## Kansas City Life Insurance Company

2015 Second Quarter Report





Includes our subsidiaries: Sunset Life Insurance Company of America Old American Insurance Company

Post Office Box 219139 Kansas City, Missouri 64121-9139 Listing: NASDAQ Stock Symbol:KCLI www.kclife.com

Sunset Financial Services, Inc.



## Message from the President, CEO and Chairman of the Board

Kansas City Life Insurance Company recorded net income of \$10.9 million or \$1.01 per share in the second quarter of 2015, an increase of \$2.3 million or \$0.23 per share relative to the same quarter in the prior year. Net income totaled \$17.7 million or \$1.64 per share in the first six months of 2015, an increase of \$3.4 million or \$0.34 per share relative to the same period one year earlier. The improvement in both periods reflected reductions in policyholder benefits and amortization of deferred acquisition costs. These reductions were the result of a decline in the fair value of the Company's guaranteed minimum withdrawal benefit rider and an unlocking of deferred acquisition costs that primarily reflected improvements in interest rates and mortality, respectively. Partially offsetting these favorable factors in both periods were decreases in insurance revenues, primarily from reduced contract charges and lower annuity and accident and health premiums, and a decrease in total investment income. The decline in investment income was primarily due to the continuing low interest rate environment. In addition, operating expenses increased in both periods, largely due to changes in amortization of the value of business previously acquired.

On July 27, 2015, the Kansas City Life Board of Directors declared a quarterly dividend of \$0.27 per share that will be paid on August 12, 2015 to stockholders of record on August 6, 2015.

A Maly By R. Philip Bixby



## Kansas City Life Insurance Company Consolidated Balance Sheets

(amounts in thousands, except share data)

(Unaddited)           ASSETS           Investments:         5,703,822         \$2,726,731           Equity securities available for sale, at fair value         \$2,703,822         \$2,726,731           Equity securities available for sale, at fair value         \$24,804         24,881           Mortgage loans         \$50,724         \$41,180           Real estate         179,403         181,082           Policy Joans         \$2,537         83,553           Short-term investments         33,508         39,107           Other investments         33,565,116         3,596,969           Cash         9,238         11,011           Accrued investment income         34,213         33,078           Deferred acquisition costs         261,833         249,195           Reinsurance recoverables         189,598         194,225           Property and equipment         16,997         17,527           Other assets         37,923         63,134           Exparate account assets         403,406         406,501           Total assets         9,930,257         8,930,267           Policyholder account balances         2,063,783         29,720,41      Policy policy benefits         2,063,783 <t< th=""><th></th><th colspan="2">June 30 2015</th><th colspan="2">December 31 2014</th></t<>		June 30 2015		December 31 2014	
Priced maturity securities available for sale, at fair value			Unaudited)		
Fixed maturity securities available for sale, at fair value         \$2,703,822         \$2,726,731           Equity securities available for sale, at fair value         24,804         24,808           Mordgage loans         550,724         541,180           Real estate         179,403         181,082           Policy loans         23,508         39,107           Other investments         23,508         39,107           Other investments         3,565,116         35,969,906           Cash         9,238         11,011           Cacrued investment income         34,213         30,708           Deferred acquisition costs         261,836         249,195           Reinsurance recoverables         189,598         194,225           Property and equipment         16,997         17,527           Other assets         5,792         61,313           Separate account assets         3,303,20         8,311,810           Total assets         3,303,20         9,301,261           Policy benefits         3,303,20         9,301,261           Policy plotely benefits         3,303,20         2,003,783           Policy plotely benefits         3,203,20         2,003,783           Policy plotely dendities         3,303,20					
Equity securities available for sale, at fair value         24,804         24,818           Mortgage loans         550,724         541,180           Real estate         179,003         181,082           Policy loans         82,537         83,553           Short-term investments         23,508         39,107           Other investments         318         462           Total investments         3,565,116         3,506,906           Cash         9,238         11,011           Accrued investment income         261,836         249,195           Reinsurance recoverables         261,836         249,195           Reinsurance recoverables         16,997         17,527           Other assets         5,923         61,318           Separate account assets         403,406         406,501           Total assets         3,930         5,930,257         \$ 930,751           Putture policy benefits         9,930,257         \$ 930,761           Policy and contract claims         3,1585         37,452           Other policyholder funds         171,174         16,506           Other policyholder funds         171,174         16,506           Other policyholder funds         20,803,78         3,720,10					
Mortgage loans         550,724         541,180           Real estate         179,403         181,082           Policy loans         82,537         83,553           Short-term investments         23,088         39,107           Other investments         318         462           Total investments         3,565,116         35,96,906           Cash         9,238         11,011           Accrued investment income         34,213         33,078           Deferred acquisition costs         261,836         249,195           Reinsurance recoverables         189,598         194,225           Property and equipment         16,997         17,527           Other assets         37,923         63,134           Separate account assets         403,406         406,501           Total assets         930,257         930,767           Puture policy benefits         930,257         930,767           Future policy benefits         930,257         930,761           Policy and contract claims         31,588         37,452           Other policyholder funds         171,174         165,062           Other policyholder funds         171,174         165,062           Other liabilities		\$	2,703,822	\$	
Real estate         179,403         181,082           Policy loans         82,537         83,553           Short-term investments         23,508         39,070           Other investments         3,665,116         356,070           Total investments         3,651,16         35,96,96           Cash         9,238         11,011           Accrued investment income         34,213         33,078           Peferred acquisition costs         261,836         249,195           Reinsurance recoverables         189,598         194,225           Property and equipment         16,997         17,527           Other assets         5,79,233         63,134           Separate account assets         403,406         406,501           Total assets         5,930,257         \$930,257           Policy policy bolder account balances         2,963,783         2,972,041           Policy policy policy finds         17,117         165,062           Other policy policy finds         17,117         165,062           Other policy policy finds         17,117         165,002           Other policy policy finds         20,303         217,291           Other policy policy finds         20,303         217,291 <t< td=""><td></td><td></td><td>-</td><td></td><td></td></t<>			-		
Policy loans         82,537         83,581           Short-term investments         23,508         39,107           Other investments         318         462           Total investments         3,565,116         3,596,906           Cash         9,238         11,011           Accrued investment income         34,213         33,078           Deferred acquisition costs         261,836         249,195           Reinsurance recoverables         189,598         194,225           Property and equipment         16,997         17,527           Other assets         403,406         406,501           Total assets         403,406         406,501           Total assets         \$930,257         \$930,751           Puture policy benefits         \$930,257         \$930,751           Policy policy policy funder         \$930,257         \$930,761           Policy policy policy funder         \$930,257         \$930,761           Policy policy policy funder         \$930,257         \$930,761           Policy policy policy funder funds         171,174         165,062           Other liabilities         3,808,242         3,72,91           Separate account liabilities         403,406         406,501					
Short-term investments         23,008         39,107           Other investments         318         462           Total investments         3,565,116         3,596,908           Cash         9,238         11,011           Accrued investment income         34,213         33,078           Deferred acquisition costs         261,332         249,195           Reinsurance recoverables         189,598         194,225           Property and equipment         16,997         17,527           Other assets         57,923         63,134           Separate account assets         403,406         406,501           Total assets         930,257         930,761           Puture policy benefits         930,257         930,761           Policy and contract claims         2,003,783         2,072,041           Policy and contract claims         171,174         165,602           Other policyholder funds         171,174         165,002           Other policyholder funds         171,174         165,002           Other policyholder funds         208,037         217,291           Separate account liabilities         208,037         217,291           Total liabilities         23,102         33,002         33,002<					181,082
Other investments         318         462           Total investments         3,565,116         3,596,906           Cash         9,238         11,011           Accrued investment income         34,213         33,078           Deferred acquisition costs         261,836         249,195           Reinsurance recoverables         18,958         194,425           Property and equipment         16,997         17,522           Other assets         57,932         3,311           Separate account assets         403,406         406,501           Total assets         930,257         \$930,761           Puture policy benefits         930,257         \$930,761           Policy and contract claims         31,585         3745           Other policyholder funds         31,585         3745           Other policyholder funds         11,174         165,062           Other policyholder funds         208,037         31,785           Total liabilities         3,802,20         32,121           Separate account liabilities         208,037         32,121           Total liabilities         3,802,20         32,20           Separate account liabilities         23,21         23,121           Common	Policy loans		82,537		83,553
Total investments         3,566,116         3,596,996           Cash         9,238         11,011           Accrued investment income         34,213         33,078           Deferred acquisition costs         261,836         249,195           Reinsurance recoverables         189,598         194,425           Property and equipment         16,997         17,527           Other assets         57,923         63,134           Separate account assets         403,406         406,501           Total assets         \$ 930,257         \$ 571,867           Eluture policy benefits         \$ 930,257         \$ 930,761           Policy policy benefits         \$ 930,257         \$ 930,761           Policy and contract claims         31,585         37,452           Other policy bolder funds         171,174         165,062           Other policy holder funds         171,174         165,062           Other policy holder funds         31,585         37,452           Other policy holder funds         171,174         165,062           Other policy holder funds         31,585         3,89,010           Sparate account liabilities         23,021         3,89,100           Total liabilities         3,80,242         3,89,	Short-term investments		23,508		39,107
Cash         9,238         11,011           Accrued investment income         34,213         33,078           Deferred acquisition costs         261,836         249,195           Reinsurance recoverables         189,598         194,225           Property and equipment         16,997         17,527           Other assets         403,406         406,501           Separate account assets         403,406         406,501           Total assets         930,257         \$930,761           Puture policy benefits         \$930,257         \$930,761           Policyholder account balances         2,063,783         2,072,041           Policy and contract claims         31,585         37,452           Other policyholder funds         171,174         165,062           Other policyholder funds         171,174         165,062           Other liabilities         208,037         217,291           Separate account liabilities         3,808,242         3,829,108           TOCKHOLDERS' EQUITY         200,000         3,808,242         3,829,108           Additional paid in capital         41,021         41,007           Additional paid in capital         41,021         41,007           Retained earnings         850,36	Other investments		318		462
Accrued investment income         34,213         33,078           Deferred acquisition costs         261,836         249,195           Reinsurance recoverables         189,598         194,425           Property and equipment         16,997         17,527           Other assets         57,923         63,134           Separate account assets         403,406         406,501           Total assets         4,538,327         \$4571,867           Enture policy benefits         \$930,257         \$930,761           Policy and contract claims         31,585         37,452           Other policy bholder funds         171,174         165,062           Other policy bholder funds         171,174         165,062           Other liabilities         208,037         217,291           Separate account liabilities         403,406         406,501           Total liabilities         3,808,242         3,829,108           STOCKHOLDERS' EQUITY           Common stock, par value \$1.25 per share         23,121         23,121           Additional paid in capital         41,021         41,007           Retained earnings         850,369         838,508           Accumulated other comprehensive income         7,181 <t< td=""><td>Total investments</td><td></td><td>3,565,116</td><td></td><td>3,596,996</td></t<>	Total investments		3,565,116		3,596,996
Deferred acquisition costs         261,836         249,195           Reinsurance recoverables         189,598         194,425           Property and equipment         16,997         17,527           Other assets         57,923         63,134           Separate account assets         403,406         406,501           Total assets         \$4,538,327         \$4,571,867           Enture policy benefits         \$930,257         \$930,761           Policy and contract claims         31,585         37,452           Other policy benefits         31,585         37,452           Other policy holder funds         171,174         165,062           Other policy benefits         208,037         217,291           Separate account liabilities         208,037         217,291           Separate account liabilities         208,037         217,291           Separate account liabilities         3,808,242         3,829,108           STOCKHOLDERS' EQUITY         23,121         23,121           Common stock, par value \$1.25 per share         23,121         23,121           Additional paid in capital         41,021         41,007           Retained earnings         850,369         838,508           Accumulated other comprehen	Cash		9,238		11,011
Reinsurance recoverables         189,598         194,425           Property and equipment         16,997         17,527           Other assets         57,923         63,134           Separate account assets         403,406         406,501           Total assets         \$4,538,327         \$4,571,867           Enture policy benefits         \$930,257         \$930,761           Policy policy benefits         \$930,257         \$930,761           Policy and contract claims         31,585         37,452           Other policyholder funds         171,174         165,062           Other liabilities         208,037         217,291           Separate account liabilities         208,037         217,291           Separate account liabilities         403,406         406,501           Total liabilities         3,808,242         3,829,108           STOCKHOLDERS' EQUITY           Common stock, par value \$1.25 per share         23,121         23,121           Additional paid in capital         41,021         41,007           Retained earnings         850,369         838,508           Accumulated other comprehensive income         7,181         23,040           Treasury stock, at cost (2015 - 7,862,679 shares; 2014 - 7,671,475 shares) <td>Accrued investment income</td> <td></td> <td>34,213</td> <td></td> <td>33,078</td>	Accrued investment income		34,213		33,078
Property and equipment         16,997         17,527           Other assets         57,923         63,134           Separate account assets         403,406         406,501           Total assets         \$4,538,327         \$4,571,867           LIABILITIES         \$930,257         \$930,761           Policy benefits         \$930,257         \$930,761           Policy and contract claims         31,585         37,452           Other policy holder funds         171,174         165,062           Other liabilities         208,037         217,291           Separate account liabilities         403,406         406,501           Total liabilities         3,808,242         3,829,108           STOCKHOLDERS' EQUITY           Common stock, par value \$1.25 per share         23,121         23,121           Additional paid in capital         41,021         41,007           Retained earnings         850,369         838,508           Accumulated other comprehensive income         7,181         23,040           Treasury stock, at cost (2015 - 7,862,679 shares; 2014 - 7,671,475 shares)         (191,607)         (182,917)           Total stockholders' equity         730,085         742,759	Deferred acquisition costs		261,836		249,195
Other assets         57,923         63,134           Separate account assets         403,406         406,501           Total assets         \$4,538,327         \$4,571,867           LIABILITIES           Future policy benefits         \$930,257         \$930,761           Policy policy benefits         \$2,063,783         2,072,041           Policy and contract claims         31,585         37,452           Other policyholder funds         171,174         165,062           Other liabilities         208,037         217,291           Separate account liabilities         403,406         406,501           Total liabilities         403,406         406,501           TOTAL liabilities         23,121         23,121           STOCKHOLDERS' EQUITY           Common stock, par value \$1.25 per share         23,121         23,121           Auditional paid in capital         41,021         41,007           Retained earnings         850,369         838,508           Accumulated other comprehensive income         7,181         23,040           Treasury stock, at cost (2015 - 7,862,679 shares; 2014 - 7,671,475 shares)         (191,607)         (182,917)           Total stockholders' equity         730,085         742,759	Reinsurance recoverables		189,598		194,425
Separate account assets         403,406         406,501           Total assets         4,538,327         4,571,867           LIABILITIES           Future policy benefits         \$ 930,257         \$ 930,761           Policy holder account balances         2,063,783         2,072,041           Policy and contract claims         31,585         37,452           Other policyholder funds         171,174         165,062           Other liabilities         208,037         217,291           Separate account liabilities         403,406         406,501           Total liabilities         3,808,242         3,829,108           STOCKHOLDERS' EQUITY           Common stock, par value \$1.25 per share         23,121         23,121           Authorized 36,000,000 shares, issued 18,496,680 shares         23,121         23,121           Additional paid in capital         41,021         41,007           Retained earnings         850,369         838,508           Accumulated other comprehensive income         7,181         23,040           Treasury stock, at cost (2015 - 7,862,679 shares; 2014 - 7,671,475 shares)         (191,607)         (182,917)           Total stockholders' equity         730,085         742,759	Property and equipment		16,997		17,527
Total assets         \$ 4,538,327         \$ 4,571,867           LIABILITIES           Future policy benefits         \$ 930,257         \$ 930,761           Policy policy benefits         2,063,783         2,072,041           Policy and contract claims         31,585         37,452           Other policyholder funds         171,174         165,062           Other liabilities         208,037         217,291           Separate account liabilities         403,406         406,501           Total liabilities         3,808,242         3,829,108           STOCKHOLDERS' EQUITY           Common stock, par value \$1.25 per share         23,121         23,121           Additional paid in capital         41,021         41,007           Retained earnings         850,369         838,508           Accumulated other comprehensive income         7,181         23,040           Treasury stock, at cost (2015 - 7,862,679 shares; 2014 - 7,671,475 shares)         (191,607)         (182,917)           Total stockholders' equity         730,085         742,759	Other assets		57,923		63,134
LIABILITIES           Future policy benefits         \$ 930,257         \$ 930,761           Policy holder account balances         2,063,783         2,072,041           Policy and contract claims         31,585         37,452           Other policyholder funds         171,174         165,062           Other liabilities         208,037         217,291           Separate account liabilities         403,406         406,501           Total liabilities         3,808,242         3,829,108           STOCKHOLDERS' EQUITY           Common stock, par value \$1.25 per share         23,121         23,121           Additional paid in capital         41,021         41,007           Retained earnings         850,369         838,508           Accumulated other comprehensive income         7,181         23,040           Treasury stock, at cost (2015 - 7,862,679 shares; 2014 - 7,671,475 shares)         (191,607)         (182,917)           Total stockholders' equity         730,085         742,759	Separate account assets		403,406		406,501
Future policy benefits         \$ 930,257         \$ 930,761           Policyholder account balances         2,063,783         2,072,041           Policy and contract claims         31,585         37,452           Other policyholder funds         171,174         165,062           Other liabilities         208,037         217,291           Separate account liabilities         403,406         406,501           Total liabilities         3,808,242         3,829,108           STOCKHOLDERS' EQUITY           Common stock, par value \$1.25 per share         23,121         23,121           Additional paid in capital         41,021         41,007           Retained earnings         850,369         838,508           Accumulated other comprehensive income         7,181         23,040           Treasury stock, at cost (2015 - 7,862,679 shares; 2014 - 7,671,475 shares)         (191,607)         (182,917)           Total stockholders' equity         730,085         742,759	Total assets	\$	4,538,327	\$	4,571,867
Policyholder account balances         2,063,783         2,072,041           Policy and contract claims         31,585         37,452           Other policyholder funds         171,174         165,062           Other liabilities         208,037         217,291           Separate account liabilities         403,406         406,501           Total liabilities         3,808,242         3,829,108           STOCKHOLDERS' EQUITY           Common stock, par value \$1.25 per share         23,121         23,121           Additional paid in capital         41,021         41,007           Retained earnings         850,369         838,508           Accumulated other comprehensive income         7,181         23,040           Treasury stock, at cost (2015 - 7,862,679 shares; 2014 - 7,671,475 shares)         (191,607)         (182,917)           Total stockholders' equity         730,085         742,759	LIABILITIES				
Policy and contract claims       31,585       37,452         Other policyholder funds       171,174       165,062         Other liabilities       208,037       217,291         Separate account liabilities       403,406       406,501         Total liabilities       3,808,242       3,829,108         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       41,021       41,007         Retained earnings       850,369       838,508         Accumulated other comprehensive income       7,181       23,040         Treasury stock, at cost (2015 - 7,862,679 shares; 2014 - 7,671,475 shares)       (191,607)       (182,917)         Total stockholders' equity       730,085       742,759	Future policy benefits	\$	930,257	\$	930,761
Other policyholder funds       171,174       165,062         Other liabilities       208,037       217,291         Separate account liabilities       403,406       406,501         Total liabilities       3,808,242       3,829,108         STOCKHOLDERS' EQUITY         Common stock, par value \$1.25 per share       23,121       23,121         Authorized 36,000,000 shares, issued 18,496,680 shares       23,121       23,121         Additional paid in capital       41,021       41,007         Retained earnings       850,369       838,508         Accumulated other comprehensive income       7,181       23,040         Treasury stock, at cost (2015 - 7,862,679 shares; 2014 - 7,671,475 shares)       (191,607)       (182,917)         Total stockholders' equity       730,085       742,759	Policyholder account balances		2,063,783		2,072,041
Other liabilities         208,037         217,291           Separate account liabilities         403,406         406,501           Total liabilities         3,808,242         3,829,108           STOCKHOLDERS' EQUITY           Common stock, par value \$1.25 per share         Authorized 36,000,000 shares, issued 18,496,680 shares           Authorized and in capital         23,121         23,121           Additional paid in capital         41,021         41,007           Retained earnings         850,369         838,508           Accumulated other comprehensive income         7,181         23,040           Treasury stock, at cost (2015 - 7,862,679 shares; 2014 - 7,671,475 shares)         (191,607)         (182,917)           Total stockholders' equity         730,085         742,759	Policy and contract claims		31,585		37,452
Separate account liabilities       403,406       406,501         Total liabilities       3,808,242       3,829,108         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       41,021       41,007         Retained earnings       850,369       838,508         Accumulated other comprehensive income       7,181       23,040         Treasury stock, at cost (2015 - 7,862,679 shares; 2014 - 7,671,475 shares)       (191,607)       (182,917)         Total stockholders' equity       730,085       742,759	Other policyholder funds		171,174		165,062
Total liabilities       3,808,242       3,829,108         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       41,021       41,007         Retained earnings       850,369       838,508         Accumulated other comprehensive income       7,181       23,040         Treasury stock, at cost (2015 - 7,862,679 shares; 2014 - 7,671,475 shares)       (191,607)       (182,917)         Total stockholders' equity       730,085       742,759	Other liabilities		208,037		217,291
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       41,021       41,007         Retained earnings       850,369       838,508         Accumulated other comprehensive income       7,181       23,040         Treasury stock, at cost (2015 - 7,862,679 shares; 2014 - 7,671,475 shares)       (191,607)       (182,917)         Total stockholders' equity       730,085       742,759	Separate account liabilities		403,406		406,501
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       41,021       41,007         Retained earnings       850,369       838,508         Accumulated other comprehensive income       7,181       23,040         Treasury stock, at cost (2015 - 7,862,679 shares; 2014 - 7,671,475 shares)       (191,607)       (182,917)         Total stockholders' equity       730,085       742,759	Total liabilities		3,808,242		3,829,108
Authorized 36,000,000 shares, issued 18,496,680 shares       23,121       23,121         Additional paid in capital       41,021       41,007         Retained earnings       850,369       838,508         Accumulated other comprehensive income       7,181       23,040         Treasury stock, at cost (2015 - 7,862,679 shares; 2014 - 7,671,475 shares)       (191,607)       (182,917)         Total stockholders' equity       730,085       742,759	STOCKHOLDERS' EQUITY				
Additional paid in capital       41,021       41,007         Retained earnings       850,369       838,508         Accumulated other comprehensive income       7,181       23,040         Treasury stock, at cost (2015 - 7,862,679 shares; 2014 - 7,671,475 shares)       (191,607)       (182,917)         Total stockholders' equity       730,085       742,759	Common stock, par value \$1.25 per share				
Retained earnings       850,369       838,508         Accumulated other comprehensive income       7,181       23,040         Treasury stock, at cost (2015 - 7,862,679 shares; 2014 - 7,671,475 shares)       (191,607)       (182,917)         Total stockholders' equity       730,085       742,759	Authorized 36,000,000 shares, issued 18,496,680 shares		23,121		23,121
Accumulated other comprehensive income       7,181       23,040         Treasury stock, at cost (2015 - 7,862,679 shares; 2014 - 7,671,475 shares)       (191,607)       (182,917)         Total stockholders' equity       730,085       742,759	Additional paid in capital		41,021		41,007
Treasury stock, at cost (2015 - 7,862,679 shares; 2014 - 7,671,475 shares)       (191,607)       (182,917)         Total stockholders' equity       730,085       742,759	Retained earnings		850,369		838,508
Total stockholders' equity 730,085 742,759	Accumulated other comprehensive income		7,181		23,040
	Treasury stock, at cost (2015 - 7,862,679 shares; 2014 - 7,671,475 shares)		(191,607)		(182,917)
Total liabilities and stockholders' equity \$ 4,538,327 \$ 4,571,867	Total stockholders' equity		730,085		742,759
	Total liabilities and stockholders' equity	\$	4,538,327	\$	4,571,867

Please refer to the Company's Form 10-Q and Annual Report on Form 10-K, as amended.



## Kansas City Life Insurance Company Consolidated Statements of Comprehensive Income

(amounts in thousands, except share data)

	Quarter Ended June 30			Six Months Ended				
			June 30					
		2015		2014		2015		2014
	(Unaudited)		(Unaudited)					
REVENUES								
Insurance revenues:								
Net premiums	\$	39,842	\$	41,334	\$	80,818	\$	83,121
Contract charges		26,443		30,834		54,835		59,632
Total insurance revenues		66,285		72,168		135,653		142,753
Investment revenues:								
Net investment income		40,206		41,351		79,898		82,042
Net realized investment gains, excluding other-than-temporary impairment losses		2,277		784		2,249		2,449
Net impairment losses recognized in earnings:								
Total other-than-temporary impairment losses		(1,770)		(243)		(1,770)		(456)
Portion of impairment losses recognized in other comprehensive income (loss)		(155)		136		(162)		187
Net other-than-temporary impairment losses recognized in earnings		(1,925)		(107)		(1,932)		(269)
Total investment revenues		40,558		42,028		80,215		84,222
Other revenues		2,030		2,343		3,810		4,676
Total revenues		108,873		116,539		219,678		231,651
Total revenues		100,073		110,339	_	219,076		231,031
BENEFITS AND EXPENSES								
Policyholder benefits		47,804		50,153		98,146		102,907
Interest credited to policyholder account balances		18,590		19,260		37,029		38,206
Amortization of deferred acquisition costs		1,958		12,529		10,342		21,357
Operating expenses		24,965		22,113		49,083		48,733
Total benefits and expenses		93,317		104,055		194,600		211,203
Income before income tax expense		15,556		12,484		25,078		20,448
Income tax expense		4,657		3,859		7,401		6,151
NET INCOME	\$	10,899	\$	8,625	\$	17,677	\$	14,297
COMPREHENSIVE INCOME (LOSS), NET OF TAXES								
Change in net unrealized gains on securities available for sale, net of DAC and VOBA	¢.	(22 179)	¢.	10.000	ď	(17.150)	¢.	20 272
Change in future policy benefits	\$	(33,178)	\$	18,908	\$	(17,158)	\$	38,273
Change in ruture policy benefits  Change in policyholder account balances		4,139		(2,929)		1,150		(6,562)
		247		(113)		149		(244)
Other comprehensive income (loss)		(28,792)		15,866		(15,859)		31,467
COMPREHENSIVE INCOME (LOSS)	\$	(17,893)	\$	24,491	\$	1,818	\$	45,764
Basic and diluted earnings per share:								
Net income	\$	1.01	\$	0.78	\$	1.64	\$	1.30

Please refer to the Company's Form 10-Q and Annual Report on Form 10-K, as amended.

