KANSAS CITY LIFE INSURANCE COMPANY

A Missouri Corporation

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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, 2025
(the "Reporting Period")

The number of shares outstanding of our Common Stock was 9,683,414 as of March 31, 2025 (the end of reporting period)

The number of shares outstanding of our Common Stock was 9,683,414 as of December 31, 2024 (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

TABLE OF CONTENTS

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 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;
- The performance of third-party service providers and potential difficulties arising from outsourcing arrangements;
- Ineffectiveness of risk management policies and procedures in identifying, monitoring, and managing risks;
- 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, 2025
Number of Shares Authorized	36,000,000
Number of Shares Outstanding	9,683,414
Freely Tradable Shares (Public Float)	2,572,244
Total Number of Shareholders of Record	115

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, 2025 are attached hereto as Exhibit 3.1 and are hereby incorporated by reference into this Quarterly Report, including:

- Consolidated Balance Sheets - (March 31, 2025 - Unaudited; December 31, 2024 - Audited)
- Consolidated Statements of Comprehensive Income - (Unaudited)
- Consolidated Statements of Cash Flows - (Unaudited)
- Notes to Consolidated Financial Statements - (March 31, 2025 - Unaudited; December 31, 2024 - Audited)

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 2024 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, 2025 and 2024 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, 2025.

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, 2025 and 2024 and our financial condition at March 31, 2025. This discussion should be read in conjunction with the consolidated financial statements and accompanying notes included in this document, as well as our 2024 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, reinvestment, 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, including the ability to manage and effectively implement them;
- 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;
- The ability to effectively manage the information technology landscape, including the mitigation of cybersecurity risks; and
- The ability to identify, adopt, and implement new technologies.

Policyholder behavior and consumer confidence impact the sales and persistency of our products. These include spending decisions that can be influenced by increases in inflation and the cost of living. In addition, the rates of mortality and morbidity can impact the needs of our policyholders and can impact premiums, death benefits, surrenders, and lapses.

General economic conditions, which are highly uncertain and difficult to predict, 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. These conditions may persist into the future, affecting our financial position and financial statements.

Consolidated Results of Operations

Summary of Results

We earned net income of $1.9 million in the first quarter of 2025 compared to net income of $1.6 million in the first quarter of 2024. Net income per share was $0.19 in the first quarter of 2025 versus $0.16 in the first quarter of 2024.

The following table presents condensed consolidated results of operations for the quarters ended March 31, 2025 and 2024.

	Quarter Ended March 31,			
	2025	2024	$ Change	% Change
Revenues:				
Insurance and other revenues	$ 82,453	$ 85,451	$ (2,998)	(4)%
Net investment income	39,486	40,477	(991)	(2)%
Net investment gains (losses)	(2,964)	1,380	(4,344)	(315)%
Benefits and expenses:				
Policyholder benefits and interest credited to policyholder account balances	82,654	86,801	(4,147)	(5)%
Amortization of deferred acquisition costs	10,128	9,111	1,017	11 %
Operating expenses	28,502	29,432	(930)	(3)%
Income tax expense (benefit)	(4,185)	410	(4,595)	(1,121)%
Net income	$ 1,876	$ 1,554	$ 322	21 %

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,			
	2025	2024	$ Change	% Change
New premiums:				
Traditional life insurance	$ 4,292	$ 3,868	$ 424	11 %
Immediate annuities	3,285	5,087	(1,802)	(35)%
Group life insurance	597	647	(50)	(8)%
Group accident and health insurance	2,677	3,006	(329)	(11)%
Total new premiums	10,851	12,608	(1,757)	(14)%
Renewal premiums	68,268	68,667	(399)	(1)%
Total premiums	79,119	81,275	(2,156)	(3)%
Reinsurance ceded	(30,005)	(28,847)	(1,158)	(4)%
Net premiums	$ 49,114	$ 52,428	$ (3,314)	(6)%

Consolidated total premiums declined $2.2 million or 3% in the first quarter of 2025 compared with the first quarter of 2024, as new premiums decreased $1.8 million or 14% and renewal premiums decreased $0.4 million or 1%. The decrease in new premiums primarily resulted from a $1.8 million or 35% decline in new immediate annuity premiums. Immediate annuity receipts can have sizeable fluctuations, as receipts from policyholders largely result from one-time premiums. Internal rollovers from various individual annuity products, which are included in immediate annuities, were $0.4 million lower in the first quarter of 2025 compared to the first quarter of 2024. New group accident and health premiums declined $0.3 million or 11% compared to one year earlier, largely from the disability and dental lines of business. Partially offsetting these declines, new traditional life insurance premiums increased $0.4 million or 11% over the prior year. The decrease in renewal premiums was largely due to a $0.7 million or 1% decline in renewal traditional life insurance premiums. Partially offsetting this decline, renewal group accident and health premiums increased $0.3 million or 2%, mostly from the disability and vision lines of business.

Reinsurance ceded premiums increased $1.2 million or 4% in the first quarter of 2025 compared to the first quarter of 2024. This increase reflected higher reinsurance ceded premiums from increased sales on certain term business at the Individual Insurance segment.

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,			
	2025	2024	$ Change	% Change
New deposits:				
Interest sensitive life	$ 1,247	$ 1,702	$ (455)	(27)%
Fixed annuities	13,440	13,163	277	2 %
Variable annuities	747	861	(114)	(13)%
Total new deposits	15,434	15,726	(292)	(2)%
Renewal deposits	34,184	32,996	1,188	4 %
Total deposits	49,618	48,722	896	2 %
Reinsurance ceded	(1,339)	(974)	(365)	(37)%
Net deposits	$ 48,279	$ 47,748	$ 531	1 %

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, general economic conditions have affected both new and renewal deposits.

Total new deposits declined $0.3 million or 2% in the first quarter of 2025 compared with the first quarter of 2024. New fixed annuity deposits increased $0.3 million or 2% compared to the prior year. This improvement was offset by a $0.5 million or 27% decrease in new interest sensitive life deposits, largely from lower indexed universal life deposits. In addition, new variable annuity deposits declined $0.1 million or 13% versus the prior year. Total renewal deposits increased $1.2 million or 4% versus the prior year, as renewal fixed annuity deposits increased $1.2 million or 55% and renewal variable annuity deposits increased $0.7 million or 62%. Partially offsetting this, renewal interest sensitive life deposits decreased $0.7 million or 2%, reflecting lower universal life and variable universal life deposits.

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 $0.3 million or 1% in the first quarter of 2025 compared to the same period in 2024. Contract charges on open blocks increased $0.3 million or 2%, primarily from higher surrender charges. Contract charges on closed blocks decreased less than $0.1 million, reflecting the runoff of the closed blocks of business. Total contract charges on closed blocks were 39% of total consolidated contract charges in the first quarter of 2025 and the first quarter of 2024.

Investment Revenues
The following table provides net investment income classified by income associated with invested assets and income associated with deposit-type reinsurance.

	Quarter Ended March 31,			
	2025	2024	$ Change	% Change
Gross investment income - invested assets	$ 39,366	$ 39,884	$ (518)	(1)%
Less investment expenses	(3,247)	(3,138)	(109)	(3)%
Net investment income - invested assets	36,119	36,746	(627)	(2)%
Net investment income - deposit-type reinsurance	3,367	3,731	(364)	(10)%
Net investment income	$ 39,486	$ 40,477	$ (991)	(2)%

Net investment income from invested assets declined $0.6 million or 2% in the first quarter of 2025 compared to the first quarter of 2024. These results reflected lower average invested assets as compared to the prior year. Our earned book yield was 4.5% in the first quarter of 2025 compared to 4.3% in the first quarter of 2024.

Fixed maturity securities provide a majority of our investment income. Gross investment income from these investments increased $0.5 million or 2% in the first quarter of 2025 versus one year earlier, reflecting higher overall yields earned that were partially offset by lower average invested assets. The decrease in average invested assets largely resulted from sales of fixed maturity securities that were sold in the first quarter of 2025 related to a legal judgment.

Gross investment income from commercial mortgage loans increased $0.3 million or 4% in the first quarter of 2025 compared with the same period in the prior year, largely from an increase in yields earned on new mortgage loans and an increase in prepayment fees.

Net investment income from real estate declined $0.9 million in the first quarter of 2025 compared to one year earlier. This decrease largely resulted from lower returns on underperforming properties.

Net investment income resulting from the runoff of the block of deposit-type reinsurance business was $3.4 million in the first quarter of 2025 compared to $3.7 million in the first quarter of 2024.

Investment Gains (Losses)
Net investment losses for the first quarter of 2025 totaled $3.0 million compared to net investment gains of $1.4 million in the first quarter of 2024. The largest factor in this increase was the change in fair value of other investments, primarily derivatives, which resulted in a loss of $2.6 million in the first quarter of 2025 compared to a gain of $2.2 million in the first quarter of 2024. The change in fair value of derivative investments largely resulted from unfavorable changes in the underlying indices during the current year compared to the prior year.

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 $4.2 million or 6% in the first quarter of 2025 compared to the first quarter of 2024. The largest factor in this decline was a $10.1 million decrease in benefit and contract reserves. Contributing to the decrease in benefit and contract reserves was 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 that is 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, annuity and supplementary contract reserves declined, reflecting lower annuity premiums and supplemental contract considerations. Partially offsetting these decreases, the change in the fair value of the guaranteed minimum withdrawal benefits (GMWB) rider compared to the prior year increased reserves. The change in the fair value of the GMWB rider primarily resulted from decreases in interest rates and unfavorable capital market returns that were partially offset by increases in spreads. In addition, death benefits, net of reinsurance, increased $1.6

million or 4% and other benefits, net of reinsurance, increased $3.4 million or 18% compared to one year earlier. The increase in other benefits reflected higher group accident and health benefits, largely from the dental line of business, and higher immediate annuity benefit payments versus the prior year.

Amortization of DAC

The amortization of DAC increased $1.0 million or 11% in the first quarter of 2025 compared to the first quarter of 2024. This increase largely resulted from decreased investment performance in the separate accounts versus the prior year.

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 decreased $0.9 million or 3% in the first quarter of 2025 compared to the same period in the prior year. This decrease largely resulted from lower commissions expense, reflecting the decline in sales, and lower employee compensation expenses, including decreased expenses accrued related to the impact of the fluctuation in market rates on various employee benefits. Partially offsetting these were higher legal fees and medical examination fees compared to the prior year.

Income Taxes

We recorded an income tax benefit of $4.2 million in the first quarter of 2025 compared to income tax expense of $0.4 million in the first quarter of 2024. The increased tax benefit in 2025 was from the payment of a court ordered judgment in 2025, resulting in the recognition of an additional tax benefit.

Analysis of Invested Assets

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, 2025	% of Total	December 31, 2024	% of Total
Fixed maturity securities	$ 2,339,772	73 %	$ 2,350,032	73 %
Equity securities	852	— %	819	— %
Mortgage loans	569,220	18 %	575,068	18 %
Real estate	96,048	3 %	96,867	3 %
Policy loans	85,472	3 %	84,913	3 %
Short-term investments	62,557	2 %	64,917	2 %
Other investments	47,555	1 %	48,825	1 %
Total	$ 3,201,476	100 %	$ 3,221,441	100 %

Fixed maturity securities were the largest component of total investments and represented 73% of total investments at both March 31, 2025 and December 31, 2024. The largest categories of fixed maturity securities at March 31, 2025 consisted of 73% in corporate obligations, 11% in municipal securities, and 11% in asset-backed securities and collateralized loan obligations. As of March 31, 2025, we had 29% of the fixed maturity securities in private placements, compared to 27% at December 31, 2024. 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, 2025 and December 31, 2024.

The fair value of fixed maturity securities with unrealized losses was $1.6 billion at March 31, 2025 compared to $1.8 billion at December 31, 2024. At both March 31, 2025 and December 31, 2024, 99% of security investments with an unrealized loss were investment grade and accounted for approximately 99% of the total unrealized losses.

At March 31, 2025, we had $17.5 million in gross unrealized gains on fixed maturity securities that were offset by gross unrealized losses of $203.3 million. At December 31, 2024, we had $12.7 million in gross unrealized gains on fixed maturity securities that were offset by $231.5 million in gross unrealized losses. At March 31, 2025, 30% of the fixed maturity securities portfolio had unrealized gains, compared to 25% at December 31, 2024. Gross unrealized losses on fixed maturity securities for less than 12 months totaled $5.4 million and accounted for 16% of the fair value of securities in a gross unrealized loss position at March 31, 2025. Gross unrealized losses on fixed maturity securities for less than 12 months totaled $11.1 million and accounted for 21% of the fair value of securities in a gross unrealized loss position at December 31, 2024. Gross unrealized losses on fixed maturity security investments of 12 months or longer decreased from $220.4 million at December 31, 2024 to $197.9 million at March 31, 2025.

Investments in mortgage loans totaled $569.2 million at March 31, 2025, down from $575.1 million at December 31, 2024. The commercial mortgage loan portfolio decreased during the first quarter of 2025, as the demand for longer term fixed rate loans has decreased due to an increase in borrowing costs. 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 $1.4 million at both March 31, 2025 and December 31, 2024.

Investments in real estate, policy loans, short-term investments, and other investments comprised 9% of total investments at both March 31, 2025 and December 31, 2024.

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.

Net cash used from operating activities was $73.9 million for the quarter ended March 31, 2025, compared to $2.3 million in the prior year. The decrease was largely due to the payment of a court ordered judgment of $48.5 million during the first quarter of 2025. Net cash provided by investing activities was $48.8 million for the quarter ended March 31, 2025. The primary sources of cash provided by investing activities were from sales, maturities, calls, and principal paydowns of investments totaling $117.4 million, including $47.6 million of cash received from sales of fixed maturity securities in conjunction with a legal judgment paid in the first quarter of 2025. Investment purchases, including new fixed maturities and mortgage loans, totaled $71.0 million. Net cash provided by financing activities for the quarter ended March 31, 2025 was $24.0 million, including $10.0 million of receipts from the FHLB funding agreements, $1.8 million of deposits, net of withdrawals, on policyholder account balances, and a $15.4 million reduction in the deposit asset on reinsurance. These were partially offset by stockholder dividend payments of $1.4 million and a $2.4 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, 2025	December 31, 2024
Total assets, excluding separate accounts	$ 4,566,710	$ 4,605,534
Total stockholders' equity	605,507	581,449
Ratio of stockholders' equity to assets, excluding separate accounts	13%	13%

Stockholders’ equity increased $24.1 million from year-end 2024, primarily due to a $23.5 million decrease in net unrealized losses on available for sale securities, reflecting fluctuations in interest rates during 2025. Stockholders’ equity per share, or book value, equaled $62.53 at March 31, 2025, a 4% increase from $60.05 at December 31, 2024.

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 related taxes, policyholder account balances, future policy benefits, DAC, VOBA, and DRL), totaled $133.4 million at March 31, 2025, a $23.5 million decrease from $156.9 million at December 31, 2024. The decrease in unrealized losses reflected lower interest rates at March 31, 2025 compared to December 31, 2024.

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 $2.1 million during the quarter ended March 31, 2025 and $1.9 million during the quarter ended March 31, 2024. Interest is credited based on variable rates set by the FHLB. Total obligations outstanding under these agreements, which mature between 2026 and 2029, were $130.0 million at March 31, 2025 and $120.0 million at December 31, 2024, and are reported as Policyholder Account Balances in the Consolidated Balance Sheets. Accrued interest totaled $0.8 million at both March 31, 2025 and December 31, 2024. Cash interest payments were $1.6 million during the quarter ended March 31, 2025 and $1.5 million during the quarter ended March 31, 2024.

In the normal course of business, we have open purchase and sale commitments. At March 31, 2025, we had commitments to fund investments in private alternative investment funds of $53.5 million and mortgage loans of $5.7 million.

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 2025, the Board of Directors authorized the purchase of up to one million of our shares on the open market through January 2026. No shares were purchased under this authorization during the first quarter of 2025. The timing and amount of any share repurchases will be determined by our management based on market conditions and other factors.

On April 28, 2025, the Board of Directors declared a quarterly dividend of $0.14 per share payable on May 14, 2025 to stockholders of record on May 8, 2025.

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 Note 18 - Contingent Liabilities 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: May 1, 2025

/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: May 1, 2025

/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, 2025	December 31, 2024
	(Unaudited)	
ASSETS		
Investments:		
Fixed maturity securities available for sale, at fair value (amortized cost: 2025 - $2,525,603; 2024 - $2,568,893)	$ 2,339,772	$ 2,350,032
Equity securities, at fair value (cost: 2025 and 2024 - $1,084)	852	819
Mortgage loans (net of allowance for credit losses: 2025 - $1,434; 2024 - $1,416)	569,220	575,068
Real estate	96,048	96,867
Policy loans	85,472	84,913
Short-term investments	62,557	64,917
Other investments	47,555	48,825
Total investments	3,201,476	3,221,441
Cash	7,035	8,101
Accrued investment income	30,106	31,147
Deferred acquisition costs	293,947	302,130
Reinsurance recoverables (net of allowance for credit losses: 2025 and 2024 - $1,367)	413,417	404,191
Deposit asset on reinsurance	365,426	377,475
Other assets	255,303	261,049
Separate account assets	382,672	413,426
Total assets	$ 4,949,382	$ 5,018,960
LIABILITIES		
Future policy benefits	$ 1,426,210	$ 1,428,386
Policyholder account balances	2,141,767	2,154,596
Policy and contract claims	68,736	56,227
Other policyholder funds	192,064	195,398
Other liabilities	132,426	189,478
Separate account liabilities	382,672	413,426
Total liabilities	4,343,875	4,437,511
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	949,505	948,985
Accumulated other comprehensive loss	(166,843)	(190,381)
Treasury stock, at cost (2025 and 2024 - 8,813,266 shares)	(241,301)	(241,301)
Total stockholders' equity	605,507	581,449
Total liabilities and stockholders' equity	$ 4,949,382	$ 5,018,960

See accompanying Notes to Consolidated Financial Statements - (Unaudited)

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

	Quarter Ended March 31, 2025	Quarter Ended March 31, 2024
	(Unaudited)	
REVENUES		
Insurance revenues:		
Net premiums	$ 49,114	$ 52,428
Contract charges	31,931	31,669
Total insurance revenues	81,045	84,097
Investment revenues:		
Net investment income	39,486	40,477
Net investment gains (losses)	(2,964)	1,380
Total investment revenues	36,522	41,857
Other revenues	1,408	1,354
Total revenues	118,975	127,308
BENEFITS AND EXPENSES		
Policyholder benefits	63,194	67,380
Interest credited to policyholder account balances	19,460	19,421
Amortization of deferred acquisition costs	10,128	9,111
Operating expenses	28,502	29,432
Total benefits and expenses	121,284	125,344
Income (loss) before income tax expense (benefit)	(2,309)	1,964
Income tax expense (benefit)	(4,185)	410
NET INCOME	$ 1,876	$ 1,554
COMPREHENSIVE INCOME (LOSS), NET OF TAXES		
Changes in:		
Net unrealized gains (losses) on securities available for sale	$ 26,094	$ (21,490)
Effect on deferred acquisition costs, value of business acquired, and deferred revenue liabilities	(2,556)	2,134
Other comprehensive income (loss)	23,538	(19,356)
COMPREHENSIVE INCOME (LOSS)	$ 25,414	$ (17,802)
Basic and diluted earnings per share:		
Net income	$ 0.19	$ 0.16

See accompanying Notes to Consolidated Financial Statements - (Unaudited)

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

	Quarter Ended March 31, 2025	Quarter Ended March 31, 2024
	(Unaudited)	
OPERATING ACTIVITIES		
Net income	$ 1,876	$ 1,554
Adjustments to reconcile net income to net cash used from operating activities:		
Amortization of investment premium and discount	210	443
Depreciation and amortization	734	846
Acquisition costs capitalized	(6,049)	(5,276)
Amortization of deferred acquisition costs	10,128	9,111
Net investment losses (gains)	2,964	(1,380)
Changes in assets and liabilities:		
Reinsurance recoverables	(9,226)	(2,983)
Future policy benefits	(2,176)	6,149
Policyholder account balances	(28,284)	(22,972)
Income taxes payable and deferred	(3,497)	3,066
Other, net	(40,602)	9,140
Net cash used	(73,922)	(2,302)
INVESTING ACTIVITIES		
Purchases or contributions:		
Fixed maturity securities	(53,669)	(80,770)
Equity securities	—	—
Mortgage loans	(11,000)	(1,429)
Real estate	(527)	(324)
Policy loans	(1,089)	(782)
Other investments	(4,599)	(11,924)
Property and equipment	(114)	(134)
Sales or maturities, calls, principal paydowns and distributions:		
Fixed maturity securities	96,605	39,989
Mortgage loans	16,830	9,234
Real estate	6	470
Policy loans	530	903
Other investments	3,259	2,650
Property and equipment	216	—
Net sales of short-term investments	2,361	20,842
Net cash provided (used)	48,809	(21,275)

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

	Quarter Ended March 31, 2025	Quarter Ended March 31, 2024
	(Unaudited)	
FINANCING ACTIVITIES		
Policyholder account balances:		
Deposits	$ 49,618	$ 48,722
Receipts from funding agreements	10,000	—
Withdrawals	(47,853)	(43,998)
Change in deposit asset on reinsurance, net	15,431	18,612
Net transfers from separate accounts	576	161
Change in other deposits	(2,369)	(1,309)
Cash dividends to stockholders	(1,356)	(1,356)
Net cash provided	24,047	20,832
Decrease in cash	(1,066)	(2,745)
Cash at beginning of year	8,101	9,695
Cash at end of period	$ 7,035	$ 6,950

Non-Cash Activity

There was no material non-cash activity during the quarters ended March 31, 2025 or 2024.

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. 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 2024 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, 2025 and 2024 are unaudited. The consolidated financial statements and the accompanying notes for the year ended December 31, 2024 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 2025 or 2024.

Current Economic Environment
The U.S. economy navigates a complex environment marked by persistent inflation, relatively tight labor markets, and heightened geopolitical and trade uncertainty. Recent tariff actions targeting China, Canada, Mexico, and other global markets, along with threats of further measures, have increased risks including inflationary pressure, supply chain disruption, and retaliatory actions from trading partners. Inflation remains stubbornly above the Federal Reserve’s 2% target, prompting a pause in the rate cuts initiated in late 2024; the target range holds at 4.25% to 4.50%.

Despite sustained higher rates, the economy shows continued resilience, although growth, supported mainly by consumer spending, is moderating towards trend. Higher rates continue to exert pressure on interest-sensitive sectors like commercial real estate.

This environment provides higher yields for reinvestment opportunities, but keeps existing bond values under pressure. The prospect of prolonged tight monetary policy, compounded by rising trade tensions, may contribute to an economic slowdown, which may elevate risk of asset impairments and defaults.

Significant Accounting Policies
Please refer to our 2024 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, 2025.

2. New Accounting Pronouncements

Accounting Pronouncements Adopted During 2025

In August 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (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 for long duration contracts 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 expands the required disclosures for long duration contracts. 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 for entities that are not Securities and Exchange Commission filers to fiscal years beginning after December 15, 2024, and interim periods within fiscal years beginning after December 15, 2025. We adopted this guidance on January 1, 2025 and our first reporting date will be December 31, 2025. We are currently gathering data, reviewing our valuation modeling, and assessing and updating our internal controls as needed in order to implement this guidance. Further, we are also reviewing our financial statements and related disclosures that will be presented in our 2025 Annual Report.

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 also require entities to disclose information regarding income taxes paid on an annual basis. Furthermore, this update requires additional disclosures and also eliminates specific, previously-required disclosures, most of which are not applicable to the Company. The pronouncement is effective for annual periods beginning on January 1, 2025 for calendar-year-end public business entities. This update does not impact our earnings or financial position as the pronouncement only impacts disclosures. We adopted this guidance on January 1, 2025 and the related disclosures will be presented in our 2025 Annual Report.

Accounting Pronouncements Issued, Not Yet Adopted

In November 2024, the FASB issued ASU No. 2024-03 Disaggregation of Income Statement Expenses. This update requires disclosure of specified information about certain costs and expenses. Disclosures are required that provide disaggregated information about prescribed categories underlying relevant income statement expense captions. A qualitative description is required for amounts remaining in relevant expense captions that are not separately disaggregated quantitatively. In addition, disclosure of the total amount of selling expenses and an entity's definition of selling expenses are required. This guidance is effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. We are currently evaluating this guidance. However, it will not impact our earnings or financial position as the pronouncement only impacts disclosures.

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, 2025.

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Treasury securities and obligations of U.S. Government	$ 85,723	$ 93	$ 5,312	$ 80,504
Federal agency issued residential mortgage-backed securities [1]	46,136	111	4,499	41,748
Subtotal	131,859	204	9,811	122,252
Corporate obligations	1,863,455	14,295	168,460	1,709,290
Municipal securities	266,386	1,977	20,035	248,328
Asset-backed securities and collateralized loan obligations	260,903	1,027	4,504	257,426
Redeemable preferred stocks	3,000	—	524	2,476
Total	$ 2,525,603	$ 17,503	$ 203,334	$ 2,339,772

[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, 2024.

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Treasury securities and obligations of U.S. Government	$ 88,911	$ 25	$ 6,992	$ 81,944
Federal agency issued residential mortgage-backed securities [1]	47,284	92	5,408	41,968
Subtotal	136,195	117	12,400	123,912
Corporate obligations	1,899,581	10,572	188,900	1,721,253
Municipal securities	272,927	781	24,203	249,505
Asset-backed securities and collateralized loan obligations	257,190	1,207	5,453	252,944
Redeemable preferred stocks	3,000	—	582	2,418
Total	$ 2,568,893	$ 12,677	$ 231,538	$ 2,350,032

[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, 2025			December 31, 2024		
	Amortized Cost	Fair Value	% of Total	Amortized Cost	Fair Value	% of Total
AAA	$ 223,943	$ 215,443	9 %	$ 235,895	$ 225,029	10 %
AA	527,844	488,518	21 %	528,859	481,422	20 %
A	812,892	736,537	31 %	819,575	732,458	31 %
BBB	947,918	886,799	38 %	965,332	892,727	38 %
Total investment grade	2,512,597	2,327,297	99 %	2,549,661	2,331,636	99 %
BB	11,094	10,685	1 %	17,115	16,457	1 %
B and below	1,912	1,790	— %	2,117	1,939	— %
Total below investment grade	13,006	12,475	1 %	19,232	18,396	1 %
Total	$ 2,525,603	$ 2,339,772	100 %	$ 2,568,893	$ 2,350,032	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, 2025		December 31, 2024	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in one year or less	$ 88,932	$ 88,862	$ 106,455	$ 106,267
Due after one year through five years	452,081	444,228	447,764	436,647
Due after five years through ten years	674,278	638,644	726,519	682,344
Due after ten years	1,205,020	1,072,410	1,181,165	1,029,711
Securities with variable principal payments	102,292	93,152	103,990	92,645
Redeemable preferred stocks	3,000	2,476	3,000	2,418
Total	$ 2,525,603	$ 2,339,772	$ 2,568,893	$ 2,350,032

Evaluation of Potential Credit Impairment

At the end of each quarter, all fixed maturity securities are reviewed to determine whether impairments exist and if so, whether they are credit-related. Securities with potential 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. Additional reporting and review procedures are conducted for those securities where fair value is less than 90% of amortized cost. A formal review document is prepared no less often than quarterly of all investments where fair value is less than 80% of amortized cost and selected investments that have changed significantly from a previous period and that have a decline in fair value greater than 10% of amortized cost.

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 and/or issuer's industry.

Once a security is determined to have met certain of the criteria for potential credit losses, 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 have the intent or ability 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 Company did not record an allowance for credit losses for fixed maturity securities or record any additions or reductions to an allowance at March 31, 2025 or 2024.

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, 2025.

	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	$ 5,192	$ 6	$ 64,111	$ 5,306	$ 69,303	$ 5,312
Federal agency issued residential mortgage-backed securities [1]	1,805	5	34,584	4,494	36,389	4,499
Subtotal	6,997	11	98,695	9,800	105,692	9,811
Corporate obligations	216,142	4,924	1,040,457	163,536	1,256,599	168,460
Municipal securities	20,575	456	160,366	19,579	180,941	20,035
Asset-backed securities and collateralized loan obligations	15,978	22	85,283	4,482	101,261	4,504
Redeemable preferred stocks	—	—	2,476	524	2,476	524
Total	$ 259,692	$ 5,413	$1,387,277	$ 197,921	$1,646,969	$ 203,334

[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, 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	$ 15,351	$ 195	$ 65,512	$ 6,797	$ 80,863	$ 6,992
Federal agency issued residential mortgage-backed securities [1]	2,096	29	34,491	5,379	36,587	5,408
Subtotal	17,447	224	100,003	12,176	117,450	12,400
Corporate obligations	319,582	9,311	1,064,206	179,589	1,383,788	188,900
Municipal securities	44,402	1,561	150,677	22,642	195,079	24,203
Asset-backed securities and collateralized loan obligations	968	1	86,856	5,452	87,824	5,453
Redeemable preferred stocks	—	—	2,418	582	2,418	582
Total	$ 382,399	$ 11,097	$1,404,160	$ 220,441	$1,786,559	$ 231,538

[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, 2025	December 31, 2024
Below cost for less than one year	201	284
Below cost for one year or more and less than three years	960	984
Below cost for three years or more	704	338
Total	1,865	1,606

We do not consider the unrealized losses related to these securities to be credit-related. The unrealized losses at both March 31, 2025 and December 31, 2024 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, 2025.

	Amortized Cost	Fair Value	Gross Unrealized Losses
Unrealized losses of 10% or less	$ 1,009,549	$ 970,537	$ 39,012
Unrealized losses of 20% or less and greater than 10%	509,463	435,319	74,144
Subtotal	1,519,012	1,405,856	113,156
Unrealized losses greater than 20%:			
Investment grade	331,291	241,113	90,178
Below investment grade	—	—	—
Total	$ 1,850,303	$ 1,646,969	$ 203,334

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

	Amortized Cost	Fair Value	Gross Unrealized Losses
Unrealized losses of 10% or less	$ 1,071,833	$ 1,029,391	$ 42,442
Unrealized losses of 20% or less and greater than 10%	556,516	474,007	82,509
Subtotal	1,628,349	1,503,398	124,951
Unrealized losses greater than 20%:			
Investment grade	389,748	283,161	106,587
Below investment grade	—	—	—
Total	$ 2,018,097	$ 1,786,559	$ 231,538

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, 2025.

	Fair Value	% of Total	Gross Unrealized Losses	% of Total
AAA	$ 110,458	7 %	$ 9,988	5 %
AA	338,064	21 %	42,754	21 %
A	554,957	34 %	81,546	40 %
BBB	633,664	38 %	68,428	34 %
Total investment grade	1,637,143	100 %	202,716	100 %
BB	8,173	— %	492	— %
B and below	1,653	— %	126	— %
Total below investment grade	9,826	— %	618	— %
Total	$ 1,646,969	100 %	$ 203,334	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, 2024.

	Fair Value	% of Total	Gross Unrealized Losses	% of Total
AAA	$ 108,788	6 %	$ 12,000	5 %
AA	360,053	20 %	49,933	22 %
A	602,399	34 %	90,635	39 %
BBB	699,427	39 %	78,068	34 %
Total investment grade	1,770,667	99 %	230,636	100 %
BB	13,953	1 %	724	— %
B and below	1,939	— %	178	— %
Total below investment grade	15,892	1 %	902	— %
Total	$ 1,786,559	100 %	$ 231,538	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 loan obligations, and other collateralized obligations.

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

	March 31, 2025		
	Fair Value	Amortized Cost	Unrealized Losses
Structured securities:			
Investment grade	$ 255,716	$ 259,016	$ (3,300)
Below investment grade	1,710	1,887	(177)
Total structured securities	$ 257,426	$ 260,903	$ (3,477)

	December 31, 2024		
	Fair Value	Amortized Cost	Unrealized Losses
Structured securities:			
Investment grade	$ 251,200	$ 255,263	$ (4,063)
Below investment grade	1,744	1,927	(183)
Total structured securities	$ 252,944	$ 257,190	$ (4,246)

Investment Revenues
The following table provides investment revenues by major category.

	Quarter Ended March 31,			
	2025	2024	$ Change	% Change
Gross investment income from invested assets:				
Fixed maturity securities	$ 28,154	$ 27,697	$ 457	2 %
Equity securities	7	15	(8)	(53)%
Mortgage loans	6,647	6,392	255	4 %
Real estate	2,394	3,235	(841)	(26)%
Policy loans	1,344	1,282	62	5 %
Short-term investments	609	900	(291)	(32)%
Other	211	363	(152)	(42)%
Total	39,366	39,884	(518)	(1)%
Less investment expenses	(3,247)	(3,138)	(109)	(3)%
Net investment income - invested assets	36,119	36,746	(627)	(2)%
Net investment income - deposit-type reinsurance [1]	3,367	3,731	(364)	(10)%
Net investment income	$ 39,486	$ 40,477	$ (991)	(2)%

[1] Includes investment income from the runoff of the block of deposit-type reinsurance business. See Note 13 - Reinsurance.

Investment Gains (Losses)

The following table provides detail concerning investment gains and losses.

	Quarter Ended March 31, 2025	Quarter Ended March 31, 2024
Gross gains resulting from:		
Sales of investment securities	$ —	$ 1
Sales of real estate	—	24
Total gross gains	—	25
Gross losses resulting from:		
Sales of investment securities	(145)	(35)
Investment securities called and other	—	(720)
Sales and write downs of real estate	(202)	(145)
Total gross losses	(347)	(900)
Change in allowance for credit losses:		
Mortgage loans	(18)	(17)
Total change in allowance for credit losses	(18)	(17)
Change in fair value:		
Equity securities	33	68
Other investments	(2,632)	2,204
Total change in fair value	(2,599)	2,272
Net investment gains (losses)	$ (2,964)	$ 1,380

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, 2025	Quarter Ended March 31, 2024
Proceeds	$ 47,621	$ 1,200

The proceeds in 2025 primarily resulted from fixed maturities sold in conjunction with a legal judgment paid in the first quarter.

Mortgage Loans

Investments in mortgage loans totaled $569.2 million at March 31, 2025, compared to $575.1 million at December 31, 2024. Our mortgage loans are secured by commercial real estate and are stated at cost, less an allowance for credit losses. We did not have any premium amortization or discount accretion at March 31, 2025 or December 31, 2024. We believe the allowance for credit losses is at a level adequate to absorb estimated credit losses. This allowance was $1.4 million at both March 31, 2025 and December 31, 2024. Our 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, 2025 and December 31, 2024. 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 45% at both March 31, 2025 and December 31, 2024. This ratio is based upon the current balance of loans relative to the most current appraisal of value. 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 did not refinance any loans during the quarter ended March 31, 2025. We refinanced one loan with a total outstanding balance of $0.6 million during the quarter ended March 31, 2024. At March 31, 2025 and December 31, 2024, 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, Regulatory Matters, 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 2024 Annual Report. Please refer to our 2024 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, 2025			
	Level 1	Level 2	Level 3	Total
Assets:				
U.S. Treasury securities and obligations of U.S. Government	$ 9,818	$ 70,686	$ —	$ 80,504
Federal agency issued residential mortgage-backed securities [1]	—	41,748	—	41,748
Subtotal	9,818	112,434	—	122,252
Corporate obligations	—	1,709,290	—	1,709,290
Municipal securities	—	248,328	—	248,328
Asset-backed securities and collateralized loan obligations	—	247,426	10,000	257,426
Redeemable preferred stocks	—	2,476	—	2,476
Fixed maturity securities	9,818	2,319,954	10,000	2,339,772
Equity securities	82	449	321	852
Short-term investments	62,557	—	—	62,557
Other investments	—	5,875	290	6,165
Separate account assets	—	382,672	—	382,672
Total	$ 72,457	$ 2,708,950	$ 10,611	$ 2,792,018
Percent of total	3 %	97 %	— %	100 %
Liabilities:				
Policyholder account balances:				
Indexed universal life	$ —	$ —	$ 4,862	$ 4,862
Other policyholder funds				
Guaranteed minimum withdrawal benefits	—	—	(3,212)	(3,212)
Separate account liabilities	—	382,672	—	382,672
Total	$ —	$ 382,672	$ 1,650	$ 384,322

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

	December 31, 2024			
	Level 1	Level 2	Level 3	Total
Assets:				
U.S. Treasury securities and obligations of U.S. Government	$ 12,148	$ 69,796	$ —	$ 81,944
Federal agency issued residential mortgage-backed securities [1]	—	41,968	—	41,968
Subtotal	12,148	111,764	—	123,912
Corporate obligations	—	1,721,253	—	1,721,253
Municipal securities	—	249,505	—	249,505
Asset-backed securities and collateralized loan obligations	—	242,944	10,000	252,944
Redeemable preferred stocks	—	2,418	—	2,418
Fixed maturity securities	12,148	2,327,884	10,000	2,350,032
Equity securities	79	432	308	819
Short-term investments	64,917	—	—	64,917
Other investments	—	9,467	299	9,766
Separate account assets	—	413,426	—	413,426
Total	$ 77,144	$ 2,751,209	$ 10,607	$ 2,838,960
Percent of total	3 %	97 %	— %	100 %
Liabilities:				
Policyholder account balances:				
Indexed universal life	$ —	$ —	$ 8,114	$ 8,114
Other policyholder funds:				
Guaranteed minimum withdrawal benefits	—	—	(3,723)	(3,723)
Separate account liabilities	—	413,426	—	413,426
Total	$ —	$ 413,426	$ 4,391	$ 417,817

[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, 2025		
	Assets	Liabilities	
	Fixed Maturity Securities, Equity Securities, and Other Investments	Indexed Universal Life	Guaranteed Minimum Withdrawal Benefits
Beginning balance	$ 10,607	$ 8,114	$ (3,723)
Included in earnings	4	(3,252)	379
Included in other comprehensive income (loss)	—	—	—
Purchases, issuances, sales and other dispositions:			
Purchases	—	—	—
Issuances	—	—	—
Sales	—	—	—
Other dispositions	—	—	132
Transfers out of Level 3	—	—	—
Ending balance	$ 10,611	$ 4,862	$ (3,212)

	Quarter Ended March 31, 2024		
	Assets	Liabilities	
	Fixed Maturity Securities, Equity Securities, and Other Investments	Indexed Universal Life	Guaranteed Minimum Withdrawal Benefits
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)

We did not have any transfers between any levels during the quarters ended March 31, 2025 or 2024.

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 guaranteed minimum withdrawal benefits (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 2024 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, 2025.

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, 2025				
	Fair Value				Carrying Value
	Level 1	Level 2	Level 3	Total	
Assets:					
Investments:					
Mortgage loans	$ —	$ —	$ 535,940	$ 535,940	$ 569,220
Policy loans	—	—	85,472	85,472	85,472
Other investments	—	8,098	—	8,098	8,098
Liabilities:					
Individual and group annuities	—	—	1,014,164	1,014,164	1,030,776
Supplementary contracts and annuities without life contingencies	—	—	47,820	47,820	50,790
Policyholder account balances:					
Funding agreements	—	130,814	—	130,814	130,814

	December 31, 2024				
	Fair Value				Carrying Value
	Level 1	Level 2	Level 3	Total	
Assets:					
Investments:					
Mortgage loans	$ —	$ —	$ 531,008	$ 531,008	$ 575,068
Policy loans	—	—	84,913	84,913	84,913
Other investments	—	7,625	—	7,625	7,625
Liabilities:					
Individual and group annuities	—	—	1,020,099	1,020,099	1,037,019
Supplementary contracts and annuities without life contingencies	—	—	47,263	47,263	50,915
Policyholder account balances:					
Funding agreements	—	120,835	—	120,835	120,835

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, 2025	December 31, 2024
Agent receivables, net (allowance for credit losses: 2025 - $296; 2024 - $274)	$ 1,793	$ 1,904
Investment-related financing receivables:		
Mortgage loans, net (allowance for credit losses: 2025 - $1,434; 2024 - $1,416)	569,220	575,068
Total financing receivables	$ 571,013	$ 576,972

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, 2025			December 31, 2024		
	Gross Receivables	Allowance for Credit Losses	Net Receivables	Gross Receivables	Allowance for Credit Losses	Net Receivables
Agent specific loans	$ 347	$ 149	$ 198	$ 461	$ 159	$ 302
Other agent receivables	1,742	147	1,595	1,717	115	1,602
Total	$ 2,089	$ 296	$ 1,793	$ 2,178	$ 274	$ 1,904

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

	Quarter Ended March 31,	
	2025	2024
Beginning balance	$ 274	$ 192
Additions for credit losses not previously recorded	—	—
Additions (reductions) for credit losses recorded in a previous period	22	(5)
End of period	$ 296	$ 187

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, 2025	December 31, 2024
Mortgage loans collectively evaluated for impairment	$ 570,654	$ 576,484
Mortgage loans individually evaluated for impairment	—	—
Allowance for credit losses	(1,434)	(1,416)
Carrying value	$ 569,220	$ 575,068

There were no mortgage loans that were past due or on nonaccrual status at March 31, 2025 or at December 31, 2024.

We had no troubled debt restructurings during the quarters ended March 31, 2025 or 2024.

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

	Quarter Ended March 31,	
	2025	2024
Beginning of balance	$ 1,416	$ 1,581
Additions for credit losses not previously recorded	40	8
Additions (reductions) for credit losses recorded in a previous period	(22)	9
End of period	$ 1,434	$ 1,598

Please refer to our 2024 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 that are classified as VIEs. These VIEs are included in Other Investments in the Consolidated Balance Sheets. Please refer to our 2024 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,	
	2025	2024
Federal income tax credits realized	$ —	$ —
Amortization	23	14

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, 2025 and December 31, 2024. The table includes investments in three real estate joint ventures, four affordable housing real estate joint ventures, and eight alternative investment funds at both March 31, 2025 and December 31, 2024.

	March 31, 2025		December 31, 2024	
	Carrying Amount	Maximum Exposure to Loss	Carrying Amount	Maximum Exposure to Loss
Real estate joint ventures	$ 6,120	$ 19,543	$ 6,814	$ 20,010
Affordable housing real estate joint ventures	1,248	1,725	1,271	2,769
Alternative investment funds	48,822	102,342	47,973	102,879
Total	$ 56,190	$ 123,610	$ 56,058	$ 125,658

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, 2025 and December 31, 2024, we had no equity commitments outstanding to the real estate joint venture VIEs and we had no contingent commitments to fund additional equity contributions for operating support to real estate joint venture VIEs. We had unfunded commitments for additional alternative investment funds of $53.5 million at March 31, 2025 and $54.9 million at December 31, 2024.

The maximum exposure to loss on affordable housing joint ventures included $0.5 million of losses which could be realized if the tax credits received by the VIEs were recaptured at March 31, 2025, compared to $1.5 million at December 31, 2024. 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. We did not have any recapture events during the first quarters of 2025 or 2024.

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 $74.7 million at March 31, 2025. The fair value of the separate accounts with the GMWB rider was $80.8 million at December 31, 2024. The GMWB guarantee liability was $(3.2) million at March 31, 2025 and $(3.7) million at December 31, 2024. 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 $382.7 million at March 31, 2025 and $413.4 million at December 31, 2024, 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, 2025 and December 31, 2024.

In addition, we have an assumed closed block of variable universal life and variable annuity business that totaled $353.8 million at March 31, 2025 and $361.7 million at December 31, 2024. 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 $33.1 million at March 31, 2025 and $33.5 million at December 31, 2024 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, 2025 and December 31, 2024.

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,	
	2025	2024
Gross liability at beginning of the period	$ 33,751	$ 34,198
Less reinsurance recoverable	(24,198)	(24,966)
Net liability at beginning of the period	9,553	9,232
Incurred benefits related to:		
Current year	8,735	6,853
Prior years [1]	(483)	743
Total incurred benefits	8,252	7,596
Paid benefits related to:		
Current year	4,772	3,238
Prior years	3,189	4,037
Total paid benefits	7,961	7,275
Net liability at end of the period	9,844	9,553
Reinsurance recoverable	22,581	25,241
Gross liability at end of the period	$ 32,425	$ 34,794

[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,	
	2025	2024
Gross liability at beginning of the period	$ 31,661	$ 31,707
Less reinsurance recoverable	(22,255)	(22,673)
Net liability at beginning of the period	9,406	9,034
Incurred benefits related to:		
Current year	8,725	6,827
Prior years [1]	(472)	749
Total incurred benefits	8,253	7,576
Paid benefits related to:		
Current year	4,772	3,224
Prior years	3,181	4,021
Total paid benefits	7,953	7,245
Net liability at end of the period	9,706	9,365
Reinsurance recoverable	20,968	22,884
Gross liability at end of the period	$ 30,674	$ 32,249

[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,	
	2025	2024
Individual Insurance Segment:		
Individual accident and health	$ 382	$ 531
Individual life	41,608	44,144
Deferred annuity	4,638	5,723
Subtotal	46,628	50,398
Group Insurance Segment:		
Group accident and health	30,674	32,249
Group life	2,893	2,631
Subtotal	33,567	34,880
Old American Segment:		
Individual accident and health	1,369	2,014
Individual life	11,005	8,530
Subtotal	12,374	10,544
Total	$ 92,569	$ 95,822

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, 2025 December 31, 2024.

9. Debt

Notes Payable
We had no notes payable outstanding at March 31, 2025 or December 31, 2024.

We had unsecured revolving lines of credit with two major commercial banks that totaled $80.0 million at both March 31, 2025 and December 31, 2024, with no balances outstanding. The lines of credit are at variable interest rates based upon short-term indices maturing in June of 2025. 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 2025 and had no outstanding borrowings as of March 31, 2025. The Company had no transactions that occurred under these agreements during the year ended December 31, 2024 and had no outstanding borrowings as of December 31, 2024. 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, 2025, collateral comprised primarily of securities and mortgages in the amount of $342.7 million, with a fair value of $310.0 million, were pledged to the FHLB, providing a borrowing capacity of $243.1 million. At December 31, 2024, collateral comprised primarily of securities and mortgages in the amount of $356.6 million, with a fair value of $321.3 million, were pledged to the FHLB, providing a borrowing capacity of $257.4 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 $8.1 million at March 31, 2025 and $7.6 million at December 31, 2024 and is included in Other Investments in the Consolidated Balance Sheets. Dividends received on this capital investment totaled $0.2 million for the first quarter of 2025 and $0.1 million the first quarter of 2024.

Funding Agreements
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. The maximum participation level with this program was $140.0 million at both March 31, 2025 and December 31, 2024. 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 table provides information regarding our funding agreements with the FHLB.

	March 31, 2025	December 31, 2024
Total obligations outstanding	$ 130,000	$ 120,000
Accrued interest	814	835

	Quarter Ended March 31,	
	2025	2024
Interest credited	$ 1,542	$ 1,502
Cash interest payments	1,563	1,538
Interest income on the variable rate fixed maturity securities	2,087	1,866

10. Income Taxes

Our effective income tax rate was 181% in the first quarter of 2025 and 21% in the first quarter of 2024. The increase in the effective tax rate in 2025 was from the payment of a court ordered judgment, resulting in the recognition of an additional tax benefit.

The following table provides information about taxes paid.

	Quarter Ended March 31,	
	2025	2024
Cash paid (refunded) for income taxes	$ —	$ (2,656)

We had no material uncertain tax positions at March 31, 2025 or December 31, 2024.

At March 31, 2025, we had a $4.5 million current tax asset and a $42.6 million net deferred tax asset, compared to a $0.3 million current tax asset and a $48.9 million net deferred tax asset at December 31, 2024.

11. Pensions and Other Postemployment Benefits (OPEB)

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

	Pension Benefits		OPEB	
	Quarter Ended March 31,		Quarter Ended March 31,	
	2025	2024	2025	2024
Service cost	$ —	$ —	$ 9	$ 15
Interest cost	1,065	1,056	129	145
Expected return on plan assets	(2,247)	(2,338)	—	—
Amortization of:				
Unrecognized actuarial net loss (gain)	548	641	(451)	(398)
Unrecognized prior service credit	(16)	(16)	—	—
Net periodic benefit credit	$ (650)	$ (657)	$ (313)	$ (238)

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 2024 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 2025 for the three-year interval ended December 31, 2024. 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.

At each reporting period, an estimate of the share-based compensation expense is accrued, utilizing the share price at the period end. The change in accrual that reduced operating expense in the first quarter of 2025 was $0.1 million, net of tax. The cost of share-based compensation accrued as an operating expense was $0.5 million, net of tax, in the first quarter of 2024.

13. Reinsurance

We had a reinsurance agreement with Scottish Re, with a reinsurance recoverable for ceded claims of $3.4 million and an allowance for credit losses of $1.4 million at both March 31, 2025 and December 31, 2024. 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 both March 31, 2025 and December 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 both March 31, 2025 and at December 31, 2024.

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

	Quarter Ended March 31,			
	2025	2024	2025	2024
	Reinsurance Recoverables		Other Assets	
Beginning balance	$ 1,367	$ 1,353	$ 737	$ 737
Additions for credit losses not previously recorded	—	—	—	—
Additions (reductions) for credit losses recorded in a previous period	—	11	—	—
End of period	$ 1,367	$ 1,364	$ 737	$ 737

In 2022, the Company reinsured a block of fixed annuity business to a certified domestic reinsurer. The agreement requires the Company 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. Investment income recognized and interest credited on the block totaled $3.4 million in the first quarter of 2025. Investment income recognized and interest credited on the block totaled $3.7 million in the first quarter of 2024. The Deposit Asset on Reinsurance balance was $365.4 million at March 31, 2025 and $377.5 million at December 31, 2024.

We monitor the financial condition of our reinsurance partners to assess the risk of default. We have a significant concentration of credit risk with RGA Reinsurance Company (RGA). We believe that all of our reinsurance recoverables from RGA are collectible as of March 31, 2025. In the event of a failure of RGA to perform its obligations under its reinsurance treaties, there could be a material impact on our financial position and results of operations. RGA had an A+ (Superior) financial strength rating from A.M. Best and an AA- (Very Strong) financial strength rating from S&P Global Ratings as of March 31, 2025.

14. Comprehensive Income (Loss)

Comprehensive Income (Loss) is comprised of Net Income 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, 2025		
	Pre-Tax Amount	Tax Expense (Benefit)	Net-of-Tax Amount
Change in unrealized investment gains/losses	$ 32,885	$ 6,906	$ 25,979
Reclassification of unrealized investment gains/losses	145	30	115
Effect on DAC, VOBA, and DRL	(3,235)	(679)	(2,556)
Other comprehensive income	$ 29,795	$ 6,257	$ 23,538
Net income			1,876
Comprehensive income			$ 25,414

	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)

The following table provides accumulated balances related to each component of Accumulated Other Comprehensive Income (Loss) at March 31, 2025, net of tax.

	Unrealized Gain (Loss) on Securities	DAC/ VOBA/DRL Impact	Benefit Plan Obligations	Total
Beginning of year	$ (172,902)	$ 15,967	$ (33,446)	$ (190,381)
Other comprehensive income (loss) before reclassification	25,979	(2,556)	—	23,423
Amounts reclassified from accumulated other comprehensive income (loss)	115	—	—	115
Net current-period other comprehensive income (loss)	26,094	(2,556)	—	23,538
End of period	$ (146,808)	$ 13,411	$ (33,446)	$ (166,843)

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

	Unrealized Gain (Loss) on Securities	DAC/ VOBA/DRL Impact	Benefit Plan Obligations	Total
Beginning of year	$ (144,854)	$ 12,701	$ (40,708)	$ (172,861)
Other comprehensive income (loss) before reclassification	(32,530)	3,266	7,262	(22,002)
Amounts reclassified from accumulated other comprehensive income (loss)	4,482	—	—	4,482
Net current-period other comprehensive income (loss)	(28,048)	3,266	7,262	(17,520)
End of period	$ (172,902)	$ 15,967	$ (33,446)	$ (190,381)

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,	
	2025	2024
Reclassification adjustments related to unrealized gains (losses) on investment securities:		
Net realized investment losses, excluding credit losses [1]	$ (145)	$ (754)
Income tax benefit [2]	30	158
Net of taxes	(115)	(596)

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

[2] (Increases) decreases included in 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 quarters ended March 31, 2025 and 2024 was 9,683,414. The number of shares outstanding at both March 31, 2025 and December 31, 2024 was 9,683,414.

16. Segment Information

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. The Individual Insurance segment consists of individual insurance products for Kansas City Life, Grange Life, and the assumed reinsurance transactions. The Group Insurance segment consists of sales of group life, dental, vision, disability, accident, and critical illness products. The Old American segment consists of individual insurance products designed largely as final expense products.

The chief operating decision maker assesses performance for all segments and decides how to allocate resources based on net income (loss) that is also reported on the income statement as consolidated net income (loss). The measure of segment assets is reported on the balance sheet as total consolidated assets. The chief operating decision maker uses net income (loss), amongst other metrics, to assist in the evaluation of the performance of all segments, to determine plans and actions, and to direct the use of assets and capital. The Company's chief operating decision maker is the chief executive officer.

Inter-segment revenues are not material. We operate solely in the United States of America and no individual customer accounts for 10% or more of our revenue.

The following tables provide information about segment revenue, measures of segment profit or loss, significant segment expenses, and a measure of segment assets.

	Quarter Ended March 31, 2025			
	Individual Insurance	Group Insurance	Old American	Consolidated
Insurance revenues	$ 43,264	$ 17,710	$ 20,071	$ 81,045
Intersegment revenues	119	—	—	119
Net investment income	35,902	83	3,501	39,486
Net investment gains (losses)	(2,981)	—	17	(2,964)
Other revenues	1,385	23	—	1,408
Total segment revenues	77,689	17,816	23,589	119,094
Elimination of intersegment revenues				(119)
Total revenues				118,975
Policyholder benefits	36,015	10,546	16,633	63,194
Interest credited to policyholder account balances	19,460	—	—	19,460
Amortization of deferred acquisition costs	5,650	—	4,478	10,128
Operating expenses:				
Salaries and benefits	8,966	1,310	2,171	12,447
Other segment items [1]	9,608	5,399	1,167	16,174
Operating expenses	18,574	6,709	3,338	28,621
Total segment benefits and expenses	79,699	17,255	24,449	121,403
Elimination of intersegment expense				(119)
Total benefits and expenses				121,284
Income (loss) before income tax expense (benefit)	(2,010)	561	(860)	(2,309)
Income tax expense (benefit)	(4,121)	118	(182)	(4,185)
Net income (loss)	$ 2,111	$ 443	$ (678)	$ 1,876
Assets	$ 4,476,131	$ 11,319	$ 461,932	$ 4,949,382

[1] Other segment items includes agency-related expenses, legal expenses, depreciation, amortization, commission expenses net of capitalization, marketing expenses, professional services, and overhead expenses.

	Quarter Ended March 31, 2024			
	Individual Insurance	Group Insurance	Old American	Consolidated
Insurance revenues	$ 45,229	$ 17,849	$ 21,019	$ 84,097
Intersegment revenues	117	—	—	117
Net investment income	37,068	83	3,326	40,477
Net investment gains (losses)	1,614	—	(234)	1,380
Other revenues	1,329	25	—	1,354
Total segment revenues	85,357	17,957	24,111	127,425
Elimination of intersegment revenues				(117)
Total revenues				127,308
Policyholder benefits	39,296	11,063	17,021	67,380
Interest credited to policyholder account balances	19,421	—	—	19,421
Amortization of deferred acquisition costs	4,612	—	4,499	9,111
Operating expenses:				
Salaries and benefits	10,129	1,265	2,010	13,404
Other segment items [1]	9,198	5,328	1,619	16,145
Operating expenses	19,327	6,593	3,629	29,549
Total segment benefits and expenses	82,656	17,656	25,149	125,461
Elimination of intersegment expense				(117)
Total benefits and expenses				125,344
Income (loss) before income tax expense (benefit)	2,701	301	(1,038)	1,964
Income tax expense (benefit)	569	61	(220)	410
Net income (loss)	$ 2,132	$ 240	$ (818)	$ 1,554
Assets	$ 4,594,677	$ 11,273	$ 450,155	$ 5,056,105

[1] Other segment items includes agency-related expenses, legal expenses, depreciation, amortization, commission expenses net of capitalization, marketing expenses, professional services, and overhead expenses.

17. Commitments, Regulatory Matters, Guarantees, and Indemnifications

Commitments

In the normal course of business, we have open purchase and sale commitments.

At March 31, 2025 and December 31, 2024, we had no equity commitments outstanding to the real estate joint venture VIEs and we had no contingent commitments to fund additional equity contributions for operating support to real estate joint venture VIEs. We had unfunded commitments for additional alternative investment funds of $53.5 million at March 31, 2025 and $54.9 million at December 31, 2024.

At March 31, 2025, we had purchase commitments to fund mortgage loans of $5.7 million.

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 Missouri Department of Insurance completed an examination based upon our statutory financial statements for the year ended December 31, 2019 for Kansas City Life and Old American. The Ohio Department of Insurance completed an examination based upon our statutory financial statements for the year ended December 31, 2019 for Grange Life Insurance Company. No recommendations or financial adjustments were required as a result of those examinations. A periodic examination by the Missouri Department of Insurance and the Ohio Department of Insurance based upon the year ended December 31, 2023 is currently ongoing.

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 funding 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. 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 13 - 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, 2025. 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 involved in several related litigation matters in multiple jurisdictions that make substantially similar claims regarding how we determine and apply cost of insurance rates in certain universal life and variable universal life policies. The matters include:

- Meek v. Kansas City Life is a class action filed in the U.S. District Court for the Western District of Missouri. The Court certified a class in this matter in February of 2022 that includes current and former policyowners who purchased certain universal life policies (described below) that were issued in the State of Kansas. The class was limited to those whose policies were active on or after January 1, 2002. The Court issued a summary judgment ruling in March of 2023 that 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, further 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 8th Circuit Court of Appeals affirmed the lower courts findings in January of 2025. The Company has established an accrual as of December 31, 2024, in the amount of $1.0 million, which includes the $0.9 million judgment awarded by the Court and $0.1 million in post-judgment interest from the date of the judgment through year end 2024. The amount, with any additional accrued interest, is expected to be paid later in 2025.

- Sheldon v. Kansas City Life is a class action filed in the 16th Circuit Court for the State of Missouri (Jackson County). The Court certified a class in May of 2022 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. Following an appeal to the Missouri Court of Appeals, the case was remanded to the 16th Circuit Court for entering a final judgment. While the judgment is not final, the Court has entered a ruling granting prejudgment interest in the amount of $2.0 million. The Company is appealing the judgment.

- Fine v. Kansas City Life is a class action filed in the U.S. District Court for the Central District of California. The Court certified a class in November of 2023 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 case is in discovery and trial is currently scheduled for late 2025. The Fine matter includes different defenses and matters of law than the other cost of insurance cases.

- McMillan v. Kansas City Life is a class action filed in the U.S. District Court for the District of Maryland. The Court certified a class in January of 2025 that includes 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 discovery is ongoing. The McMillan matter includes different defenses and matters of law than the other cost of insurance cases.

- Van Zanten et al v. Kansas City Life ("Van Zanten I") is a putative class action filed in the U.S. District Court for the Western District of Missouri on February 12, 2025. The proposed class action includes current and former policyholders in a number of different states and relates to the cost of insurance charges under certain universal life policies similar to those involved in the other cost of insurance cases. The case is in its preliminary stages. The Van Zanten I matter includes different defenses and matters of law than the other cost of insurance cases.

- Van Zanten v. Kansas City Life ("Van Zanten II") is a putative class action originally filed in the 16th Circuit Court for the State of Missouri (Jackson County) on February 12, 2025. We removed the case to federal court, and the matter is currently before the US District Court for the Western District of Missouri. The proposed class action includes current and former policyholders in a number of different states and relates to the cost of insurance charges under certain variable universal life policies similar to those involved in the other cost of insurance cases. The case is in its preliminary stages. We have not yet responded to the claims and the Court has not held any hearings on the matter. The Van Zanten II matter includes different defenses and matters of law than the other cost of insurance cases.

As referenced above, the classes certified in Meek, Fine, and McMillan class actions, and the Van Zanten I putative class action, 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 and McMillan class actions also include, and the Van Zanten II putative class is limited to, policyholders who purchased the Century II Variable Universal Life policy.

As of March 31, 2025, we have accrued a liability for the Meek v Kansas City Life matter as noted above. There can be no assurances as to the outcome of any of these matters, including those where a verdict has already been rendered and which will be or are 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.

19. Subsequent Events

We evaluated events that occurred subsequent to March 31, 2025 through May 1, 2025, the date the consolidated financial statements were issued, and have identified the following subsequent event.

On April 28, 2025, the Kansas City Life Board of Directors declared a quarterly dividend of $0.14 per share, payable on May 14, 2025 to stockholders of record on May 8, 2025.

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, 2025.