,911,127,895</u>
Common capital stock	\$ 2,500,000
Surplus notes	200,597,417
Gross paid in and contributed surplus	1,056,000,000
Unassigned funds (surplus)	262,546,350
TOTAL CAPITAL AND SURPLUS	<u>\$ 1,521,643,767</u>
TOTAL LIABILITIES AND SURPLUS	<u><u>\$ 25,432,771,662</u></u>

Summary of Operations

Premium and annuity considerations	\$ 2,636,088,010
Net investment income	906,103,211
Amortization of interest maintenance reserve	39,319,794
Commissions and expense allowances payable on reinsurance ceded	1,232,409,638
Reserve adjustments on reinsurance ceded	(671,263,122)
Aggregate write-ins for miscellaneous income	423,257,133
Totals	\$ 4,565,914,664
Death benefits	\$ 1,623,992,744
Annuity benefits	180,405,952
Disability benefits and benefits under A&H contracts	239,698,686
Surrender benefits and withdrawals for life contracts	535,381,309
Interest and adjustments on contract or deposit-type contract fund	24,021,799
Increase in aggregate reserves for life and A&H contracts	559,716,161
Totals	\$ 3,163,216,651
Commissions on premiums, annuities and deposit-type contract fund	\$ 856,835
Commissions and expense allowances on reinsurance assumed	1,255,819,295
General insurance expenses	310,949,891
Insurance taxes, licenses and fees	33,534,140
Aggregate write-ins for deductions	(402,628,106)
Totals	\$ 4,361,748,706
Net gains from operations before dividends and federal income tax	\$ 204,165,958
Dividends to policyholders	8,032,032
Net gain from operations before federal income tax	\$ 196,133,926
Federal and foreign income taxes incurred	32,251,871
Net gain from operations before realized capital gains or (losses)	\$ 163,882,055
Net realized capital gains or (losses)	(15,306,058)
NET INCOME	\$ 148,575,997

Reconciliation of Capital and Surplus
As of December 31, 2016

Capital and surplus, December 31, 2015	<u>\$ 1,503,401,724</u>
Net income	148,575,997
Change in unrealized capital gains (losses)	(53,307,455)
Change in unrealized foreign exchange capital gains (losse	8,069,078
Change in net deferred income tax	28,332,685
Change in non- admitted assets	45,357,007
Change in liability for reinsurance in unauthorized compan	2,161,686
Change in asset valuation reserve	(11,364,331)
Surplus adjustment: Paid in	
Change in surplus as a result of reinsurance	(83,704,242)
Dividends to stockholders	(64,458,977)
Aggregate write- ins for gains and (losses) in surplus	(1,419,405)
Change in capital and surplus for the year	<u>\$ 18,242,043</u>
Capital and surplus, December 31, 2016	<u>\$ 1,521,643,767</u>

ANALYSIS OF EXAMINATION CHANGES

No adjustments or reclassifications were made as a result of the examination.

COMMENTS ON THE FINANCIAL STATEMENTS

There are no comments on the financial statements.

SUMMARY OF RECOMMENDATIONS

There are no recommendations.

SUPERVISION

The examination process has been monitored and supervised by the undersigned. The examination report and supporting workpapers have been reviewed and approved. Compliance with NAIC procedures and guidelines as contained in the Financial Condition Examiners Handbook has been confirmed.

A handwritten signature in blue ink, appearing to read "Michael Shadowens", is written over a horizontal line.

Michael Shadowens, CFE
Audit Manager, St. Louis
Missouri Department of Insurance, Financial
Institutions and Professional Registration