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REINSURANCE GROUP OF AMERICA INC

Form 8-K

February 10, 2006

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

FORM 8-K

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

Date of Report (Date of Earliest Event Reported): February 10, 2006

REINSURANCE GROUP OF AMERICA, INCORPORATED  
(Exact Name of Registrant as Specified in its Charter)

MISSOURI	1-11848	43-1627032
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification Number)

1370 TIMBERLAKE MANOR PARKWAY, CHESTERFIELD, MISSOURI 63017  
(Address of principal executive offices)

Registrant's telephone number, including area code: (636) 736-7000

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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EXPLANATORY NOTE

On January 30, 2006, Reinsurance Group of America, Incorporated ("RGA") issued a press release announcing its earnings for the three-month period ended December 31, 2005 and providing certain additional information. RGA is filing this Current Report on Form 8-K to make certain information from that press release available for incorporation into its 2006 shelf registration statement on Form S-3.

ITEM 8.01 OTHER EVENTS.

RGA reported net income for the fourth quarter of \$68.2 million, or

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\$1.07 per diluted share, compared to \$55.4 million, or \$0.87 per diluted share in the prior-year quarter.

Fourth-quarter net premiums rose 16 percent to \$1,060.1 million from \$916.8 million a year ago. Net investment income totaled \$169.4 million versus \$168.2 million the year before. Approximately \$12.0 million of the prior-period amount was due to the conversion of a large annuity treaty from a funds-withheld structure to a coinsurance structure.

A. Greig Woodring, president and chief executive officer, commented, "Each of our operating segments contributed to a strong fourth quarter. The U.S. segment reported good results with pre-tax net income totaling \$84.4 million for the quarter versus \$71.8 million in the prior-year quarter. Mortality experience for the quarter was within our range of expectations. For the year, the U.S. reported more than \$2.4 billion in net premiums, a 10 percent increase over the prior year.

"For the quarter, our Canada operations reported pre-tax net income of \$21.4 million compared to \$20.5 million a year ago. Mortality experience continues to be good. Net premiums increased \$30.8 million, or 42 percent for the quarter, and totaled \$103.4 million. Approximately \$3.7 million of the increase in net premiums was the result of a favorable currency exchange rate.

"Other International operations, which include our Asia Pacific and Europe and South Africa segments, reported a strong quarter. Asia Pacific reported pre-tax net income of \$17.8 million compared with pre-tax net income of \$2.5 million in the year-ago quarter. The current quarter reflected favorable mortality experience, while the prior-year period reflected poor mortality experience, including the effect of tsunami related reserves. Net premiums increased

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26 percent to \$136.4 million from \$108.0 million. Foreign currency fluctuations adversely affected net premiums by approximately \$2.7 million.

"Results in Europe and South Africa were also good, driven by favorable mortality in the UK. Pre-tax net income totaled \$11.9 million compared to \$4.0 million a year ago. The prior-period results reflected adverse mortality experience in the UK. Net premiums increased 12 percent for the quarter to \$141.2 million. This rate of increase has lessened relative to previous years due to a slowdown in the UK primary market. Foreign currency fluctuations, primarily the British pound, adversely affected net premiums by approximately \$9.7 million.

"In the Corporate and Other segment, we negotiated the commutation of the two most significant Argentine pension treaties and have now commuted over 95 percent of our obligations. The residual business is insignificant."

For the year, consolidated net income totaled \$224.2 million, or \$3.52 per diluted share, compared to \$221.9 million, or \$3.52 per diluted share, in the year-ago period. Consolidated net premiums were up 16 percent, to \$3,866.8 million from \$3,347.4 million.

Woodring concluded, "It was a strong quarter, but we did not meet our full-year 2005 earnings expectation due primarily to the adverse claims experience in the U.S. during the second quarter and the negotiation of final settlements for the Argentine pension business. However, we did recoup some of that poor experience in the second half of the year and head into 2006 with good momentum. We expect continued growth in 2006; however, the pace of growth in our North American operations and select international markets, such as the UK, is

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expected to moderate."

The Company also announced that its board of directors declared a regular quarterly dividend of \$0.09, payable February 27 to shareholders of record as of February 6.

Reinsurance Group of America, Incorporated, through its subsidiaries, RGA Reinsurance Company and RGA Life Reinsurance Company of Canada, is among the largest global providers of life reinsurance. In addition to its U.S. and Canadian operations, Reinsurance Group of America, Incorporated has subsidiary companies or offices in Australia, Barbados, Hong Kong, India, Ireland, Japan, Mexico, South Africa, South Korea, Spain, Taiwan, and the United Kingdom. Worldwide, the company has approximately \$1.7 trillion of life reinsurance in force,

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and assets of \$16.2 billion. MetLife, Inc. is the beneficial owner of approximately 53 percent of RGA's outstanding shares.

### CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This release 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 MetLife, Inc. ("MetLife"), the beneficial owner of a majority of our common shares, or its subsidiaries, and the effect of such changes on our future results of operations and financial condition, (3) inadequate risk analysis and underwriting, (4) general economic conditions or a prolonged economic downturn affecting the demand for insurance and reinsurance in our current and planned markets, (5) the availability and cost of collateral necessary for regulatory reserves and capital, (6) market or economic conditions that adversely affect our ability to make timely sales of investment securities, (7) risks inherent in our risk management and investment strategy, including changes in investment portfolio yields due to interest rate or credit quality changes, (8) fluctuations in U.S. or foreign currency exchange rates, interest rates, or securities and real estate markets, (9) adverse litigation or arbitration results, (10) the adequacy of reserves, resources and accurate information relating to settlements, awards and terminated and discontinued lines of business, (11) the stability of and actions by governments and economies in the markets in which we operate, (12) competitive factors and competitors' responses to our initiatives, (13) the success of our clients, (14) successful execution

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of our entry into new markets, (15) successful development and introduction of

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new products and distribution opportunities, (16) our ability to successfully integrate and operate reinsurance business that we acquire, (17) regulatory action that may be taken by state Departments of Insurance with respect to us, MetLife, or its subsidiaries, (18) our dependence on third parties, including those insurance companies and reinsurers to which we cede some reinsurance, third-party investment managers and others, (19) the threat of natural disasters, catastrophes, terrorist attacks, epidemics or pandemics anywhere in the world where we or our clients do business, (20) changes in laws, regulations, and accounting standards applicable to us, our subsidiaries, or our business, (21) the effect of our status as a holding company and regulatory restrictions on our ability to pay principal of and interest on our debt obligations, and (22) other risks and uncertainties described in this document and in our other filings with the Securities and Exchange Commission.

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 Securities and Exchange Commission. These forward-looking statements 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.

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### REINSURANCE GROUP OF AMERICA, INCORPORATED AND SUBSIDIARIES Condensed Consolidated Statements of Income (Dollars in thousands)

(Unaudited)	Three Months Ended December 31,		Twelve M De
	2005	2004	2005
	-----	-----	-----
<b>Revenues:</b>			
Net premiums	\$ 1,060,069	\$ 916,812	\$ 3,866,775
Investment income, net of related expenses	169,372	168,201	639,165
Investment related gains/(losses), net	(5,998)	(2,298)	13,590
Change in value of embedded derivatives	1,264	25,720	7,444
Other revenues	14,093	15,383	57,791
	-----	-----	-----
Total revenues	1,238,800	1,123,818	4,584,765
<b>Benefits and expenses:</b>			
Claims and other policy benefits	847,583	755,063	3,187,902
Interest credited	54,789	60,245	208,376
Policy acquisition costs and other insurance expenses	168,830	165,714	629,359
Change in deferred acquisition cost			

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associated with change in value of embedded derivatives	1,010	18,612	6,972
Other operating expenses	45,352	34,603	154,382
Interest expense	11,596	9,702	41,428
	-----	-----	-----
Total benefits and expenses	1,129,160	1,043,939	4,228,419
	-----	-----	-----
Income from continuing operations before income taxes	109,640	79,879	356,346
Provision for income taxes	39,975	23,962	120,738
	-----	-----	-----
Income from continuing operations	69,665	55,917	235,608
Discontinued operations: Loss from discontinued accident and health operations, net of income taxes	(1,488)	(497)	(11,428)
Cumulative effect of change in accounting principle	--	--	--
	-----	-----	-----
Net income	\$ 68,177	\$ 55,420	\$ 224,180
	=====	=====	=====

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REINSURANCE GROUP OF AMERICA, INCORPORATED AND SUBSIDIARIES  
Condensed Consolidated Statements of Income  
(Dollars in thousands, except per share data)

(Unaudited)	Three Months Ended		Twelve De
	December 31,		
	2005	2004	2005
	-----	-----	-----
Earnings per share from continuing operations:			
Basic earnings per share	\$ 1.12	\$ 0.90	\$ 3.7
Diluted earnings per share	\$ 1.09	\$ 0.88	\$ 3.7
Earnings per share from net income:			
Basic earnings per share	\$ 1.09	\$ 0.89	\$ 3.5
Diluted earnings per share	\$ 1.07	\$ 0.87	\$ 3.5

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Weighted average number of  
common and common equivalent  
shares outstanding  
(in thousands)

63,653

63,632

63,72

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REINSURANCE GROUP OF AMERICA, INCORPORATED AND SUBSIDIARIES  
Condensed Consolidated Business Summary

(Unaudited)	At or For the Twelve Months Ended December 31,	
	2005	2004
Gross life reinsurance in force (in billions)		
North American business	\$ 1,211.1	\$ 1,095.7
International business	\$ 525.5	\$ 363.2
Gross life reinsurance written (in billions)		
North American business	\$ 218.9	\$ 188.1
International business	\$ 135.2	\$ 91.0
Consolidated cash and invested assets (in millions)	\$ 12,460.1	\$ 10,716.3
Invested asset book yield - trailing three months excluding funds withheld	5.92%	5.93%
Investment portfolio mix		
Cash and short-term investments	2.05%	1.72%
Fixed maturity securities	55.17%	56.21%
Mortgage loans	5.20%	5.69%
Policy loans	7.92%	8.93%
Funds withheld at interest	27.77%	25.52%
Other invested assets	1.89%	1.93%
Short-term debt (in millions)	\$ 125.6	\$ 56.1
Long-term debt (in millions)	\$ 674.4	\$ 349.7
Company-obligated mandatorily redeemable preferred securities of subsidiary (in millions)	\$ 158.6	\$ 158.4
Book value per share outstanding	\$ 41.38	\$ 36.50
Total stockholders' equity (in millions)	\$ 2,527.5	\$ 2,279.0
Treasury shares	2,052,316	683,245
Common stock outstanding	61,075,957	62,445,028

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REINSURANCE GROUP OF AMERICA, INCORPORATED AND SUBSIDIARIES  
 U.S. OPERATIONS  
 (Dollars in thousands)

(Unaudited)	Three Months Ended December 31, 2005		
	Traditional	Asset- Intensive	Financial Reinsurance
Revenues:			
Net premiums	\$ 677,510	\$ 1,182	\$ --
Investment income, net of related expenses	65,161	58,775	70
Investment related gains/(losses), net	(3,293)	(3,138)	--
Change in value of embedded derivatives	--	1,264	--
Other revenues	(503)	2,661	8,170
Total revenues	738,875	60,744	8,240
Benefits and expenses:			
Claims and other policy benefits	543,763	761	1
Interest credited	12,095	42,157	--
Policy acquisition costs and other insurance expenses	97,456	10,489	2,222
Change in deferred ac- quisition cost associated with change in value of embedded derivatives	--	1,010	--
Other operating expenses	10,832	1,308	1,342
Total benefits and expenses	664,146	55,725	3,565
Income before income taxes	\$ 74,729	\$ 5,019	\$ 4,675

(Unaudited)	Three Months Ended December 31, 2004		
	Traditional	Asset- Intensive	Financial Reinsurance
Revenues:			
Net premiums	\$ 607,953	\$ 1,234	\$ --
Investment income, net of related expenses	58,748	69,766	44
Investment related gains/(losses), net	(642)	(5,553)	--
Change in value of embedded derivatives	--	25,720	--

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Other revenues	964	3,514	7,185
	-----	-----	-----
Total revenues	667,023	94,681	7,229
Benefits and expenses:			
Claims and other			
policy benefits	486,117	(305)	--
Interest credited	14,022	45,630	--
Policy acquisition			
costs and other			
insurance expenses	93,740	24,913	2,598
Change in deferred ac-			
quisition cost associated			
with change in value of			
embedded derivatives	--	18,612	--
Other operating			
expenses	9,217	1,232	1,321
	-----	-----	-----
Total benefits and			
expenses	603,096	90,082	3,919
Income before			
income taxes	\$ 63,927	\$ 4,599	\$ 3,310
	=====	=====	=====

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REINSURANCE GROUP OF AMERICA, INCORPORATED AND SUBSIDIARIES  
U.S. OPERATIONS  
(Dollars in thousands)

	Traditional	Twelve Months Ended Asset- Intensive	December 31, 2005 Financial Reinsurance
	-----	-----	-----
Revenues:			
Net premiums	\$ 2,429,541	\$ 4,670	\$ --
Investment income, net			
of related expenses	245,195	220,819	121
Investment related			
gains/(losses),net	(2,152)	(1,077)	--
Change in value of			
embedded derivatives	--	7,444	--
Other revenues	2,290	8,621	28,554
	-----	-----	-----
Total revenues	2,674,874	240,477	28,675
Benefits and expenses:			
Claims and other			
policy benefits	2,008,536	4,870	6
Interest credited	53,958	151,966	--
Policy acquisition			
costs and other			
insurance expenses	341,066	48,276	8,452
Change in deferred ac-			
quisition cost associated			



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with change in value of embedded derivatives	--	6,972	--
Other operating expenses	40,296	5,056	5,411
	-----	-----	-----
Total benefits and expenses	2,443,856	217,140	13,869
Income before income taxes	\$ 231,018	\$ 23,337	\$ 14,806
	=====	=====	=====

	Traditional	Twelve Months Ended Asset- Intensive	December 31, 2004 Financial Reinsurance
	-----	-----	-----
Revenues:			
Net premiums	\$ 2,207,817	\$ 4,833	\$ --
Investment income, net of related expenses	220,080	215,862	173
Investment related gains/(losses),net	9,738	(7,196)	--
Change in value of embedded derivatives	--	26,104	--
Other revenues	4,157	9,735	27,419
	-----	-----	-----
Total revenues	2,441,792	249,338	27,592
Benefits and expenses:			
Claims and other policy benefits	1,758,452	9,751	2
Interest credited	50,290	146,480	--
Policy acquisition costs and other insurance expenses	329,006	48,243	9,521
Change in deferred ac- quisition cost associated with change in value of embedded derivatives	--	22,896	--
Other operating expenses	43,977	4,714	5,466
	-----	-----	-----
Total benefits and expenses	2,181,725	232,084	14,989
Income before income taxes	\$ 260,067	\$ 17,254	\$ 12,603
	=====	=====	=====

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REINSURANCE GROUP OF AMERICA, INCORPORATED AND SUBSIDIARIES  
CANADIAN OPERATIONS  
(Dollars in thousands)

Three Months Ended

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(Unaudited)	December 31,	
	2005	2004
-----		
Revenues:		
Net premiums	\$ 103,447	\$ 72,643
Investment income, net of related expenses	32,650	27,582
Investment related gains, net	694	3,349
Other revenues	(13)	(6)
	-----	-----
Total revenues	136,778	103,568
Benefits and expenses:		
Claims and other policy benefits	91,252	72,109
Interest credited	230	515
Policy acquisition costs and other insurance expenses	19,701	7,472
Other operating expenses	4,174	2,953
	-----	-----
Total benefits and expenses	115,357	83,049
Income before income taxes	\$ 21,421	\$ 20,519
	=====	=====

(Unaudited)	Twelve Months Ended December 31,	
	2005	2004
-----		
Revenues:		
Net premiums	\$ 343,131	\$ 253,852
Investment income, net of related expenses	120,434	100,141
Investment related gains, net	4,941	11,508
Other revenues	(279)	32
	-----	-----
Total revenues	468,227	365,533
Benefits and expenses:		
Claims and other policy benefits	307,959	250,542
Interest credited	1,105	1,840
Policy acquisition costs and other insurance expenses	56,011	28,505
Other operating expenses	15,174	11,161
	-----	-----
Total benefits and expenses	380,249	292,048
Income before income taxes	\$ 87,978	\$ 73,485
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(Unaudited)	Three Months Ended December 31,	
	2005	2004
<b>Revenues:</b>		
Net premiums	\$ 141,219	\$ 125,617
Investment income, net of related expenses	2,675	1,328
Investment related gains, net	100	437
Other revenues	92	(14)
<b>Total revenues</b>	<b>144,086</b>	<b>127,368</b>
<b>Benefits and expenses:</b>		
Claims and other policy benefits	99,634	82,233
Interest credited	220	--
Policy acquisition costs and other insurance expenses	24,253	35,083
Other operating expenses	7,749	5,786
Interest expense	348	250
<b>Total benefits and expenses</b>	<b>132,204</b>	<b>123,352</b>
<b>Income before income taxes</b>	<b>\$ 11,882</b>	<b>\$ 4,016</b>

(Unaudited)	Twelve Months Ended December 31,	
	2005	2004
<b>Revenues:</b>		
Net premiums	\$ 552,694	\$ 478,580
Investment income, net of related expenses	9,710	5,125
Investment related gains, net	427	5,080
Other revenues	302	1,541
<b>Total revenues</b>	<b>563,133</b>	<b>490,326</b>
<b>Benefits and expenses:</b>		
Claims and other policy benefits	405,122	314,128
Interest credited	882	--
Policy acquisition costs and other insurance expenses	92,364	121,708
Other operating expenses	27,791	21,472
Interest expense	1,599	1,336
<b>Total benefits and expenses</b>	<b>527,758</b>	<b>458,644</b>
<b>Income before income taxes</b>	<b>\$ 35,375</b>	<b>\$ 31,682</b>

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REINSURANCE GROUP OF AMERICA, INCORPORATED AND SUBSIDIARIES  
Asia Pacific  
(Dollars in thousands)

(Unaudited)	Three Months Ended December 31,	
	2005	2004
<b>Revenues:</b>		
Net premiums	\$ 136,364	\$ 108,043
Investment income, net of related expenses	8,385	4,951
Investment related gains (losses), net	(414)	228
Other revenues	1,946	1,959
	146,281	115,181
<b>Benefits and expenses:</b>		
Claims and other policy benefits	104,688	103,308
Policy acquisition costs and other insurance expenses	14,999	1,378
Other operating expenses	8,372	7,470
Interest expense	407	505
	128,466	112,661
Income before income taxes	\$ 17,815	\$ 2,520

(Unaudited)	Twelve Months Ended December 31,	
	2005	2004
<b>Revenues:</b>		
Net premiums	\$ 534,926	\$ 399,122
Investment income, net of related expenses	29,427	16,113
Investment related gains (losses), net	(294)	670
Other revenues	4,593	5,121
	568,652	421,026
<b>Benefits and expenses:</b>		
Claims and other policy benefits	420,024	330,144
Policy acquisition costs and other insurance expenses	79,146	52,300
Other operating expenses	27,437	24,363
Interest expense	1,679	1,614
	528,286	408,421
Income before income taxes	\$ 40,366	\$ 12,605

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CORPORATE AND OTHER  
(Dollars in thousands)

(Unaudited)	Three Months Ended December 31,	
	2005	2004
<b>Revenues:</b>		
Net premiums	\$ 347	\$ 1,322
Investment income, net of related expenses	1,656	5,782
Investment related gains (losses), net	53	(117)
Other revenues	1,740	1,781
<b>Total revenues</b>	<b>3,796</b>	<b>8,768</b>
<b>Benefits and expenses:</b>		
Claims and other policy benefits	7,484	11,601
Interest credited	87	78
Policy acquisition costs and other insurance expenses	(290)	530
Other operating expenses	11,575	6,624
Interest expense	10,841	8,947
<b>Total benefits and expenses</b>	<b>29,697</b>	<b>27,780</b>
<b>Income before income taxes</b>	<b>\$ (25,901)</b>	<b>\$ (19,012)</b>

(Unaudited)	Twelve Months Ended December 31,	
	2005	2004
<b>Revenues:</b>		
Net premiums	\$ 1,813	\$ 3,244
Investment income, net of related expenses	13,459	23,034
Investment related gains, net	11,745	9,673
Other revenues	13,710	7,361
<b>Total revenues</b>	<b>40,727</b>	<b>43,312</b>
<b>Benefits and expenses:</b>		
Claims and other policy benefits	41,385	15,518
Interest credited	465	321
Policy acquisition costs and other insurance expenses	4,044	1,746
Other operating expenses	33,217	28,743

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Interest expense	38,150	35,487
	-----	-----
Total benefits and expenses	117,261	81,815
Income before income taxes	\$ (76,534)	\$ (38,503)
	=====	=====

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SIGNATURE

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

REINSURANCE GROUP OF AMERICA,  
INCORPORATED

Date: February 10, 2006

By: /s/ Jack B. Lay

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Jack B. Lay  
Executive Vice President  
and Chief Financial Officer

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