KANSAS CITY LIFE INSURANCE COMPANY

A Missouri Corporation

3520 Broadway
Kansas City, MO 64111-2565
Telephone: (816) 753-7000

www.kclife.com

Investor Relations: Craig.Mason@kclife.com

SIC Code: 6311

QUARTERLY REPORT

For the Period Ending March 31, 2024
(the "Reporting Period")

The number of shares outstanding of our Common Stock was 9,683,414 as of March 31, 2024 (the end of reporting period)

The number of shares outstanding of our Common Stock was 9,683,414 as of December 31, 2023 (the end of previous reporting period)

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933 and Rule 12b-2 of the Exchange Act of 1934):

Yes: ☐ No: ☒

Indicate by check mark whether the company’s shell status has changed since the previous reporting period:

Yes: ☐ No: ☒

Indicate by check mark whether a Change in Control of the company has occurred over this reporting period:

Yes: ☐ No: ☒

KANSAS CITY LIFE INSURANCE COMPANY
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Statement on Forward-Looking Information

This report reviews the consolidated financial condition and results of operations of Kansas City Life Insurance Company. Historical information is presented and discussed. Where appropriate, factors that may affect future financial performance are also identified and discussed. Certain statements made in this report include "forward-looking statements." Forward-looking statements include any statement that may predict, forecast, indicate or imply future results, performance, or achievements rather than historical facts and may contain words like "believe," "expect," "estimate," "project," "forecast," "anticipate," "plan," "will," "shall," and other words, phrases, or expressions with similar meaning.

Forward-looking statements are subject to known and unknown risks, uncertainties, and other factors that may cause actual results to differ materially from those contemplated by the forward-looking statements. Factors that could cause future results to differ materially from expected results include, but are not limited to:

- Changes in economic conditions, including the performance of financial markets, inflation, interest rates, recessionary risks, and systemic pressures in the banking system, including potential disruptions in the credit markets;
- Competition and changes in consumer behavior, which may affect our ability to sell our products and retain business;
- Competition in the recruitment and retention of general agents, agents, and employees;
- Customer and agent response to new products, distribution channels, and marketing initiatives;
- Fluctuations in experience regarding current mortality, morbidity, persistency, and interest rates relative to expected amounts used in pricing our products;
- Changes in assumptions related to deferred acquisition costs (DAC), value of business acquired (VOBA), and deferred revenue liability (DRL);
- Regulatory, accounting, or tax changes that may affect the cost of, or the demand for, our products or services;
- Unanticipated changes in industry trends;
- Potential changes in ratings assigned by nationally recognized rating organizations;
- The ability to integrate acquisitions and achieve anticipated operating efficiencies and the ability to preserve goodwill that results from acquisitions;
- The availability and effectiveness of reinsurance arrangements;
- Results of litigation we may be involved in; and
- The extent of the impacts resulting from catastrophic events such as natural disasters, pandemics, terrorist attacks, cyber-attacks, international conflicts, and wars.

No assurances can be given that such statements will prove to be correct. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. Any forward-looking statement made by us in this report is based only on information currently available to us and speaks only as of the date on which it is made. We undertake no obligation to publicly update any forward-looking statement that may be made from time to time, whether as a result of new information, future developments or otherwise, except as required by law.

Item 1. The Exact Name of the Issuer and Address and Telephone Number of Issuer's Principal Office

Issuer's Exact Name:	Kansas City Life Insurance Company
Issuer's Address:	3520 Broadway Kansas City, Missouri 64111
Issuer's Telephone:	(816) 753-7000
Issuer's Website:	*www.kclife.com*
Investor Relations:	A. Craig Mason Jr. Senior Vice President, General Counsel & Secretary Kansas City Life Insurance Company Post Office Box 219139 Kansas City, Missouri 64121-9139 Telephone: (816) 753-7000 ext. 8763 E-mail: Craig.Mason@kclife.com

Item 2. Shares Outstanding

Common Stock

	March 31, 2024
Number of Shares Authorized	36,000,000
Number of Shares Outstanding	9,683,414
Freely Tradable Shares (Public Float)	2,568,961
Total Number of Shareholders of Record	116

We have more than 100 beneficial shareholders owning at least 100 shares.

Item 3. Interim Consolidated Financial Statements

The interim consolidated financial statements of Kansas City Life Insurance Company as of and for the period ending March 31, 2024 are attached hereto as Exhibit 3.1 and are hereby incorporated by reference into this Quarterly Report, including:

- Consolidated Balance Sheets - (March 31, 2024 - Unaudited; December 31, 2023 - Audited)
- Consolidated Statements of Comprehensive Income - (Unaudited)
- Consolidated Statements of Cash Flows - (Unaudited)
- Notes to Consolidated Financial Statements - (Unaudited)

The interim consolidated financial statements and the accompanying notes have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The interim consolidated financial statements reflect all adjustments that are, in the opinion of management, necessary for a fair presentation of the results. As permitted under GAAP, certain footnotes or other financial disclosures are condensed or omitted in the interim consolidated financial statements. These interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and related notes included in our 2023 Annual Report, which is available on the OTC Markets Group website (*www.otcmarkets.com/stock/KCLI/filings*). The interim consolidated financial statements and the accompanying notes for the quarters ended March 31, 2024 and 2023 are unaudited. Operating results for the interim period are not necessarily indicative of the results that may be expected or achieved for the year ending December 31, 2024.

Item 4. Management's Discussion and Analysis of Financial Condition and Results of Operations

Amounts are stated in thousands, except share data, or as otherwise noted.

Management's Discussion and Analysis of Financial Condition and Results of Operations provides, in narrative form, the perspective of Kansas City Life Insurance Company management on its financial condition, results of operations, liquidity, and certain other factors that may affect its future results. The terms "the Company," "we," "us," and "our" are used to refer to Kansas City Life Insurance Company and its subsidiaries. Kansas City Life Insurance Company (Kansas City Life) is the parent company. Old American Insurance Company (Old American) and Grange Life Insurance Company (Grange Life) are wholly-owned insurance subsidiaries. We also have non-insurance subsidiaries that individually and collectively are not material.

The following is a discussion and analysis of the results of operations for the quarters ended March 31, 2024 and 2023 and our financial condition at March 31, 2024. This discussion should be read in conjunction with the consolidated financial statements and accompanying notes included in this document, as well as our 2023 Annual Report.

Overview

Our profitability depends on many factors, which include but are not limited to:

- The sale of traditional and interest sensitive life, annuity, and accident and health products;
- The rate of mortality, lapse, and surrender of future policy benefits and policyholder account balances;
- The rate of morbidity, disability, and incurrence of other policyholder benefits;
- Interest rates credited to policyholders;
- The availability of reinsurance opportunities and the effectiveness of reinsurance programs;
- The amount of investment assets under management;
- The ability to maximize investment returns and manage risks such as interest rate, credit, equity, and inflation;
- Timely and cost-effective access to liquidity;
- Management of distribution costs and operating expenses;
- Management of the operations of our affiliates;
- Changes to regulations and accounting standards;
- Management of closed blocks of business and blocks of business associated with reinsurance transactions;
- The ability to successfully resolve litigation;
- The ability to integrate acquisitions to achieve anticipated operating efficiencies; and
- The ability to mitigate cybersecurity risks and implement information technology effectively.

General economic conditions may affect future results. Financial market volatility can significantly impact our investments, revenues, and policyholder benefits. Volatility and uncertainty have presented significant challenges to the interest rate environment, financial markets as a whole, and specifically to companies invested in fixed maturity securities and other fixed income investments. In addition, the inflationary environment, systemic pressures in the banking system, and other events have caused increased economic uncertainty, financial market volatility, significant stress to businesses, supply chain shortages, decreased consumer confidence, labor shortages in various markets, and credit market disruptions. These conditions may persist into the future, affecting our financial position and financial statements. However, future conditions are highly uncertain and difficult to predict.

Consolidated Results of Operations

Summary of Results

We earned net income of $1.6 million and net income per share of $0.16 in the first quarter of 2024. We incurred a net loss of $3.2 million and net loss per share of $0.33 in the first quarter of 2023.

The following table presents condensed consolidated results of operations for the quarters ended March 31, 2024 and 2023.

	Quarter Ended March 31,			
	2024	2023	$ Change	% Change
Revenues:				
Insurance and other revenues	$ 85,451	$ 86,928	$ (1,477)	(2)%
Net investment income	40,477	38,358	2,119	6 %
Net investment gains	1,380	683	697	102 %
Benefits and expenses:				
Policyholder benefits and interest credited to policyholder account balances	86,801	94,098	(7,297)	(8)%
Amortization of deferred acquisition costs	9,111	9,181	(70)	(1)%
Operating expenses	29,432	26,801	2,631	10 %
Income tax expense (benefit)	410	(870)	1,280	147 %
Net income (loss)	$ 1,554	$ (3,241)	$ 4,795	148 %

Insurance Revenues

Insurance revenues consist of premiums, net of reinsurance, from the sale of traditional individual and group life insurance products, immediate annuities, and accident and health products, as well as contract charges from interest sensitive and deposit-type products. Insurance revenues are impacted by the level of new sales, the type of products sold, the persistency of policies, general economic conditions, and competitive forces.

The following table presents gross premiums on new and renewal business, less reinsurance ceded. New premiums are also detailed by product.

	Quarter Ended March 31,			
	2024	2023	$ Change	% Change
New premiums:				
Traditional life insurance	$ 3,868	$ 4,687	$ (819)	(17)%
Immediate annuities	5,087	6,801	(1,714)	(25)%
Group life insurance	647	689	(42)	(6)%
Group accident and health insurance	3,006	2,749	257	9 %
Total new premiums	12,608	14,926	(2,318)	(16)%
Renewal premiums	68,667	68,782	(115)	— %
Total premiums	81,275	83,708	(2,433)	(3)%
Reinsurance ceded	(28,847)	(28,942)	95	— %
Net premiums	$ 52,428	$ 54,766	$ (2,338)	(4)%

Consolidated total premiums decreased $2.4 million or 3% in the first quarter of 2024 compared with the first quarter of 2023, as new premiums declined $2.3 million or 16% and renewal premiums declined $0.1 million or less than 1%. The decrease in new premiums resulted from a $0.8 million or 17% decline in new traditional life insurance premiums and a $1.7 million or 25% decline in new immediate annuity premiums. Immediate annuity receipts can have sizeable fluctuations, as receipts from policyholders largely result from one-time premiums. Partially offsetting these decreases, new group accident and health premiums increased $0.3 million or 9% compared to one year earlier, primarily from the dental line of business. The decrease in renewal premiums was largely due to a $1.0 million or 2% decline in renewal traditional life insurance premiums. Partially offsetting this decline, renewal group life premiums increased $0.2 million or 5% and renewal group accident and health premiums increased $0.7 million or 6%. The increase in new renewal group accident and health premiums was largely from the disability and dental lines of business.

Deposits related to interest sensitive life (universal life, indexed universal life, and variable universal life), fixed annuity contracts, and variable annuities are not recorded as revenue. Revenues from such contracts consist of amounts assessed on policyholder account balances for mortality, policy administration, and surrender charges, and are recognized as contract charges in the Consolidated Statements of Comprehensive Income. The following table provides detail by new and renewal deposits. New deposits are also detailed by product. While the disclosure of deposits is standard industry practice, it is considered a non-GAAP measure.

	Quarter Ended March 31,			
	2024	2023	$ Change	% Change
New deposits:				
Interest sensitive life	$ 1,702	$ 3,140	$ (1,438)	(46)%
Fixed annuities	13,163	12,524	639	5 %
Variable annuities	861	1,480	(619)	(42)%
Total new deposits	15,726	17,144	(1,418)	(8)%
Renewal deposits	32,996	35,195	(2,199)	(6)%
Total deposits	48,722	52,339	(3,617)	(7)%
Reinsurance ceded	(974)	(1,663)	689	41 %
Net deposits	$ 47,748	$ 50,676	$ (2,928)	(6)%

General economic conditions and interest rates available in the marketplace influence new deposits on interest sensitive products. In addition, fluctuations in the equity markets influence the variable life and annuity products. Generally, volatile interest rate and increased inflationary environments present significant challenges to products such as these, and potential sizeable fluctuations in new sales can result between periods. Further, as described above, general economic conditions have affected both new and renewal deposits.

Total new deposits decreased $1.4 million or 8% in the first quarter of 2024 compared with the first quarter of 2023. New interest sensitive life deposits declined $1.4 million or 46%, largely from lower indexed universal life deposits. In addition, new variable annuity deposits declined $0.6 million or 42% compared to the prior year. Partially offsetting these declines, new fixed annuity deposits rose $0.6 million or 5% versus one year earlier. Total renewal deposits decreased $2.2 million or 6% in the first quarter of 2024 compared to the prior year, as renewal interest sensitive life deposits declined $0.9 million or 3%, renewal fixed annuity deposits declined $0.7 million or 24%, and renewal variable annuity deposits declined $0.6 million or 33%. The decline in renewal interest sensitive life deposits was primarily due to lower renewal universal life deposits.

Reinsurance ceded on deposits totaled $1.0 million in the first quarter of 2024 compared to $1.7 million in the first quarter of 2023. This reinsurance resulted from additional deposits on the closed block of policies included in the deposit-type reinsurance agreement that became effective April 1, 2022. For additional information, please see Note 13 - Reinsurance.

Contract charges result from charges and fees on interest-sensitive and deposit-type products. Contract charges consist of cost of insurance, expense loads, the amortization of unearned revenues, and surrender charges assessed on policyholder account balance withdrawals. We maintain both open blocks and closed blocks of business. The closed blocks of business reflect products and entities that have been purchased and for which we are not actively pursuing marketing efforts to generate new sales. We continue to service these policies to support customers and to meet long-term profit objectives as these blocks of business decline over time.

Total contract charges increased $0.9 million or 3% in the first quarter of 2024 compared to the first quarter of 2023. Contract charges on open blocks increased $1.0 million or 5%, largely from an increase in deferred revenue. Contract charges on closed blocks decreased $0.1 million or 1%, reflecting the runoff of the closed blocks of business. Total contract charges on closed blocks equaled 39% of total consolidated contract charges during the first quarter of 2024, down from 41% during the first quarter of 2023.

Investment Revenues
Net investment income from invested assets rose $2.7 million or 8% in the first quarter of 2024 over the prior year. These results reflected an increase in overall yields earned on certain investments and higher average invested assets. Our earned book yield was 4.3% in the first quarter of 2024 compared to 4.0% in the first quarter of 2023.

Fixed maturity securities provide a majority of our investment income. Investment income from these investments increased $2.3 million or 9% in the first quarter of 2024 versus one year earlier, reflecting higher overall yields earned and higher average invested assets. The increase in gross investment income has been aided by higher yields available from the reinvestment of maturities, calls, and sales over the past two years and from the reinvestment of proceeds from real estate sales.

Gross investment income from commercial mortgage loans increased $0.5 million or 8% in the first quarter of 2024 compared with the same period in the prior year, largely from an increase in yields earned on new mortgage loans.

Net investment income from real estate declined $0.6 million or 39% in the first quarter of 2024 compared to the first quarter of 2023. This decline primarily resulted from the loss of income from real estate properties that were sold during the fourth quarter of 2023. Excluding the properties that were sold during the fourth quarter of 2023, net investment income from real estate increased $0.5 million or 164% in the first quarter of 2024 versus the first quarter of 2023.

Gross investment income from short-term investments increased $0.5 million or 102% in the first quarter of 2024 compared to the prior year. This improvement was primarily due to higher interest rates.

Net investment income resulting from the deposit-type reinsurance transaction was $3.7 million in the first quarter of 2024 compared to $4.3 million in the first quarter of 2023. The decrease in 2024 was due to the runoff of the block.

Investment Gains (Losses)
Net investment gains for the first quarter of 2024 totaled $1.4 million compared to net investment gains of $0.7 million in the first quarter of 2023. The change in fair value of other invested assets, primarily derivatives, resulted in a gain of $2.2 million in the first quarter of 2024 compared to a gain of $1.1 million in the first quarter of 2023. In addition, the allowance for credit losses for fixed maturity securities increased $0.5 million in the first quarter of 2023, while there was no change in the allowance during the first quarter of 2024. Furthermore, calls from certain municipal bonds generated a net loss of $0.7 million in the first quarter of 2024.

Policyholder Benefits
Policyholder benefits, net of reinsurance, consist of death benefits, immediate annuity benefits, accident and health benefits, surrenders, other benefits, and the associated increase or decrease in reserves for future policy benefits and policyholder account balances. The largest component of policyholder benefits was death benefits for the periods presented. Death benefits reflect mortality results, after consideration of the impact of reinsurance.

Policyholder benefits decreased $9.4 million or 12% in the first quarter of 2024 compared to the prior year. This decline reflected a $4.8 million or 10% decrease in death benefits, net of reinsurance, and a $4.2 million or 50% decrease in benefit and contract reserves. Contributing to the decrease in benefit and contract reserves was a decline in annuity reserves, reflecting lower annuity premiums, and the change in the fair value of the indexed universal life embedded derivatives compared to the prior year. The change in the fair value of indexed universal life embedded derivatives recorded in benefit and contract reserves is mostly offset by the change in the fair value in derivative assets that is recorded in realized gains (losses) in the Consolidated Statements of Comprehensive Income. In addition, the change in the fair value of the guaranteed minimum withdrawal benefits (GMWB) rider compared to the prior year contributed to the decrease in reserves. The change in the fair value of the GMWB rider primarily resulted from increases in interest rates and favorable market returns.

Interest Credited to Policyholder Account Balances
Interest is credited to policyholder account balances according to terms of the policies or contracts for universal life, fixed deferred annuities, and other investment-type products. There are minimum levels of interest crediting stipulated in certain policies or contracts, as well as allowances for adjustments to be made to reflect current market conditions in certain policies or contracts. Accordingly, the Company reviews and adjusts crediting rates as necessary and appropriate. Amounts credited are a function of account balances and current period crediting rates, which are significantly impacted by rates available in the market. As account balances fluctuate, so will the amount of interest credited to policyholder account balances. Interest credited to policyholder account balances increased $2.1 million or 12% in the first quarter of 2024 compared to the first

quarter of 2023. This increase largely resulted from higher index credits for the indexed universal life product, which are offset in part by hedge asset returns.

Operating Expenses

Operating expenses consist of incurred commission expense from the sale of insurance products, net of the deferral of certain commissions and certain expenses directly associated with the successful acquisition of new business, expenses from our operations, the amortization of VOBA and intangibles, and other expenses. Operating expenses increased $2.6 million or 10% in the first quarter of 2024 compared to the prior year. This increase largely resulted from higher employee compensation expenses, legal fees, and consulting fees. The increase in consulting fees resulted from significant efforts to modernize administrative systems and efforts to support the conversion to new accounting standards as promulgated by the Financial Accounting Standards Board (FASB).

Income Taxes

We recorded an income tax expense of $0.4 million in the first quarter of 2024 compared to an income tax benefit of $0.9 million in the first quarter of 2023. The increase in income tax expense in the first quarter of 2024 primarily occurred because of higher pretax income in comparison to the first quarter of 2023.

The effective income tax rate was equal to the prevailing corporate federal income tax rate of 21% for both the first quarter of 2024 and the first quarter of 2023.

Analysis of Investments

This analysis of investments should be read in conjunction with Note 3 - Investments in the Notes to Consolidated Financial Statements.

The following table provides asset class detail of the investment portfolio.

	March 31, 2024	% of Total	December 31, 2023	% of Total
Fixed maturity securities	$ 2,366,549	73 %	$ 2,352,043	72 %
Equity securities	922	— %	845	— %
Mortgage loans	584,506	18 %	592,328	18 %
Real estate	97,397	3 %	98,042	3 %
Policy loans	83,904	3 %	84,025	3 %
Short-term investments	70,727	2 %	91,569	3 %
Other investments	39,171	1 %	27,488	1 %
Total	$ 3,243,176	100 %	$ 3,246,340	100 %

Fixed maturity securities were the largest component of total investments at both March 31, 2024 and December 31, 2023. Fixed maturity securities increased from 72% of total investments at December 31, 2023 to 73% of total investments at March 31, 2024. The largest categories of fixed maturity securities at March 31, 2024 consisted of 72% in corporate obligations, 11% in municipal securities, and 10% in asset-backed securities and collateralized loan obligations. We had 27% of the fixed maturity securities in private placements at both March 31, 2024 and December 31, 2023. The use of private placements offers an enhancement to our portfolio returns by providing access to higher yielding securities that have a more limited offering at often lower cost.

We use actual or equivalent Standard & Poor's ratings to determine the investment grading of fixed maturity securities. Our fixed maturity securities that were rated investment grade represented 99% of total securities at both March 31, 2024 and December 31, 2023.

The fair value of fixed maturity securities with unrealized losses was $1.7 billion at both March 31, 2024 and December 31, 2023. At both March 31, 2024 and December 31, 2023, 99% of security investments with an unrealized loss were investment grade and accounted for 99% of the total unrealized losses.

At March 31, 2024, we had $16.9 million in gross unrealized gains on fixed maturity securities that were offset by gross unrealized losses of $227.4 million. At December 31, 2023, we had $23.7 million in gross unrealized gains on fixed maturity securities that were offset by $207.0 million in gross unrealized losses. At both March 31, 2024 and December 31, 2023, 26% of the fixed maturity securities portfolio had unrealized gains. Gross unrealized losses on fixed maturity securities for less than 12 months totaled $4.1 million and accounted for 7% of the security values in a gross unrealized loss position at March 31, 2024. Gross unrealized losses on fixed maturity securities for less than 12 months totaled $2.7 million and accounted for 3% of the security values in a gross unrealized loss position at December 31, 2023. Gross unrealized losses on fixed maturity security investments of 12 months or longer increased from $204.4 million at December 31, 2023 to $223.3 million at March 31, 2024.

Investments in mortgage loans totaled $584.5 million at March 31, 2024, down from $592.3 million at December 31, 2023. The commercial mortgage loan portfolio decreased during the first quarter of 2024, as new loan originations and refinancing activity were lower than prepaid loans and regularly scheduled payments. Our mortgage loans are secured by commercial real estate. These loans are stated at the outstanding principal balance, adjusted for amortization of premium and accrual of discount, less an allowance for credit losses. We believe this allowance is at a level adequate to absorb estimated credit losses and was $1.6 million at both March 31, 2024 and December 31, 2023.

Liquidity and Capital Resources

Liquidity

Management believes that the Company has sufficient sources of liquidity and capital resources to satisfy operational requirements and to finance expansion plans and strategic initiatives as they may occur. Primary sources of cash flow are premiums, other insurance considerations and deposits, receipts for policyholder accounts, sales and maturities of investments, and investment income. We have access to additional liquidity through our ability to borrow on a collateralized basis from the Federal Home Loan Bank (FHLB). We also have credit facilities that are available for additional working capital needs or investment opportunities. The principal uses of cash are for the insurance operations, including the purchase of investments, payment of insurance benefits, operating expenses, policyholder dividends, withdrawals from policyholder accounts, and costs related to acquiring new business. There can be no assurance that we will continue to generate cash flows at or above current levels or that our ability to borrow under the current credit facilities will be maintained.

We perform cash flow testing and add various levels of stress testing to potential surrender and policy loan levels in order to assess current and near-term cash and liquidity needs. In the event of increased surrenders and other cash needs, we have several sources of cash flow available to meet our needs.

Net cash used from operating activities was $2.3 million for the quarter ended March 31, 2024. Net cash used from investing activities was $21.3 million for the quarter ended March 31, 2024. The primary sources of cash provided by investing activities were from sales, maturities, calls, and principal paydowns of investments totaling $53.2 million. Investment purchases, including new fixed maturities and mortgage loans, totaled $95.4 million. Net cash provided by financing activities for the quarter ended March 31, 2024 was $20.8 million, including $4.7 million of withdrawals, net of deposits, on policyholder account balances and an $18.6 million change in deposit asset on reinsurance. These were partially offset by the payment of $1.4 million of stockholder dividends and a $1.3 million change in other deposits.

Capital Resources

We believe existing capital resources provide adequate support for our current level of business activities, as identified in the following table.

	March 31, 2024	December 31, 2023
Total assets, excluding separate accounts	$ 4,643,444	$ 4,657,216
Total stockholders' equity	590,199	609,357
Ratio of stockholders' equity to assets, excluding separate accounts	13%	13%

Stockholders’ equity decreased $19.2 million from year-end 2023, primarily due to an increase in net unrealized losses, reflecting fluctuations in interest rates during 2024. Stockholders’ equity per share, or book value, equaled $60.95 at March 31, 2024, a decline from $62.93 at year-end 2023, also primarily reflecting the unrealized losses from fluctuating interest rates.

Net unrealized losses on available for sale securities, which are included as part of Accumulated Other Comprehensive Loss and as a component of Stockholders’ Equity (net of unrealized losses on investments, related taxes, policyholder account balances, future policy benefits, DAC, VOBA, and DRL), totaled $151.5 million at March 31, 2024, a $19.3 million increase from $132.2 million at December 31, 2023. The increase in unrealized losses reflected fluctuations in interest rates at March 31, 2024 compared to December 31, 2023.

The Company has advance funding agreements with the FHLB. These funds are used in an investment spread arbitrage program. Interest earned from this program was $1.9 million during the quarter ended March 31, 2024 and $1.6 million during the quarter ended March 31, 2023. Interest is credited based on variable rates set by the FHLB. Total obligations outstanding under these agreements, which mature between 2026 and 2029, were $100.0 million at both March 31, 2024 and December 31, 2023, and are reported as Policyholder Account Balances in the Consolidated Balance Sheets. Accrued interest totaled $1.1 million at both March 31, 2024 and December 31, 2023. Cash interest payments were $1.5 million during the quarter ended March 31, 2024 and $1.2 million during the quarter ended March 31, 2023.

Our statutory equity exceeds the minimum capital deemed necessary to support our insurance business, as determined by the risk-based capital calculations and guidelines established by the National Association of Insurance Commissioners (NAIC). We believe these statutory limitations impose no practical restrictions on future dividend payment plans.

In January 2024, the Board of Directors authorized the purchase of up to one million of our shares on the open market through January 2025. No shares were purchased under this authorization during the first quarter of 2024.

On April 22, 2024, the Board of Directors declared a quarterly dividend of $0.14 per share payable on May 8, 2024 to stockholders of record on May 2, 2024.

Item 5. Legal Proceedings

We are, and in the future may be, subject to legal and regulatory actions in the ordinary course of our insurance operations. Pending legal actions include proceedings that have been brought on behalf of various alleged classes of complainants. In certain of these matters, the plaintiffs are seeking large and/or indeterminate amounts, including punitive or exemplary damages. Substantial legal liability in these or future legal or regulatory actions could have a material financial effect or cause significant harm to our reputation, which in turn could materially harm our business prospects. Please see the section titled "Contingent Liabilities" in Note 17 - Commitments, Contingent Liabilities, Guarantees, and Indemnifications of the financial statements in Exhibit 3.1.

Item 6. Defaults upon Senior Securities

None

Item 7. Other Information

None

Item 8. Exhibits

3.1 Interim Consolidated Financial Statements

Item 9. Issuer's Certifications

I, Walter E. Bixby, certify that:

1. I have reviewed this quarterly disclosure statement of Kansas City Life Insurance Company;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in the light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date: April 26, 2024

/s/ Walter E. Bixby
Walter E. Bixby
President, Chief Executive Officer,
and Vice Chairman of the Board

I, David A. Laird, certify that:

1. I have reviewed this quarterly disclosure statement of Kansas City Life Insurance Company;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in the light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date: April 26, 2024

/s/ David A. Laird
David A. Laird
Senior Vice President, Finance

Exhibit 3.1 Interim Consolidated Financial Statements

Amounts in thousands, except share data, security counts, or as otherwise noted.

Kansas City Life Insurance Company
Consolidated Balance Sheets

	March 31, 2024	December 31, 2023
	(Unaudited)	
ASSETS		
Investments:		
Fixed maturity securities available for sale, at fair value (amortized cost: 2024 - $2,577,110; 2023 - $2,535,401)	$ 2,366,549	$ 2,352,043
Equity securities, at fair value (cost: 2024 - $1,084; 2023 - $1,076)	922	845
Mortgage loans (net allowance for credit losses: 2024 - $1,598; 2023 - $1,581)	584,506	592,328
Real estate	97,397	98,042
Policy loans	83,904	84,025
Short-term investments	70,727	91,569
Other investments	39,171	27,488
Total investments	3,243,176	3,246,340
Cash	6,950	9,695
Accrued investment income	30,793	29,815
Deferred acquisition costs	308,818	308,737
Reinsurance recoverables (net of allowance for credit losses: 2024 - $1,364; 2023 - $1,353)	412,196	409,213
Deposit asset on reinsurance	404,593	419,448
Other assets	236,918	233,968
Separate account assets	412,661	395,946
Total assets	$ 5,056,105	$ 5,053,162
LIABILITIES		
Future policy benefits	$ 1,421,904	$ 1,415,755
Policyholder account balances	2,182,267	2,199,730
Policy and contract claims	68,477	59,295
Other policyholder funds	195,188	191,820
Other liabilities	185,409	181,259
Separate account liabilities	412,661	395,946
Total liabilities	4,465,906	4,443,805
STOCKHOLDERS' EQUITY		
Common stock, par value $1.25 per share		
Authorized 36,000,000 shares, issued 18,496,680 shares	23,121	23,121
Additional paid in capital	41,025	41,025
Retained earnings	959,571	959,373
Accumulated other comprehensive loss	(192,217)	(172,861)
Treasury stock, at cost (2024 and 2023 - 8,813,266 shares)	(241,301)	(241,301)
Total stockholders’ equity	590,199	609,357
Total liabilities and stockholders’ equity	$ 5,056,105	$ 5,053,162

See accompanying Notes to Consolidated Financial Statements - (Unaudited)

Kansas City Life Insurance Company
Consolidated Statements of Comprehensive Income - (Unaudited)

	Quarter Ended March 31, 2024	Quarter Ended March 31, 2023
	(Unaudited)	
REVENUES		
Insurance revenues:		
Net premiums	$ 52,428	$ 54,766
Contract charges	31,669	30,810
Total insurance revenues	84,097	85,576
Investment revenues:		
Net investment income	40,477	38,358
Net investment gains	1,380	683
Total investment revenues	41,857	39,041
Other revenues	1,354	1,352
Total revenues	127,308	125,969
BENEFITS AND EXPENSES		
Policyholder benefits	67,380	76,756
Interest credited to policyholder account balances	19,421	17,342
Amortization of deferred acquisition costs	9,111	9,181
Operating expenses	29,432	26,801
Total benefits and expenses	125,344	130,080
Income (loss) before income tax expense (benefit)	1,964	(4,111)
Income tax expense (benefit)	410	(870)
NET INCOME (LOSS)	$ 1,554	$ (3,241)
COMPREHENSIVE INCOME (LOSS), NET OF TAXES		
Changes in:		
Net unrealized gains (losses) on securities available for sale	$ (21,490)	$ 45,964
Effect on deferred acquisition costs, value of business acquired, and deferred revenue liabilities	2,134	(4,156)
Other comprehensive income (loss)	(19,356)	41,808
COMPREHENSIVE INCOME (LOSS)	$ (17,802)	$ 38,567
Basic and diluted earnings per share:		
Net income (loss)	$ 0.16	$ (0.33)

See accompanying Notes to Consolidated Financial Statements - (Unaudited)

Kansas City Life Insurance Company
Consolidated Statements of Cash Flows - (Unaudited)

	Quarter Ended March 31, 2024	Quarter Ended March 31, 2023
	(Unaudited)	
OPERATING ACTIVITIES		
Net income (loss)	$ 1,554	$ (3,241)
Adjustments to reconcile net income (loss) to net cash used from operating activities:		
Amortization of investment premium and discount	443	417
Depreciation and amortization	846	1,523
Acquisition costs capitalized	(5,276)	(6,389)
Amortization of deferred acquisition costs	9,111	9,181
Net investment gains	(1,380)	(683)
Changes in assets and liabilities:		
Reinsurance recoverables	(2,983)	(5,789)
Future policy benefits	6,149	7,987
Policyholder account balances	(22,972)	(25,891)
Income taxes payable and deferred	3,066	(947)
Other, net	9,148	18,935
Net cash used	(2,294)	(4,897)
INVESTING ACTIVITIES		
Purchases:		
Fixed maturity securities	(80,770)	(83,709)
Equity securities	(8)	—
Mortgage loans	(1,429)	(3,240)
Real estate	(324)	(127)
Policy loans	(782)	(1,043)
Other investments	(11,924)	(2,299)
Property and equipment	(134)	(217)
Sales or maturities, calls, and principal paydowns:		
Fixed maturity securities	39,989	47,146
Mortgage loans	9,234	14,120
Real estate	470	55
Policy loans	903	873
Other investments	2,650	715
Property and equipment	—	31
Net sales of short-term investments	20,842	10,010
Net cash used	(21,283)	(17,685)

Kansas City Life Insurance Company
Consolidated Statements of Cash Flows - (Continued) (Unaudited)

	Quarter Ended March 31, 2024	Quarter Ended March 31, 2023
	(Unaudited)	
FINANCING ACTIVITIES		
Policyholder account balances - deposits	$ 48,722	$ 52,339
Withdrawals from policyholder account balances	(43,998)	(49,839)
Change in deposit asset on reinsurance, net	18,612	22,508
Net transfers from separate accounts	161	1,375
Change in other deposits	(1,309)	(4,841)
Cash dividends to stockholders	(1,356)	(1,356)
Net cash provided	20,832	20,186
Decrease in cash	(2,745)	(2,396)
Cash at beginning of year	9,695	7,768
Cash at end of period	$ 6,950	$ 5,372

Non-Cash Activity
There was no material non-cash activity during the quarters ended March 31, 2024 or 2023.

See accompanying Notes to Consolidated Financial Statements - (Unaudited)

1. Nature of Operations and Significant Accounting Policies

Basis of Presentation
The interim consolidated financial statements and the accompanying notes include the accounts of the consolidated entity (the Company) and its subsidiaries. Kansas City Life Insurance Company (Kansas City Life) is the parent company. Old American Insurance Company (Old American) and Grange Life Insurance Company (Grange Life) are wholly-owned insurance subsidiaries of Kansas City Life. The Company also has non-insurance subsidiaries that individually and collectively are not material. The terms "the Company," "we," "us," and "our" are used in these consolidated financial statements to refer to Kansas City Life and its subsidiaries.

We have three reportable business segments, which are defined based on the nature of the products and services offered: Individual Insurance, Group Insurance, and Old American. For additional information on our segments, please see Note 16 - Segment Information.

The interim consolidated financial statements were prepared on the basis of GAAP for interim financial reporting. Accordingly, they do not include all of the disclosures required by GAAP for complete financial statements. As such, these interim consolidated financial statements should be read in conjunction with our 2023 Annual Report, which is available on the OTC Markets Group website (*www.otcmarkets.com/stock/KCLI/filings*). The interim consolidated financial statements and the accompanying notes for the quarters ended March 31, 2024 and 2023 are unaudited. The consolidated financial statements and the accompanying notes for the year ended December 31, 2023 were audited. Management believes that the disclosures included herein are adequate to make the information presented not misleading and include all adjustments necessary to present fairly the financial position and the results of operations for all periods presented. The results of operations for any interim period are not necessarily indicative of operating results for a full year. Significant intercompany transactions have been eliminated in consolidation and certain immaterial reclassifications have been made to prior period results to conform with the current period's presentation.

The interim consolidated financial statements include estimates and assumptions relating to the reported amounts of certain assets and liabilities, the disclosure of contingent assets and liabilities at the date of the interim consolidated financial statements, and the reported amounts of certain revenue and expenses during the period. These estimates are inherently subject to change and actual results could differ from these estimates. Amounts are stated in thousands, except share data, security counts, or as otherwise noted.

Business Changes
There were no significant business changes during 2024 or 2023.

Current Economic Environment
While the pandemic's immediate shock has abated, its aftereffects continue to shape the economic landscape. Tight labor markets, ongoing supply chain disruptions (amplified by geopolitical tensions), and a shift towards remote work persist. These factors are contributing to persistent inflationary pressures, despite a notable easing in 2023.

The United States economy has demonstrated surprising resilience, with GDP growth exceeding historical trends. However, elevated inflation has persisted longer than anticipated, prompting the Federal Reserve to maintain current interest rates and quantitative tightening policies. This stance, while necessary to combat inflation, has delayed market expectations for rate cuts and caused a repricing of fixed-income assets.

The current environment presents both opportunities and challenges for investors. Higher yields offer attractive reinvestment options for fixed income; however, some existing holdings have experienced value depreciation. A prolonged period of tight monetary policy raises concerns about a potential recession, which could increase the risk of asset impairments, defaults, and delinquencies.

Significant Accounting Policies
Please refer to our 2023 Annual Report for a full discussion of our significant accounting policies. No significant updates or changes to these policies occurred during the quarter ended March 31, 2024.

2. New Accounting Pronouncements

Accounting Pronouncements Adopted During 2024

In November 2023, the FASB issued Accounting Standards Update (ASU) No. 2023-07 Improvements to Reportable Segment Disclosures. This update requires enhanced disclosures about significant segment expenses. Public entities are required to disclose significant segment expenses and other segment items by reportable segment that are regularly provided to the chief operating decision maker and included within each reported measure of segment profit or loss. This update also requires additional disclosure requirements, including interim disclosures. This guidance is effective for annual periods beginning on January 1, 2024 for calendar-year-end public entities, and interim periods within fiscal years beginning on January 1, 2025. We adopted this guidance on January 1, 2024. The guidance does not impact our earnings or financial position as the pronouncement only impacts disclosures.

Accounting Pronouncements Issued, Not Yet Adopted

In August 2018, the FASB issued ASU No. 2018-12 Targeted Improvements to the Accounting for Long-Duration Contracts. This update modifies the existing recognition, measurement, presentation, and disclosure requirements in ASC 944 Financial Services - Insurance (Topic 944).

- It requires insurance entities to (1) review and update the assumptions used to measure cash flows at least annually and (2) update the discount rate assumption at each reporting date. The change in the liability estimate as a result of updating cash flow assumptions is required to be recognized in net income. The change in the liability estimate as a result of updating the discount rate assumption is required to be recognized in other comprehensive income. Expected future cash flows are required to be discounted at an upper-medium grade (low-credit-risk) fixed income instrument yield that maximizes the use of observable market inputs.

- It simplifies the accounting for certain market-based options or guarantees associated with deposit contracts by requiring insurance entities to measure them at fair value. The portion of any change in fair value attributable to a change in the instrument-specific credit risk is required to be recognized in other comprehensive income.

- It simplifies the amortization of deferred acquisition costs by requiring amortization on a constant level basis over the expected term of the related contracts. Deferred acquisition costs are required to be written off for unexpected contract terminations but are not subject to an impairment test.

- It improves the effectiveness of the required disclosures. It requires an insurance entity to provide disaggregated rollforwards of beginning to ending balances of the liability for future policy benefits, policyholder account balances, market risk benefits, separate account liabilities, and deferred acquisition costs. It also requires disclosures regarding significant inputs, judgments, assumptions, and methods used in measurement, including changes in those inputs, judgments, and assumptions, and the effect of those changes on measurement.

The original effective date for this guidance was for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020. The FASB deferred the effective date of this guidance to fiscal years beginning after December 15, 2024, and interim periods within fiscal years beginning after December 15, 2025. Accordingly, our required adoption date for this guidance is January 1, 2025. We are currently gathering data and reviewing our valuation modeling and assessing our internal controls in order to implement this guidance. Further, we are also reviewing our financial reporting and related disclosures that will be presented at adoption.

In December 2023, the FASB issued ASU No. 2023-09 Improvements to Income Tax Disclosures. This update requires public business entities to disclose specific categories in the rate reconciliation and provide information for reconciling items that meet a quantitative threshold on an annual basis. The amendments in this update also require entities to disclose information regarding income taxes paid on an annual basis. Furthermore, this update requires additional disclosures and eliminates specific, previously-required disclosures. This guidance is effective for annual periods beginning on January 1, 2025 for calendar-year-end public business entities. We are currently evaluating this guidance.

All other new accounting standards and updates of existing standards issued through the date of this filing were considered by management and did not relate to accounting policies and procedures pertinent to us at this time or were not expected to have a material impact to the consolidated financial statements.

3. Investments

Fixed Maturity Securities

Securities by Asset Class
The following table provides amortized cost and fair value of fixed maturity securities by asset class at March 31, 2024.

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Treasury securities and obligations of U.S. Government	$ 102,269	$ 29	$ 7,257	$ 95,041
Federal agency issued residential mortgage-backed securities [1]	51,580	70	5,386	46,264
Subtotal	153,849	99	12,643	141,305
Corporate obligations:				
Industrial	360,592	2,767	34,146	329,213
Energy	79,494	1,279	2,167	78,606
Communications and technology	193,090	1,528	16,814	177,804
Financial	431,915	2,357	43,693	390,579
Consumer	479,041	1,951	50,654	430,338
Public utilities	335,194	3,046	38,978	299,262
Subtotal	1,879,326	12,928	186,452	1,705,802
Municipal securities	288,404	3,063	20,682	270,785
Asset-backed securities and collateralized loan obligations	252,531	760	7,006	246,285
Redeemable preferred stocks	3,000	—	628	2,372
.	$ 2,577,110	$ 16,850	$ 227,411	$ 2,366,549

[1] Federal agency securities are not backed by the full faith and credit of the U.S. Government.

The following table provides amortized cost and fair value of fixed maturity securities by asset class at December 31, 2023.

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Treasury securities and obligations of U.S. Government	$ 103,181	$ 57	$ 6,092	$ 97,146
Federal agency issued residential mortgage-backed securities [1]	53,337	116	4,760	48,693
Subtotal	156,518	173	10,852	145,839
Corporate obligations:				
Industrial	350,341	4,219	29,754	324,806
Energy	79,624	1,590	2,069	79,145
Communications and technology	186,881	2,348	14,507	174,722
Financial	425,726	3,184	41,805	387,105
Consumer	462,690	2,846	44,955	420,581
Public utilities	339,962	4,518	35,199	309,281
Subtotal	1,845,224	18,705	168,289	1,695,640
Municipal securities	278,044	4,128	19,333	262,839
Asset-backed securities and collateralized loan obligations	252,615	680	7,970	245,325
Redeemable preferred stocks	3,000	—	600	2,400
Total	$ 2,535,401	$ 23,686	$ 207,044	$ 2,352,043

[1] Federal agency securities are not backed by the full faith and credit of the U.S. Government.

The following table provides information on fixed maturity securities available for sale by actual or equivalent Standard & Poor's rating with the percent of total fair value identified.

	March 31, 2024			December 31, 2023		
	Amortized Cost	Fair Value	% of Total	Amortized Cost	Fair Value	% of Total
AAA	$ 229,351	$ 220,260	9 %	$ 227,349	$ 220,332	9 %
AA	551,180	510,006	22 %	550,697	514,114	22 %
A	810,759	728,846	31 %	808,291	736,569	31 %
BBB	963,407	886,337	37 %	921,748	855,468	37 %
Total investment grade	2,554,697	2,345,449	99 %	2,508,085	2,326,483	99 %
BB	17,427	16,298	1 %	20,930	19,569	1 %
B and below	4,986	4,802	— %	6,386	5,991	— %
Total below investment grade	22,413	21,100	1 %	27,316	25,560	1 %
Total	$ 2,577,110	$ 2,366,549	100 %	$ 2,535,401	$ 2,352,043	100 %

Contractual Maturities

The following table provides the distribution of maturities for fixed maturity securities available for sale. Expected maturities may differ from these contractual maturities since issuers or borrowers may have the right to call or prepay obligations.

	March 31, 2024		December 31, 2023	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in one year or less	$ 86,079	$ 85,185	$ 80,994	$ 80,073
Due after one year through five years	443,268	428,906	440,612	428,065
Due after five years through ten years	776,827	719,658	763,348	710,972
Due after ten years	1,157,769	1,031,337	1,134,814	1,027,362
Securities with variable principal payments	110,167	99,091	112,633	103,171
Redeemable preferred stocks	3,000	2,372	3,000	2,400
Total	$ 2,577,110	$ 2,366,549	$ 2,535,401	$ 2,352,043

Unrealized Losses on Investments

At the end of each quarter, all fixed maturity securities are reviewed to determine whether impairments exist and whether impairments are credit-related. Securities with identified credit impairment are further evaluated to determine whether a full recovery is expected. If a full recovery is expected, no allowance for credit losses is recorded. If a full recovery is not expected, an allowance for credit losses equal to the identified credit impairment is recorded. This quarterly process includes an assessment of the credit quality of each investment in the entire securities portfolio.

We consider relevant facts and circumstances in performing the credit loss evaluation of a security. Relevant facts and circumstances considered include but are not limited to:

- The current fair value of the security as compared to amortized cost;
- The credit rating of the security;
- The extent to which the fair value is less than amortized cost;
- The financial position of the issuer, including the current and future impact of any specific events, material declines or negative changes in the issuer’s revenues, margins, cash positions, liquidity issues, asset quality, debt levels, and income results;
- Significant management or organizational changes of the issuer;
- Significant uncertainty regarding the issuer’s industry;
- Violation of financial covenants;
- Consideration of information or evidence that supports recovery;
- The intent and ability to hold a security until it recovers in value;
- Whether we intend to sell the security and whether it is more likely than not that we will be required to sell the security before recovery of the amortized cost basis; and
- Other business factors related to the issuer’s industry.

Once a security is determined to have met certain of the criteria for credit loss, further information is gathered and evaluated pertaining to the particular security. If the security is an unsecured obligation, the additional research is a top-down approach with particular emphasis on the likelihood of the issuer to meet the contractual terms of the obligation. If the security is secured by an asset or guaranteed by another party, the value of the underlying secured asset or the financial ability of the third-party guarantor is evaluated as a secondary source of repayment. Such research is based upon a top-down approach, narrowing to the specific estimates of value and cash flow of the underlying secured asset or guarantor. If the security is a collateralized obligation, such as a mortgage-backed or other asset-backed instrument, research is also conducted to obtain and analyze the performance of the collateral relative to expectations at the time of acquisition and with regard to projections for the future. Such analyses are based upon historical results, trends, comparisons to collateral performance of similar securities, and analyses performed by third parties. This information is used to develop projected cash flows that are compared to the amortized cost of the security.

We may selectively determine that we no longer intend to retain a specific issue to its maturity. If we make this determination and the fair value is less than the cost basis, the investment is written down to the fair value. Subsequently, we seek to obtain the best possible outcome available for this specific issue and record an investment gain or loss at the disposal date.

To the extent we determine a credit loss exists for a fixed maturity security, the portion of the impairment that is deemed to be credit-related is charged to earnings in the Consolidated Statements of Comprehensive Income. The portion of such impairment that is determined to be non-credit related is reflected in Other Comprehensive Income (Loss) and Accumulated Other Comprehensive Loss.

The Company assesses current expected credit losses quarterly. Subsequent increases or decreases in the expected cash flow from the security result in corresponding decreases or increases in the allowance which are recognized in earnings and reported within investment revenues. However, the previously recorded allowance is not reduced to an amount below zero. When the Company has the intent to sell the security, or it is more likely than not that the Company will be required to sell the security before recovery of its amortized cost, any allowance is written off and the amortized cost is written down to estimated fair value through a charge to realized investment gains or losses, which becomes the new amortized cost of the security.

The following table provides information regarding fixed maturity securities available for sale with unrealized losses by asset class and by length of time that individual securities have been in a continuous unrealized loss position at March 31, 2024.

	Less Than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. Treasury securities and obligations of U.S. Government	$ 5,067	$ 67	$ 87,999	$ 7,190	$ 93,066	$ 7,257
Federal agency issued residential mortgage-backed securities [1]	1,992	25	40,568	5,361	42,560	5,386
Subtotal	7,059	92	128,567	12,551	135,626	12,643
Corporate obligations:						
Industrial	26,491	360	224,693	33,786	251,184	34,146
Energy	10,869	156	35,576	2,011	46,445	2,167
Communications and technology	14,339	411	108,713	16,403	123,052	16,814
Financial	12,178	1,801	287,040	41,892	299,218	43,693
Consumer	29,089	811	328,641	49,843	357,730	50,654
Public utilities	15,078	301	215,974	38,677	231,052	38,978
Subtotal	108,044	3,840	1,200,637	182,612	1,308,681	186,452
Municipal securities	11,359	140	174,766	20,542	186,125	20,682
Asset-backed securities and collateralized loan obligations	1,882	32	109,903	6,974	111,785	7,006
Redeemable preferred stocks	—	—	2,372	628	2,372	628
Total	$ 128,344	$ 4,104	$1,616,245	$ 223,307	$1,744,589	$ 227,411

[1] Federal agency securities are not backed by the full faith and credit of the U.S. Government.

The following table provides information regarding fixed maturity securities available for sale with unrealized losses by asset class and by length of time that individual securities have been in a continuous unrealized loss position at December 31, 2023.

	Less Than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. Treasury securities and obligations of U.S. Government	$ —	$ —	$ 94,944	$ 6,092	$ 94,944	$ 6,092
Federal agency issued residential mortgage-backed securities [1]	99	1	43,177	4,759	43,276	4,760
Subtotal	99	1	138,121	10,851	138,220	10,852
Corporate obligations:						
Industrial	2,411	70	229,706	29,684	232,117	29,754
Energy	5,654	329	37,412	1,740	43,066	2,069
Communications and technology	8,682	401	107,975	14,106	116,657	14,507
Financial	12,781	1,148	290,237	40,657	303,018	41,805
Consumer	5,277	383	340,396	44,572	345,673	44,955
Public utilities	5,852	117	221,310	35,082	227,162	35,199
Subtotal	40,657	2,448	1,227,036	165,841	1,267,693	168,289
Municipal securities	7,028	189	180,564	19,144	187,592	19,333
Asset-backed securities and collateralized loan obligations	1,896	16	149,413	7,954	151,309	7,970
Redeemable preferred stocks	—	—	2,400	600	2,400	600
Total	$ 49,680	$ 2,654	$1,697,534	$ 204,390	$1,747,214	$ 207,044

[1] Federal agency securities are not backed by the full faith and credit of the U.S. Government.

The following table provides information regarding the number of fixed maturity securities with unrealized losses.

	March 31, 2024	December 31, 2023
Below cost for less than one year	105	36
Below cost for one year or more and less than three years	1,015	1,105
Below cost for three years or more	108	30
Total	1,228	1,171

We do not consider the unrealized losses related to these securities to be credit-related. The unrealized losses at both March 31, 2024 and December 31, 2023 primarily related to changes in interest rates and market spreads subsequent to purchase. A substantial portion of investment securities that have unrealized losses are either corporate debt issued with investment grade credit ratings or other investment securities.

The following table summarizes investments in fixed maturity securities available for sale with unrealized losses at March 31, 2024.

	Amortized Cost	Fair Value	Gross Unrealized Losses
Unrealized losses of 10% or less	$ 1,017,953	$ 971,845	$ 46,108
Unrealized losses of 20% or less and greater than 10%	619,938	526,453	93,485
Subtotal	1,637,891	1,498,298	139,593
Unrealized losses greater than 20%:			
Investment grade	334,109	246,291	87,818
Below investment grade	—	—	—
Total	$ 1,972,000	$ 1,744,589	$ 227,411

The following table summarizes investments in fixed maturity securities available for sale with unrealized losses at December 31, 2023.

	Amortized Cost	Fair Value	Gross Unrealized Losses
Unrealized losses of 10% or less	$ 1,067,807	$ 1,022,458	$ 45,349
Unrealized losses of 20% or less and greater than 10%	606,600	516,588	90,012
Subtotal	1,674,407	1,539,046	135,361
Unrealized losses greater than 20%:			
Investment grade	278,851	207,402	71,449
Below investment grade	1,000	766	234
Total	$ 1,954,258	$ 1,747,214	$ 207,044

The following table provides information on fixed maturity securities available for sale with unrealized losses by actual or equivalent Standard & Poor's rating at March 31, 2024.

	Fair Value	% of Total	Gross Unrealized Losses	% of Total
AAA	$ 118,753	7 %	$ 11,079	5 %
AA	368,991	21 %	44,536	19 %
A	574,941	33 %	86,697	38 %
BBB	667,365	38 %	83,666	37 %
Total investment grade	1,730,050	99 %	225,978	99 %
BB	12,471	1 %	1,153	1 %
B and below	2,068	— %	280	— %
Total below investment grade	14,539	1 %	1,433	1 %
	$ 1,744,589	100 %	$ 227,411	100 %

The following table provides information on fixed maturity securities available for sale with unrealized losses by actual or equivalent Standard & Poor's rating at December 31, 2023.

	Fair Value	% of Total	Gross Unrealized Losses	% of Total
AAA	$ 122,309	7 %	$ 9,604	4 %
AA	407,723	24 %	40,935	20 %
A	578,589	33 %	78,920	38 %
BBB	614,737	35 %	75,815	37 %
Total investment grade	1,723,358	99 %	205,274	99 %
BB	17,865	1 %	1,375	1 %
B and below	5,991	— %	395	— %
Total below investment grade	23,856	1 %	1,770	1 %
	$ 1,747,214	100 %	$ 207,044	100 %

We monitor structured securities through a combination of an analysis of vintage, credit ratings, and other factors. Structured securities include asset-backed, residential mortgage-backed securities, collateralized debt obligations, and other collateralized obligations.

The following tables identify structured securities by credit ratings for all vintages owned.

	March 31, 2024		
	Fair Value	Amortized Cost	Unrealized Losses
Structured securities:			
Investment grade	$ 244,503	$ 250,516	$ (6,013)
Below investment grade	1,782	2,015	(233)
Total structured securities	$ 246,285	$ 252,531	$ (6,246)

	December 31, 2023		
	Fair Value	Amortized Cost	Unrealized Losses
Structured securities:			
Investment grade	$ 243,564	$ 250,561	$ (6,997)
Below investment grade	1,761	2,054	(293)
Total structured securities	$ 245,325	$ 252,615	$ (7,290)

The following table provides a rollforward of the allowance for credit losses for fixed maturity securities.

	Quarter Ended March 31, 2024	Quarter Ended March 31, 2023
Beginning balance	$ —	$ —
Additions for credit losses not previously recorded	—	540
Additions (reductions) for credit losses recorded in a previous period	—	—
End of period	$ —	$ 540

Investment Revenues

The following table provides investment revenues by major category.

	Quarter Ended March 31,			
	2024	2023	$ Change	% Change
Gross investment income from invested assets:				
Fixed maturity securities	$ 27,697	$ 25,398	$ 2,299	9 %
Equity securities	15	46	(31)	(67)%
Mortgage loans	6,392	5,918	474	8 %
Real estate	3,235	5,025	(1,790)	(36)%
Policy loans	1,282	1,285	(3)	— %
Short-term investments	900	446	454	102 %
Other	363	348	15	4 %
Total	39,884	38,466	1,418	4 %
Less investment expenses	(3,138)	(4,431)	1,293	29 %
Net investment income - invested assets	36,746	34,035	2,711	8 %
Net investment income - deposit-type reinsurance [1]	3,731	4,323	(592)	(14)%
Net investment income	$ 40,477	$ 38,358	$ 2,119	6 %

[1] Includes investment income from the deposit-type reinsurance transaction. See Note 13 - Reinsurance.

Investment Gains (Losses)

The following table provides detail concerning investment gains and losses.

	Quarter Ended March 31, 2024	Quarter Ended March 31, 2023
Gross gains resulting from:		
Sales of investment securities	$ 1	$ 11
Investment securities called and other	—	260
Sales of real estate and joint ventures	24	—
Total gross gains	25	271
Gross losses resulting from:		
Sales of investment securities	(35)	—
Investment securities called and other	(720)	—
Sales of real estate and joint ventures	(145)	—
Mortgage loans	—	(13)
Total gross losses	(900)	(13)
Change in allowance for credit losses:		
Fixed maturity securities	—	(540)
Mortgage loans	(17)	(48)
Total change in allowance for credit losses	(17)	(588)
Change in fair value:		
Equity securities	68	(52)
Other investments	2,204	1,065
Total change in fair value	2,272	1,013
Net investment gains	$ 1,380	$ 683

Proceeds from Sales of Investment Securities

The following table provides proceeds from the sale of fixed maturity and equity securities, excluding maturities and calls.

	Quarter Ended March 31, 2024	Quarter Ended March 31, 2023
Proceeds	$ 1,200	$ 2,007

Mortgage Loans
Investments in mortgage loans totaled $584.5 million at March 31, 2024, compared to $592.3 million at December 31, 2023. Our mortgage loans are secured by commercial real estate and are stated at cost, adjusted for premium amortization and discount accretion, less an allowance for credit losses. We believe this allowance is at a level adequate to absorb estimated credit losses. This allowance was $1.6 million at both March 31, 2024 and December 31, 2023. Our periodic evaluation and assessment of the adequacy of the allowance is based on known and inherent risks in the portfolio, historical and industry data, current economic conditions, and other relevant factors.

Commercial mortgage loans represented 18% of our total investments at both March 31, 2024 and December 31, 2023. In addition to the subject collateral underlying the mortgage, we may require some amount of recourse from borrowers as another potential source of repayment should the loan default. Any recourse requirement deemed necessary is determined as part of the underwriting requirements of each loan. The average loan-to-value ratio for the overall portfolio was 47% at both March 31, 2024 and December 31, 2023. This ratio is based upon the current balance of loans relative to the appraisal of value at the time the loan was originated or acquired. Additionally, we may receive fees when borrowers prepay their mortgage loans. For additional information on mortgage loans, please see Note 5 - Financing Receivables.

We may refinance commercial mortgage loans prior to contractual maturity as a means of retaining loans that meet our underwriting and pricing parameters. We refinanced one loan with a total outstanding balance of $0.6 million during the quarter ended March 31, 2024. We refinanced two loans with a total outstanding balance of $3.9 million during the quarter ended March 31, 2023. At March 31, 2024 and December 31, 2023, we did not have any loan defaults and no material contract modifications, deferrals, or forbearance agreements had been executed. For additional information, please see Note 5 - Financing Receivables.

In the normal course of business, we commit to fund commercial mortgage loans generally up to 120 days in advance. These commitments typically have fixed expiration dates. A small percentage of commitments expire due to the borrower's failure to deliver the requirements of the commitment by the expiration date. In these cases, the commitment fee is retained. For additional information, please see Note 17 - Commitments, Contingent Liabilities, Guarantees, and Indemnifications.

4. Fair Value Measurements

Under GAAP, fair value represents the price that would be received to sell an asset or paid to transfer a liability (exit price) in an orderly transaction between market participants at the measurement date. We maximize the use of observable inputs and minimize the use of unobservable inputs when developing fair value measurements.

We follow the fair value hierarchy under existing GAAP requirements. No changes were made to our categories as disclosed in our 2023 Annual Report. Please refer to our 2023 Annual Report for a full discussion of the fair value hierarchy and our policies regarding fair value measurements.

The following tables present the fair value hierarchy for those assets and liabilities reported at fair value on a recurring basis.

	March 31, 2024			
	Level 1	Level 2	Level 3	Total
Assets:				
U.S. Treasury securities and obligations of U.S. Government	$ 9,101	$ 85,940	$ —	$ 95,041
Federal agency issued residential mortgage-backed securities [1]	—	46,264	—	46,264
Subtotal	9,101	132,204	—	141,305
Corporate obligations:				
Industrial	—	329,213	—	329,213
Energy	—	78,606	—	78,606
Communications and technology	—	177,804	—	177,804
Financial	—	390,579	—	390,579
Consumer	—	430,338	—	430,338
Public utilities	—	299,262	—	299,262
Subtotal	—	1,705,802	—	1,705,802
Municipal securities	—	270,785	—	270,785
Asset-backed securities and collateralized loan obligations	—	236,285	10,000	246,285
Redeemable preferred stocks	—	2,372	—	2,372
Fixed maturity securities	9,101	2,347,448	10,000	2,366,549
Equity securities	151	437	334	922
Short-term investments	70,727	—	—	70,727
Other investments	—	10,741	314	11,055
Separate account assets	—	412,661	—	412,661
Total	$ 79,979	$ 2,771,287	$ 10,648	$ 2,861,914
Percent of total	3 %	97 %	— %	100 %
Liabilities:				
Policyholder account balances:				
Indexed universal life	$ —	$ —	$ 8,847	$ 8,847
Other policyholder funds:				
Guaranteed minimum withdrawal benefits	—	—	(3,806)	(3,806)
Separate account liabilities	—	412,661	—	412,661
Total	$ —	$ 412,661	$ 5,041	$ 417,702

[1] Federal agency securities are not backed by the full faith and credit of the U.S. Government.

	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Assets:				
U.S. Treasury securities and obligations of U.S. Government	$ 9,108	$ 88,038	$ —	$ 97,146
Federal agency issued residential mortgage-backed securities [1]	—	48,693	—	48,693
Subtotal	9,108	136,731	—	145,839
Corporate obligations:				
Industrial	—	324,806	—	324,806
Energy	—	79,145	—	79,145
Communications and technology	—	174,722	—	174,722
Financial	—	387,105	—	387,105
Consumer	—	420,581	—	420,581
Public utilities	—	309,281	—	309,281
Subtotal	—	1,695,640	—	1,695,640
Municipal securities	—	262,839	—	262,839
Asset-backed securities and collateralized loan obligations	—	235,325	10,000	245,325
Redeemable preferred stocks	—	2,400	—	2,400
Fixed maturity securities	9,108	2,332,935	10,000	2,352,043
Equity securities	146	446	253	845
Short-term investments	91,569	—	—	91,569
Other investments	—	9,009	308	9,317
Separate account assets	—	395,946	—	395,946
Total	$ 100,823	$ 2,738,336	$ 10,561	$ 2,849,720
Percent of total	4 %	96 %	— %	100 %
Liabilities:				
Policyholder account balances:				
Indexed universal life	$ —	$ —	$ 7,634	$ 7,634
Other policyholder funds:				
Guaranteed minimum withdrawal benefits	—	—	(2,992)	(2,992)
Separate account liabilities	—	395,946	—	395,946
Total	$ —	$ 395,946	$ 4,642	$ 400,588

[1] Federal agency securities are not backed by the full faith and credit of the U.S. Government.

The changes in Level 3 assets and liabilities measured at fair value on a recurring basis are summarized below.

	Quarter Ended March 31, 2024		
	Assets	Liabilities	
	Fixed Maturity Securities, Equity Securities and Other Investments	Indexed Universal Life	GMWB
Beginning balance	$ 10,561	$ 7,634	$ (2,992)
Included in earnings	87	1,213	(896)
Included in other comprehensive income (loss)	—	—	—
Purchases, issuances, sales and other dispositions:			
Purchases	—	—	—
Issuances	—	—	8
Sales	—	—	—
Other dispositions	—	—	74
Transfers out of Level 3	—	—	—
Ending balance	$ 10,648	$ 8,847	$ (3,806)

	Quarter Ended March 31, 2023		
	Assets	Liabilities	
	Equity Securities and Other Investments	Indexed Universal Life	GMWB
Beginning balance	$ 778	$ 2,802	$ (2,849)
Included in earnings	(123)	2,260	387
Included in other comprehensive income (loss)	—	—	—
Purchases, issuances, sales and other dispositions:			
Purchases	—	—	—
Issuances	—	—	13
Sales	—	—	—
Other dispositions	—	—	80
Transfers out of Level 3	—	—	—
Ending balance	$ 655	$ 5,062	$ (2,369)

We did not have any transfers between any levels during the quarters ended March 31, 2024 or 2023.

We use the Black Scholes valuation method, including parameters for market volatility, risk-free rate, and index level, for the indexed universal life liabilities categorized as Level 3. We also use a 100% persistency assumption. Persistency of the business is an unobservable input.

The GMWB liability is sensitive to changes in observable and unobservable inputs. Observable inputs include risk-free rates, index returns, volatilities, and correlations. Increases in risk-free rates and equity returns reduce the liability, while increases in volatilities increase the liability. Unobservable inputs include mortality, lapse, benefit utilization, and nonperformance risk adjustments. Increases in mortality, lapses, and credit spreads used for nonperformance risk reduce the liability, while increases in benefit utilization increase the liability. Please refer to our 2023 Annual Report for information regarding the valuation method for the GMWB liability and the unobservable inputs and ranges used in the valuation of those financial instruments. The valuation method, unobservable inputs, and ranges used had not materially changed at March 31, 2024.

The following tables present a summary of fair value estimates for financial instruments not recorded at fair value on a recurring basis but required to be disclosed at fair value. Assets and liabilities that are not financial instruments are not included in this disclosure. The total of the fair value calculations presented below may not be indicative of the value that can be obtained.

	March 31, 2024				
	Fair Value				Carrying Value
	Level 1	Level 2	Level 3	Total	
Assets:					
Investments:					
Mortgage loans	$ —	$ —	$ 538,612	$ 538,612	$ 584,506
Policy loans	—	—	83,904	83,904	83,904
Other investments	—	6,725	—	6,725	6,725
Liabilities:					
Individual and group annuities	—	—	1,036,674	1,036,674	1,053,541
Supplementary contracts and annuities without life contingencies	—	—	47,878	47,878	51,785
Policyholder account balances:					
Funding agreement	—	101,055	—	101,055	101,055

	December 31, 2023				
	Fair Value				Carrying Value
	Level 1	Level 2	Level 3	Total	
Assets:					
Investments:					
Mortgage loans	$ —	$ —	$ 551,387	$ 551,387	$ 592,328
Policy loans	—	—	84,025	84,025	84,025
Other investments	—	6,671	—	6,671	6,671
Liabilities:					
Individual and group annuities	—	—	1,050,117	1,050,117	1,066,702
Supplementary contracts and annuities without life contingencies	—	—	52,117	52,117	56,026
Policyholder account balances:					
Funding agreement	—	101,092	—	101,092	101,092

5. Financing Receivables

We have financing receivables with specific maturity dates that are recognized as assets in the Consolidated Balance Sheets.

The following table identifies financing receivables by classification amount.

	March 31, 2024	December 31, 2023
Agent receivables, net (allowance for credit losses: 2024 - \$187; 2023 - \$192)	\$ 1,713	\$ 1,662
Investment-related financing receivables:		
Mortgage loans, net (allowance for credit losses: 2024 - \$1,598; 2023 - \$1,581)	584,506	592,328
Total financing receivables	\$ 586,219	\$ 593,990

Agent Receivables

We have certain agent receivables that are classified as financing receivables. These receivables from agents are specifically assessed for collectibility and are reduced by an allowance. Agent receivables are included in Other Assets in the Consolidated Balance Sheets.

The following table details the gross receivables, allowance, and net receivables for the two types of agent receivables.

	March 31, 2024			December 31, 2023		
	Gross Receivables	Allowance for Credit Losses	Net Receivables	Gross Receivables	Allowance for Credit Losses	Net Receivables
Agent specific loans	\$ 485	\$ 143	\$ 342	\$ 491	\$ 144	\$ 347
Other agent receivables	1,415	44	1,371	1,363	48	1,315
Total	\$ 1,900	\$ 187	\$ 1,713	\$ 1,854	\$ 192	\$ 1,662

The following table provides a rollforward of the allowance for credit losses for agent receivables.

	Quarter Ended March 31,	
	2024	2023
Beginning balance	\$ 192	\$ 198
Additions for credit losses not previously recorded	—	—
Additions (reductions) for credit losses recorded in a previous period	(5)	(27)
End of period	\$ 187	\$ 171

Mortgage Loans

We classify our mortgage loan portfolio as long-term financing receivables.

The following table details the mortgage loan portfolio as collectively or individually evaluated for impairment.

	March 31, 2024	December 31, 2023
Mortgage loans collectively evaluated for impairment	\$ 586,104	\$ 593,909
Mortgage loans individually evaluated for impairment	—	—
Allowance for credit losses	(1,598)	(1,581)
Carrying value	\$ 584,506	\$ 592,328

There were no mortgage loans that were past due at March 31, 2024 or at December 31, 2023.

We had no troubled debt restructurings during the quarters ended March 31, 2024 or 2023.

The following table provides a rollforward of the allowance for credit losses for mortgage loans.

	Quarter Ended March 31,	
	2024	2023
Beginning of balance	$ 1,581	$ 2,753
Provision for adoption of ASU No. 2016-13 [1]	—	(1,060)
Additions for credit losses not previously recorded	8	48
Additions (reductions) for credit losses recorded in a previous period	9	—
End of period	$ 1,598	$ 1,741

[1] ASU No. 2016-13 Measurement of Credit Losses on Financial Instruments

Please refer to our 2023 Annual Report for additional information regarding our mortgage loans.

6. Variable Interest Entities (VIEs)

We invest in certain affordable housing and real estate joint ventures that are classified as VIEs. These VIEs are included in Real Estate in the Consolidated Balance Sheets. We also invest in certain alternative investment funds. These VIEs are included in Other Investments in the Consolidated Balance Sheets. Please refer to our 2023 Annual Report for a full discussion of our VIEs.

We amortize the initial cost of affordable housing VIE investments in proportion to the tax credits and other tax benefits received and recognize the net investment performance in the Consolidated Statements of Comprehensive Income as a component of Income Tax Expense. The tax credits reduce tax expense while the amortization increases tax expense.

The following table provides information regarding our affordable housing VIE investments that generate tax credits and related amortization.

	Quarter Ended March 31,	
	2024	2023
Federal income tax credits realized	$ —	$ —
Amortization	14	37

Investments in the affordable housing and real estate joint ventures are interests that absorb portions of the VIE's expected losses. These investments also receive portions of expected residual returns of the VIE's net assets exclusive of variable interests. We make an assessment of whether we are the primary beneficiary of a VIE at the time of the initial investment and on an ongoing basis thereafter.

The following table presents the carrying amount and maximum exposure to loss relating to VIEs for which we hold a variable interest, but are not the primary beneficiary, and which had not been consolidated at March 31, 2024 and December 31, 2023. The table includes investments in two real estate joint ventures, four affordable housing real estate joint ventures, and six alternative investment funds at March 31, 2024. The table includes investments in two real estate joint ventures, five affordable housing real estate joint ventures, and five alternative investment funds at December 31, 2023.

	March 31, 2024		December 31, 2023	
	Carrying Amount	Maximum Exposure to Loss	Carrying Amount	Maximum Exposure to Loss
Real estate joint ventures	$ 7,170	$ 15,610	$ 7,213	$ 14,771
Affordable housing real estate joint ventures	1,323	6,084	1,481	6,243
Alternative investment funds	29,236	68,625	24,824	68,304
Total	$ 37,729	$ 90,319	$ 33,518	$ 89,318

The maximum exposure to loss relating to the real estate joint ventures, affordable housing real estate joint ventures, and alternative investment funds is equal to the carrying amounts plus any unfunded equity commitments, exposure to potential recapture of tax credits, guarantees of debt, or other obligations of the VIE with recourse. Unfunded equity and loan commitments typically require financial or operating performance by other parties and have not yet become due or payable, but which may become due in the future.

At March 31, 2024 and December 31, 2023, we had no equity commitments outstanding to the real estate joint venture VIEs and no contingent commitments to fund additional equity contributions for operating support to real estate joint venture VIEs. At March 31, 2024, we had unfunded commitments of $39.4 million for additional alternative investment funds. At December 31, 2023, we had unfunded commitments of $43.5 million for additional alternative investment funds.

The maximum exposure to loss on affordable housing joint ventures included $4.8 million of losses which could be realized if the tax credits received by the VIEs were recaptured at both March 31, 2024 and December 31, 2023. Recapture events would cause us to reverse some or all of the benefit previously recognized by us or third parties to whom the tax credit interests were transferred. A recapture event can occur at any time during a 15-year required compliance period. The principal causes of recapture include financial default and non-compliance with affordable housing program requirements by the properties controlled by the VIE. Guarantees from the managing member or managing partner in the VIE, insurance contracts, or changes in the residual value accruing to our interests in the VIE may mitigate the potential exposure due to recapture.

7. Separate Accounts

Separate account assets and liabilities arise from the sale of variable universal life insurance and variable annuity products. The separate account represents funds segregated for the benefit of certain policyholders who bear the investment risk. The assets are legally segregated and are not subject to claims which may arise from any other business of the Company. The separate account assets and liabilities, which are equal, are recorded at fair value based upon the net asset value (NAV) of the underlying investment holdings as derived from closing prices on a national exchange or as provided by the issuer. Policyholder account deposits and withdrawals, investment income, and realized investment gains and losses are excluded from the amounts reported in the Consolidated Statements of Comprehensive Income. Revenues from separate accounts consist principally of contract charges, which include maintenance charges, administrative fees, and mortality and expense charges.

We offer a GMWB rider that can be added to new or existing variable annuity contracts. The value of the separate accounts with the GMWB rider was recorded at fair value of $88.3 million at March 31, 2024. The fair value of the separate accounts with the GMWB rider was $86.4 million at December 31, 2023. The GMWB guarantee liability was $(3.8) million at March 31, 2024 and $(3.0) million at December 31, 2023. The change in this value is included in Policyholder Benefits in the Consolidated Statements of Comprehensive Income. The value of variable annuity separate accounts with the GMWB rider is recorded in Separate Account Liabilities, and the value of the rider is included in Other Policyholder Funds in the Consolidated Balance Sheets.

We have two blocks of variable universal life policies and variable annuity contracts from which fees are received. The fees are based upon both specific transactions and the fund value of the blocks of policies. We have a direct block of ongoing business identified in the Consolidated Balance Sheets as Separate Account Assets, totaling $412.7 million at March 31, 2024 and $395.9 million at December 31, 2023, and corresponding Separate Account Liabilities of equal amounts. The fixed-rate funds for these policies are included in our general account as policyholder account balances. The future policy benefits for the direct block approximated $0.1 million at both March 31, 2024 and December 31, 2023.

In addition, we have an assumed closed block of variable universal life and variable annuity business that totaled $361.9 million at March 31, 2024 and $347.6 million at December 31, 2023. As required under modified coinsurance transaction accounting, the assumed separate account fund balances are not recorded as separate accounts on our consolidated financial statements. Rather, the assumed fixed-rate funds for these policies of $34.4 million at both March 31, 2024 and December 31, 2023 are included in our general account as policyholder account balances. The future policy benefits for the assumed block approximated $0.5 million at both March 31, 2024 and December 31, 2023.

8. Unpaid Claims Liability and Short-Duration Contracts

The liability for unpaid claims is included with Policy and Contract Claims and Future Policy Benefits in the Consolidated Balance Sheets. Claim adjustment expenditures are expensed as incurred and were not material in any period presented.

The following tables present activity in the accident and health portion of the unpaid claims liability for the consolidated entity and the Group Insurance segment. The activity for the Individual Insurance and the Old American segments was not material for any period presented. Classified as policy and contract claims, but excluded from these tables due to immateriality, are amounts recorded for group life, individual life, and deferred annuities.

	Consolidated	
	Quarter Ended March 31,	
	2024	2023
Gross liability at beginning of the period	$ 34,198	$ 30,536
Less reinsurance recoverable	(24,966)	(22,574)
Net liability at beginning of the period	9,232	7,962
Incurred benefits related to:		
Current year	6,853	5,737
Prior years [1]	743	1,857
Total incurred benefits	7,596	7,594
Paid benefits related to:		
Current year	3,238	2,479
Prior years	4,037	4,873
Total paid benefits	7,275	7,352
Net liability at end of the period	9,553	8,204
Reinsurance recoverable	25,241	22,348
Gross liability at end of the period	$ 34,794	$ 30,552

[1] The incurred benefits related to prior years' unpaid accident and health claims reflect the change in these liabilities.

	Group Insurance Segment	
	Quarter Ended March 31,	
	2024	2023
Gross liability at beginning of the period	$ 31,707	$ 27,777
Less reinsurance recoverable	(22,673)	(20,006)
Net liability at beginning of the period	9,034	7,771
Incurred benefits related to:		
Current year	6,827	5,725
Prior years [1]	749	1,856
Total incurred benefits	7,576	7,581
Paid benefits related to:		
Current year	3,224	2,479
Prior years	4,021	4,853
Total paid benefits	7,245	7,332
Net liability at end of the period	9,365	8,020
Reinsurance recoverable	22,884	20,348
Gross liability at end of the period	$ 32,249	$ 28,368

[1] The incurred benefits related to prior years' unpaid accident and health claims reflect the change in these liabilities.

The following table presents the reconciliation of amounts in the above tables to Policy and Contract Claims and claim reserves that are included in Future Policy Benefits as presented in the Consolidated Balance Sheets.

	March 31,	
	2024	2023
Individual Insurance Segment:		
Individual accident and health	$ 531	$ 580
Individual life	44,144	47,730
Deferred annuity	5,723	5,692
Subtotal	50,398	54,002
Group Insurance Segment:		
Group accident and health	32,249	28,368
Group life	2,631	2,969
Subtotal	34,880	31,337
Old American Segment:		
Individual accident and health	2,014	1,604
Individual life	8,530	10,478
Subtotal	10,544	12,082
Total	$ 95,822	$ 97,421

For short-duration contracts, incurred-but-not-reported liabilities for the group long-term disability product that were included in the liability for unpaid claims and claim adjustment expenses, net of reinsurance, totaled $0.7 million at both March 31, 2024 and December 31, 2023.

9. Debt

Notes Payable
We had no notes payable outstanding at March 31, 2024 or December 31, 2023.

We had unsecured revolving lines of credit with two major commercial banks that totaled $80.0 million at both March 31, 2024, and December 31, 2023, with no balances outstanding. The lines of credit are at variable interest rates based upon short-term indices maturing in June of 2024. We anticipate renewing these lines of credit as they come due. One line of credit includes a $20.0 million portion that can be unconditionally canceled by the lending institution at its discretion at any time.

The Company has access to secured borrowings through repurchase agreements with two major financial counterparties. The Company had no transactions that occurred under these agreements during the first quarter of 2024 and had no outstanding borrowings as of March 31, 2024. The Company had no transactions that occurred under these agreements during the year ended December 31, 2023 and had no outstanding borrowings as of December 31, 2023. Any borrowings drawn under these agreements require a variable interest rate based upon short-term indices and approval from the counterparty at the time of the transaction. No securities are currently pledged under these agreements.

As a member of the Federal Home Loan Bank of Des Moines (FHLB), we have the ability to borrow on a collateralized basis from the FHLB. Through this membership, we have a specific borrowing capacity based upon the amount of collateral we establish. At March 31, 2024, collateral comprised primarily of securities and mortgages in the amount of $319.3 million, with a fair value of $285.1 million, were pledged to the FHLB, providing a borrowing capacity of $233.3 million. At December 31, 2023, collateral comprised primarily of securities and mortgages in the amount of $324.2 million, with a fair value of $286.6 million, were pledged to the FHLB, providing a borrowing capacity of $224.2 million. The interest rates are variable and are set by the FHLB at the time of the advance. The Company's capital investment in the FHLB totaled $6.7 million at both March 31, 2024 and December 31, 2023 and is included in Other Investments in the Consolidated Balance Sheets. Dividends received on this capital investment totaled $0.1 million for the first quarter of 2024 and $0.1 million for the first quarter of 2023.

Funding Agreement
The Company has advance funding agreements with the FHLB. Under the agreements, the Company pledges collateral in the form of fixed maturity securities and commercial mortgage loans and receives cash, which is then reinvested, primarily into other fixed maturity securities that have a variable interest rate. Securities pledged as collateral may not be sold or re-pledged by the Company. The investments pledged and outstanding advance agreements are included in the overall borrowing capacity established with the FHLB. We have established a maximum participation of $100.0 million with this program. These agreements mature between 2026 and 2029 and are reported as Policyholder Account Balances in the Consolidated Balance Sheets. Interest is credited based on variable rates set by the FHLB.

The following tables provide information regarding our funding agreements with the FHLB.

	March 31, 2024	December 31, 2023
Total obligations outstanding	$ 100,000	$ 100,000
Accrued interest	1,055	1,092

	Quarter Ended March 31,	
	2024	2023
Interest credited by the FHLB	$ 1,502	$ 1,285
Cash interest payments	1,538	1,241
Interest income on the variable rate fixed maturity securities	1,866	1,595

10. Income Taxes

The following table provides a reconciliation of the federal income tax rate to our effective income tax rate.

	Quarter Ended March 31, 2024	Quarter Ended March 31, 2023
Federal income tax rate	21 %	21 %
Tax credits, net of equity adjustment	(1)%	— %
Permanent differences and other	1 %	— %
Effective income tax rate	21 %	21 %

The following table provides information about taxes paid.

	Quarter Ended March 31, 2024	Quarter Ended March 31, 2023
Cash paid (refunded) for income taxes	$ (2,656)	$ 78

We had no material uncertain tax positions at March 31, 2024 or December 31, 2023.

At March 31, 2024, we had a $14.9 million current tax liability and a $40.8 million net deferred tax asset, compared to a $11.9 million current tax liability and a $35.7 million net deferred tax asset at December 31, 2023.

11. Pensions and Other Postemployment Benefits (OPEB)

The following table provides the components of net periodic benefit credit.

	Pension Benefits Quarter Ended March 31, 2024	Pension Benefits Quarter Ended March 31, 2023	OPEB Quarter Ended March 31, 2024	OPEB Quarter Ended March 31, 2023
Service cost	$ —	$ —	$ 15	$ 17
Interest cost	1,056	1,134	145	155
Expected return on plan assets	(2,338)	(2,234)	—	—
Amortization of:				
Unrecognized actuarial net loss (gain)	641	748	(398)	(406)
Unrecognized prior service credit	(16)	(16)	—	—
Net periodic benefit credit	$ (657)	$ (368)	$ (238)	$ (234)

12. Share-Based Payment

The Kansas City Life Insurance Company Omnibus Incentive Plan (long-term incentive plan) includes a long-term incentive benefit for senior management. The long-term incentive plan includes a cash award to participants that may be paid, in part, based on the increase in the share price of our common stock through units (phantom shares) assigned by the Board of Directors. Please refer to our 2023 Annual Report for additional information regarding this plan.

The Company did not make a cash payment under the long-term incentive plan during the first quarter of 2024 for the three-year interval ended December 31, 2023. The Company did not make a cash payment under the long-term incentive plan during the first quarter of 2023 for the three-year interval ended December 31, 2022.

At each reporting period, an estimate of the share-based compensation expense is accrued, utilizing the share price at the period end. The cost of share-based compensation accrued as an operating expense in the first quarter of 2024 was $0.5 million, net of tax. There was no change in the accrual in the first quarter of 2023.

13. Reinsurance

We had a reinsurance agreement with Scottish Re, with a reinsurance recoverable for ceded claims of $3.4 million at March 31, 2024 and an allowance for credit losses of $1.4 million. On March 6, 2019, Scottish Re was ordered into receivership for the purposes of rehabilitation by the Court of Chancery of the State of Delaware. The Receiver filed a Motion for Entry of a Liquidation and Injunction Order on July 18, 2023. We will continue to monitor the Liquidation and Injunction Order and expected recovery of the reinsurance recoverable.

Effective October 1, 2023, coinsurance on term life insurance policies held through Scottish Re was recaptured, resulting in the release of ceded reserves of $1.5 million. The mortality risk on this business was subsequently reinsured on a yearly renewable term (YRT) basis to one of our existing domestic reinsurance partners. The receivable for ceded reserves and premium related to the previously coinsured policies was $1.8 million at March 31, 2024. This receivable is recorded in Other Assets in the Consolidated Balance Sheets. The allowance for credit losses on this receivable was $0.7 million at March 31, 2024.

The following table provides a rollforward of the allowance for credit losses for reinsurance recoverables and other assets.

	Quarter Ended March 31,		
	2024	2023	2024
	Reinsurance Recoverable		Other Assets
Beginning balance	$ 1,353	$ —	$ 737
Provision for adoption of ASU No. 2016-13 [1]	—	1,772	—
Additions for credit losses not previously recorded	—	—	—
Additions (reductions) for credit losses recorded in a previous period	11	—	—
End of period	$ 1,364	$ 1,772	$ 737

[1] ASU No. 2016-13 Measurement of Credit Losses on Financial Instruments

In 2022, the Company reinsured a block of fixed annuity business with an average crediting rate of 3.75% to a certified domestic reinsurer. This reinsurance arrangement was effective April 1, 2022. We will continue to administer this business on an ongoing basis, and we will receive an expense allowance associated with these efforts. At inception, the Company recorded a deferred revenue liability that is included in Other Liabilities in the Consolidated Balance Sheets. This liability is being amortized over future periods consistent with the amortization of the Deposit Asset on Reinsurance. The Deposit Asset on Reinsurance is also accreted to the estimated ultimate cash flows using the interest method and the adjustment is reported as Net Investment Income in the Consolidated Statements of Comprehensive Income. In the first quarter of 2024, the investment income recognized and interest credited on the block totaled $3.7 million. In the first quarter of 2023, the investment income recognized and interest credited on the block was $4.3 million. The Deposit Asset on Reinsurance balance was $404.6 million at March 31, 2024 and $419.4 million at December 31, 2023.

14. Comprehensive Income (Loss)

Comprehensive Income (Loss) is comprised of Net Income (Loss) and Other Comprehensive Income (Loss). Other Comprehensive Income (Loss) includes the unrealized investment gains or losses on securities available for sale (net of reclassifications for realized investment gains or losses), net of adjustments to DAC, VOBA, DRL, future policy benefits, and policyholder account balances. Furthermore, Other Comprehensive Income (Loss) includes the change in the liability for benefit plan obligations. Other Comprehensive Income (Loss) reflects these items net of tax.

The following tables provide information about Comprehensive Income (Loss).

	Quarter Ended March 31, 2024		
	Pre-Tax Amount	Tax Expense (Benefit)	Net-of-Tax Amount
Change in unrealized investment gains/losses	$ (27,957)	$ (5,871)	$ (22,086)
Reclassification of unrealized investment gains/losses	754	158	596
Effect on DAC, VOBA, and DRL	2,702	568	2,134
Other comprehensive loss	$ (24,501)	$ (5,145)	$ (19,356)
Net income			1,554
Comprehensive loss			$ (17,802)

	Quarter Ended March 31, 2023		
	Pre-Tax Amount	Tax Expense (Benefit)	Net-of-Tax Amount
Change in unrealized investment gains/losses	$ 57,913	$ 12,161	$ 45,752
Reclassification of unrealized investment gains/losses	269	57	212
Effect on DAC, VOBA, and DRL	(5,261)	(1,105)	(4,156)
Other comprehensive income	$ 52,921	$ 11,113	$ 41,808
Net loss			(3,241)
Comprehensive income			$ 38,567

The following table provides accumulated balances related to each component of Accumulated Other Comprehensive Income (Loss) at March 31, 2024, net of tax.

	Unrealized Gain (Loss) on Securities	Benefit Plan Obligations	DAC/ VOBA/DRL Impact	Total
Beginning of year	$ (144,854)	$ (40,708)	$ 12,701	$ (172,861)
Other comprehensive income (loss) before reclassification	(22,086)	—	2,134	(19,952)
Amounts reclassified from accumulated other comprehensive income (loss)	596	—	—	596
Net current-period other comprehensive income (loss)	(21,490)	—	2,134	(19,356)
End of period	$ (166,344)	$ (40,708)	$ 14,835	$ (192,217)

The following table provides accumulated balances related to each component of Accumulated Other Comprehensive Income (Loss) at December 31, 2023, net of tax.

	Unrealized Gain (Loss) on Securities	Benefit Plan Obligations	DAC/ VOBA/DRL Impact	Total
Beginning of year	$ (213,794)	$ (46,552)	$ 18,756	$ (241,590)
Other comprehensive income (loss) before reclassification	63,957	5,844	(6,055)	63,746
Amounts reclassified from accumulated other comprehensive income (loss)	4,983	—	—	4,983
Net current-period other comprehensive income (loss)	68,940	5,844	(6,055)	68,729
End of period	$ (144,854)	$ (40,708)	$ 12,701	$ (172,861)

The following table presents the pre-tax and the related Income Tax Benefit (Expense) components of the amounts reclassified from Accumulated Other Comprehensive Income (Loss) to the Consolidated Statements of Comprehensive Income.

	Quarter Ended March 31,	
	2024	2023
Reclassification adjustments related to unrealized gains (losses) on investment securities:		
Net realized investment losses, excluding credit losses [1]	$ (754)	$ 271
Income tax benefit [2]	158	(57)
Net of taxes	(596)	214
Change in allowance for credit losses for fixed maturity securities [1]	—	(540)
Income tax expense [2]	—	114
Net of taxes	—	(426)
Total pre-tax reclassifications	(754)	(269)
Total income tax benefit	158	57
Total reclassification, net of taxes	$ (596)	$ (212)

[1] (Increases) decreases Net Investment Gains (Losses) in the Consolidated Statements of Comprehensive Income.

[2] (Increases) decreases Income Tax Expense (Benefit) in the Consolidated Statements of Comprehensive Income.

15. Earnings Per Share

Due to our capital structure and the absence of other potentially dilutive securities, there is no difference between basic and diluted earnings per common share for any of the periods reported. The average number of shares outstanding for each of the first quarters ended March 31, 2024 and 2023 was 9,683,414. The number of shares outstanding at both March 31, 2024 and December 31, 2023 was 9,683,414.

16. Segment Information

The following tables provide selected financial statement items for each of our operating segments. Intercompany transactions have been eliminated to arrive at Consolidated Statements of Comprehensive Income. The Company adopted ASU No. 2023-07 Improvements to Reportable Segment Disclosures on January 1, 2024. Please see Note 2 - New Accounting Pronouncements for additional information.

	Quarter Ended March 31, 2024			
	Individual Insurance	Group Insurance	Old American	Consolidated
Insurance revenues	$ 45,229	$ 17,849	$ 21,019	$ 84,097
Interest credited to policyholder account balances	19,421	—	—	19,421
Amortization of deferred acquisition costs	4,612	—	4,499	9,111
Income tax expense (benefit)	569	61	(220)	410
Net income (loss)	2,132	240	(818)	1,554

	Quarter Ended March 31, 2023			
	Individual Insurance	Group Insurance	Old American	Consolidated
Insurance revenues	$ 46,588	$ 16,715	$ 22,273	$ 85,576
Interest credited to policyholder account balances	17,342	—	—	17,342
Amortization of deferred acquisition costs	3,988	—	5,193	9,181
Income tax expense (benefit)	(570)	1	(301)	(870)
Net loss	(2,107)	(4)	(1,130)	(3,241)

17. Commitments, Contingent Liabilities, Guarantees, and Indemnifications

Commitments

In the normal course of business, we have open purchase and sale commitments. At March 31, 2024, we had commitments to fund investments in private alternative investment funds of $39.4 million.

Subsequent to March 31, 2024, we entered into commitments to fund additional mortgage loans of $9.3 million.

Contingent Liabilities

On March 6, 2019, the Delaware Department of Insurance requested Scottish Re (US) be placed in rehabilitation. Kansas City Life had ceded some of its business to Scottish Re (US), a subsidiary of Scottish Re Group. On July 18, 2023, the Court entered a Liquidation and Injunction Order (the “Order”) detailing the termination of Scottish Re (US)'s existing reinsurance contracts and providing for a liquidation of its assets. We have established an allowance for credit losses related to the reinsurance receivables related to our agreements with Scottish Re (US) under ASU No. 2016-13 as adopted by the Company on January 1, 2023. We will continue to closely monitor developments related to the distribution of assets by the receiver as we evaluate the allowance for credit losses related to these reinsurance receivables in future financial periods. For additional information, please see Note 14 - Reinsurance.

We are also involved in various pending or threatened legal proceedings, including purported class actions, arising from the conduct of business both in the ordinary course and otherwise. In some of the matters, very large and/or indeterminate amounts, including punitive and treble damages, are sought.

Due to the unpredictable nature of litigation, the probable outcome of a litigation matter and the amount or range of potential loss can be difficult to ascertain. We accrue liabilities for litigation and other loss contingencies when available information indicates both that a loss is probable and the amount of the loss can be reasonably estimated. If a range of loss is estimated, and some amount within that range appears to be a better estimate than any other amount within that range, then that amount is accrued. If no amount within the range can be identified as a better estimate than any other amount, we accrue the minimum amount in the range.

For such matters where a loss is believed to be reasonably possible, but not probable, or the loss cannot be reasonably estimated, no accrual has been made. It is possible that such matters could require us to pay damages or make other expenditures or establish accruals in amounts that could not be reasonably estimated as of March 31, 2024. While the potential future liabilities could be material in the particular quarterly or annual periods in which they are recorded, based on information currently known by management, we do not believe any such liabilities are likely to have a material adverse effect on our business and our consolidated financial position, results of operations and cash flows, except for the matters described below under the heading "Cost of Insurance Litigation."

Cost of Insurance Litigation

We are the defendant in five related litigation matters (including four certified class actions and one putative class action) that allege that we determined cost of insurance rates in excess of amounts permitted by the terms of certain life insurance policies.

- Karr v. Kansas City Life is a class action filed in the 16th Circuit Court for the State of Missouri (Jackson County). In July 2021, the Court certified a class that includes current Missouri residents who purchased certain universal life policies (described below) in the State of Missouri that were active on or after January 1, 2002. In February of 2022, the Court granted partial Summary Judgment to plaintiffs on three of the five counts at issue in the class action. In December of 2022, there was a jury trial based on determining damages under the Court's summary judgment ruling. The jury rendered a verdict of $28.4 million in favor of the plaintiffs related to those three counts. The Court entered a final judgment on the verdict on August 24, 2023, and we are appealing the judgment through the Missouri Court of Appeals.

- Meek v. Kansas City Life is a class action filed in the U.S. District Court for the Western District of Missouri. In February of 2022, the Court certified a class that includes current and former policyowners who purchased certain universal life policies (described below) that were issued in the State of Kansas and whose policies were active on or after January 1, 2002. In March of 2023, the Court issued a summary judgment ruling related to claims by both plaintiffs and defendant. The Court ruled in the favor of plaintiffs on the first three counts, which relate to permitted cost of insurance factors and mortality improvement, but only as to liability. The Court ruled in favor of defendant on the fourth count, which relates to conversion. The Court entered an Order partially decertifying the Class on June 20, 2023, limiting the class to those Class members who incurred charges for "cost of insurance" or "expense charges" between June 18, 2014, and February 28, 2021. In May 2023, the case went to jury trial, and the jury rendered a verdict in favor of the plaintiff in the amount of $0.9 million. The Company has appealed the underlying rulings of the Court and the findings of the jury related to liability with the 8th Circuit Court of Appeals.

- Sheldon v. Kansas City Life is a class action filed in the 16th Circuit Court for the State of Missouri (Jackson County). In May of 2022, the Court certified a class that includes contract owners who purchased certain Century II Variable Universal Life contracts that were issued in the State of Missouri and whose policies were active on or after January 1, 2002. The Court granted partial Summary Judgment to plaintiffs on the contract counts at issue in the class action. In September 2023, the case went to trial and the jury rendered a verdict in favor of the plaintiffs in the amount of $4.1 million. We have appealed the underlying rulings of the Court and the jury verdict to the Missouri Court of Appeals.

- Fine v. Kansas City Life is a class action filed in the U.S. District Court for the Central District of California. In November of 2023, the Court certified a class that includes current individuals who purchased certain universal life and variable universal life policies in the state of California and whose policies were active on or after January 1, 2002. The Fine matter also includes different defenses and matters of law than the other cases.

- McMillan v. Kansas City Life is a putative class action filed in the U.S. District Court for the District of Maryland. The proposed class would include current and former policyholders who purchased certain universal life and certain variable universal life policies originally issued in the State of Maryland. This case was filed on May 5, 2022, and is in its preliminary stages. The Court has not certified a class of policyholders or identified the policies at issue in this matter. The McMillan matter includes different defenses and matters of law than the other related cases.

As referenced above, the classes certified in Karr, Meek, and Fine class actions include policyholders who purchased one of the following Universal Life policies issued by Kansas City Life: Better Life Plan, Better Life Plan Qualified, LifeTrack, AGP, MGP, PGP, Chapter One, Classic, Rightrack (89), Performer (88), Performer (91), Prime Performer, Competitor (88), Competitor (91), Executive (88), Executive (91), Protector 50, LewerMax, Ultra 20 (93), Competitor II, Executive II, Performer II, or Ultra 20 (96). The Fine class action also includes policyholders who purchased the Century II Variable Universal Life policy.

As of March 31, 2024, we have accrued an aggregate liability related to the Cost of Insurance litigation matters described above in the amount of $28.4 million. There can be no assurances as to the outcome of any of these matters, including those where a verdict has already been rendered and will be the subject of appeal, or that the accrued liability will be sufficient to cover our ultimate financial exposure associated with these matters. As a result, the amounts that may be required to be paid to discharge or settle one or more of these matters could have a material adverse impact on our business and our consolidated financial position, results of operations and cash flows.

Regulatory Matters
We are subject to regular reviews and inspections by state and federal regulatory authorities. State insurance examiners - or independent audit firms engaged by such examiners - may, from time to time, conduct examinations or investigations into industry practices and customer complaints. A regulatory violation discovered during a review, inspection, or investigation could result in a wide range of remedies that could include the imposition of sanctions against us or our employees, which could have a material adverse effect on our financial statements.

The life insurance industry has been the subject of significant regulatory and legal activities regarding the use of the U.S. Social Security Administration's Death Master File ("Death Master File") in the claims process. Certain states have proposed, and many other states are considering, new legislation and regulations related to unclaimed life insurance benefits and the use of the Death Master File in the claims process. Based on our analysis to date, we believe that we have adequately reserved for contingencies from a change in statute or regulation. Ongoing regulatory developments and other future requirements related to this matter may result in additional payments or costs that could be significant and could have a material adverse effect on our financial statements.

Guarantees and Indemnifications
We are subject to various indemnification obligations issued in conjunction with certain transactions, primarily assumption reinsurance agreements, stock purchase agreements, mortgage servicing agreements, tax credit assignment agreements, construction and lease guarantees, and borrowing agreements whose terms range in duration and often are not explicitly defined. Generally, a maximum obligation is not explicitly stated. Therefore, the overall maximum amount of the obligation under the indemnifications cannot be reasonably estimated. We are unable to estimate with certainty the ultimate legal and financial liability with respect to these indemnifications. We believe that the likelihood is remote that material payments would be required under such indemnifications and, therefore, such indemnifications would not result in a material adverse effect on our financial position or financial statements.

18. Subsequent Events

We evaluated events that occurred subsequent to March 31, 2024 through April 26, 2024, the date the consolidated financial statements were issued, and have identified the following subsequent event.

On April 22, 2024, the Kansas City Life Board of Directors declared a quarterly dividend of $0.14 per share, payable on May 8, 2024 to stockholders of record on May 2, 2024.

There have been no other subsequent events that occurred during such period that require disclosure in, or adjustment to, the consolidated financial statements as of and for the quarter ended March 31, 2024.