KANSAS CITY LIFE INSURANCE COMPANY

A Missouri Corporation

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Kansas City, MO 64111-2565
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www.kclife.com

Investor Relations: Craig.Mason@kclife.com

SIC Code: 6311

QUARTERLY REPORT

For the Period Ending June 30, 2025
(the "Reporting Period")

The number of shares outstanding of our Common Stock was 9,683,414 as of June 30, 2025 (the end of reporting period)

The number of shares outstanding of our Common Stock was 9,683,414 as of March 31, 2025 (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: ☒

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Statement on Forward-Looking Information

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

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

- Changes in economic conditions, including the performance of financial markets, inflation, interest rates, recessionary risks, and 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

	June 30, 2025
Number of Shares Authorized	36,000,000
Number of Shares Outstanding	9,683,414
Freely Tradable Shares (Public Float)	2,569,542
Total Number of Shareholders of Record	114

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 June 30, 2025 are attached hereto as Exhibit 3.1 and are hereby incorporated by reference into this Quarterly Report, including:

- Consolidated Balance Sheets - (June 30, 2025 - Unaudited; December 31, 2024 - Audited)
- Consolidated Statements of Comprehensive Income - (Unaudited)
- Consolidated Statements of Cash Flows - (Unaudited)
- Notes to Consolidated Financial Statements - (June 30, 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 and six months ended June 30, 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 and six months ended June 30, 2025 and 2024 and our financial condition at June 30, 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 ceded 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 assumption 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 incurred a net loss of $28.1 million in the second quarter of 2025 compared to net income of $4.7 million in the second quarter of 2024. Net loss per share was $2.90 in the second quarter of 2025 versus net income per share of $0.49 in the second quarter of 2024. The primary factor in the decrease in net income in the second quarter of 2025 was an increase in operating expenses associated with a $35.5 million legal settlement accrual, net of tax, established in the second quarter of 2025 related to a potential settlement of class action lawsuits. Excluding this legal settlement accrual, net income would have been $7.5 million or $0.77 per share in the second quarter of 2025.

We incurred a net loss for the first six months of 2025 of $26.2 million compared to net income of $6.3 million in the first six months of 2024. Net loss per share for the first six months of 2025 was $2.71 compared to net income per share of $0.65 one year earlier. The primary factor in the decrease in net income in the first six months of 2025 was the establishment of a legal settlement accrual, as mentioned above. Excluding this legal settlement accrual, net income would have been $9.3 million or $0.96 per share in the first six months of 2025.

The following table presents condensed consolidated results of operations for the quarters and six months ended June 30, 2025 and 2024.

	Quarter Ended June 30,			
	2025	2024	$ Change	% Change
Revenues:				
Insurance and other revenues	$ 77,144	$ 80,152	$ (3,008)	(4)%
Net investment income	40,721	41,169	(448)	(1)%
Net investment gains	4,434	1,191	3,243	272 %
Benefits and expenses:				
Policyholder benefits and interest credited to policyholder account balances	76,760	81,027	(4,267)	(5)%
Amortization of deferred acquisition costs	8,252	8,361	(109)	(1)%
Operating expenses	72,965	27,158	45,807	169 %
Income tax expense (benefit)	(7,605)	1,231	(8,836)	(718)%
Net income (loss)	$ (28,073)	$ 4,735	$ (32,808)	(693)%

	Six Months Ended June 30,			
	2025	2024	$ Change	% Change
Revenues:				
Insurance and other revenues	$ 159,597	$ 165,603	$ (6,006)	(4)%
Net investment income	80,207	81,646	(1,439)	(2)%
Net investment gains	1,470	2,571	(1,101)	(43)%
Benefits and expenses:				
Policyholder benefits and interest credited to policyholder account balances	159,414	167,828	(8,414)	(5)%
Amortization of deferred acquisition costs	18,380	17,472	908	5 %
Operating expenses	101,467	56,590	44,877	79 %
Income tax expense (benefit)	(11,790)	1,641	(13,431)	(818)%
Net income (loss)	$ (26,197)	$ 6,289	$ (32,486)	(517)%

The following table presents supplemental information. Adjusted net income is considered a non-GAAP measure.

	Quarter Ended June 30,			
	2025	Per Share	2024	Per Share
Net income (loss) as reported	$ (28,073)	$ (2.90)	$ 4,735	$ 0.49
Legal settlement accrual, net of tax	35,535	3.67	—	—
Adjusted net income	$ 7,462	$ 0.77	$ 4,735	$ 0.49

	Six Months Ended June 30,			
	2025	Per Share	2024	Per Share
Net income (loss) as reported	$ (26,197)	$ (2.71)	$ 6,289	$ 0.65
Legal settlement accrual, net of tax	35,535	3.67	—	—
Adjusted net income	$ 9,338	$ 0.96	$ 6,289	$ 0.65

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 June 30,			
	2025	2024	$ Change	% Change
New premiums:				
Traditional life insurance	$ 4,527	$ 3,749	$ 778	21 %
Immediate annuities	2,421	4,210	(1,789)	(42)%
Group life insurance	483	723	(240)	(33)%
Group accident and health insurance	2,312	2,940	(628)	(21)%
Total new premiums	9,743	11,622	(1,879)	(16)%
Renewal premiums	67,914	68,414	(500)	(1)%
Total premiums	77,657	80,036	(2,379)	(3)%
Reinsurance ceded	(33,067)	(31,894)	(1,173)	(4)%
Net premiums	$ 44,590	$ 48,142	$ (3,552)	(7)%

	Six Months Ended June 30,			
	2025	2024	$ Change	% Change
New premiums:				
Traditional life insurance	$ 8,819	$ 7,618	$ 1,201	16 %
Immediate annuities	5,706	9,297	(3,591)	(39)%
Group life insurance	1,080	1,369	(289)	(21)%
Group accident and health insurance	4,989	5,946	(957)	(16)%
Total new premiums	20,594	24,230	(3,636)	(15)%
Renewal premiums	136,182	137,081	(899)	(1)%
Total premiums	156,776	161,311	(4,535)	(3)%
Reinsurance ceded	(63,072)	(60,741)	(2,331)	(4)%
Net premiums	$ 93,704	$ 100,570	$ (6,866)	(7)%

Consolidated total premiums declined $2.4 million or 3% in the second quarter of 2025 compared with the second quarter of 2024, as new premiums decreased $1.9 million or 16% and renewal premiums decreased $0.5 million or 1%. The decrease in new premiums primarily resulted from a $1.8 million or 42% decline in new immediate annuity premiums. Immediate annuity receipts can have sizeable fluctuations, as receipts from policyholders largely result from one-time premiums. New group accident and health premiums decreased $0.6 million or 21% compared to the prior year, largely from the disability and dental lines of business. Partially offsetting these declines, new traditional life insurance premiums increased $0.8 million or 21% over the prior year. The decline in renewal premiums was largely due to a $1.1 million or 2% decrease in renewal traditional life insurance premiums. Partially offsetting this decline, renewal group accident and health premiums increased $0.5 million or 4%, mostly from the disability and dental lines of business.

Consolidated total premiums decreased $4.5 million or 3% in the first six months of 2025 compared with the first six months of 2024, as new premiums declined $3.6 million or 15% and renewal premiums declined $0.9 million or 1%. The decrease in new premiums reflected a $3.6 million or 39% decline in new immediate annuity premiums. Immediate annuity receipts can have sizeable fluctuations, as receipts from policyholders largely result from one-time premiums. New group accident and health premiums decreased $1.0 million or 16% versus the prior year, primarily from the disability and dental lines of business. Partially offsetting these decreases, new traditional life insurance premiums increased $1.2 million or 16% compared to one year earlier. The decrease in renewal premiums primarily resulted from a $1.8 million or 2% decline in renewal traditional life insurance premiums. Partially offsetting this decline, renewal group accident and health premiums increased $0.8 million or 3%, primarily from the disability, dental, and vision lines of business.

Reinsurance ceded premiums increased $1.2 million or 4% in the second quarter and $2.3 million or 4% in the first six months of 2025 compared to the same periods in the prior year. These increases primarily reflected higher reinsurance ceded premiums from increased sales on certain term business at the Individual Insurance segment. In addition, reinsurance ceded premiums increased for the Old American segment compared to the prior year.

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 June 30,			
	2025	2024	$ Change	% Change
New deposits:				
Interest sensitive life	$ 2,516	$ 1,532	$ 984	64 %
Fixed annuities	15,147	12,773	2,374	19 %
Variable annuities	1,706	1,988	(282)	(14)%
Total new deposits	19,369	16,293	3,076	19 %
Renewal deposits	31,936	32,310	(374)	(1)%
Total deposits	51,305	48,603	2,702	6 %
Reinsurance ceded	(907)	(878)	(29)	(3)%
Net deposits	$ 50,398	$ 47,725	$ 2,673	6 %

	Six Months Ended June 30,			
	2025	2024	$ Change	% Change
New deposits:				
Interest sensitive life	$ 3,763	$ 3,234	$ 529	16 %
Fixed annuities	28,587	25,935	2,652	10 %
Variable annuities	2,453	2,849	(396)	(14)%
Total new deposits	34,803	32,018	2,785	9 %
Renewal deposits	66,120	65,307	813	1 %
Total deposits	100,923	97,325	3,598	4 %
Reinsurance ceded	(2,246)	(1,852)	(394)	(21)%
Net deposits	$ 98,677	$ 95,473	$ 3,204	3 %

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 rose $3.1 million or 19% in the second quarter of 2025 compared with the second quarter of 2024, largely due to a $2.4 million or 19% increase in new fixed annuity deposits. In addition, new interest sensitive life deposits increased

$1.0 million or 64%, primarily from higher indexed universal life deposits. Partially offsetting these improvements, new variable annuity deposits declined $0.3 million or 14% compared to the prior year. Total renewal deposits decreased $0.4 million or 1% versus the prior year, as renewal fixed annuity deposits declined $0.4 million or 18% and renewal interest sensitive life deposits declined $0.6 million or 2%. The decrease in renewal interest sensitive life deposits was mainly from lower universal life deposits. Partially offsetting these declines, renewal variable annuity deposits increased $0.6 million or 57% compared to one year earlier.

Total new deposits increased $2.8 million or 9% in the first six months of 2025 compared with the first six months of 2024. This improvement reflected a $2.7 million or 10% increase in new fixed annuity deposits and a $0.5 million or 16% increase in new interest sensitive life deposits. The increase in new interest sensitive life deposits was primarily from higher indexed universal life deposits. Partially offsetting these increases, new variable annuity deposits declined $0.4 million or 14% compared with the prior year. Total renewal deposits increased $0.8 million or 1% in the first six months of 2025 versus the prior year, as renewal fixed annuity deposits increased $0.8 million or 17% and renewal variable annuity deposits increased $1.3 million or 60%. Partially offsetting these increases, renewal interest sensitive life deposits decreased $1.3 million or 2% compared to one year earlier, largely reflecting a decrease in renewal 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 $0.5 million or 2% in the second quarter of 2025 compared to the second quarter of 2024. Contract charges on open blocks increased $0.5 million or 3%, primarily from higher deferred revenue and cost of insurance charges. Contract charges on closed blocks were essentially flat compared to the prior year. Total contract charges on closed blocks were 40% of total consolidated contract charges in the second quarter of 2025, down from 41% in the second quarter of 2024.

Total contract charges increased $0.7 million or 1% in the first six months of 2025 compared to the first six months of 2024. Contract charges on open blocks increased $0.8 million or 2%, reflecting higher deferred revenue, surrender charges, and cost of insurance charges. Contract charges on closed blocks decreased less than $0.1 million compared to the prior year. Total contract charges on closed blocks were 40% of total consolidated contract charges during the first six months of 2025 and the first six months 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 June 30,			
	2025	2024	$ Change	% Change
Gross investment income - invested assets	$ 40,296	$ 40,560	$ (264)	(1)%
Less investment expenses	(2,873)	(3,066)	193	6 %
Net investment income - invested assets	37,423	37,494	(71)	— %
Net investment income - deposit-type reinsurance	3,298	3,675	(377)	(10)%
Net investment income	$ 40,721	$ 41,169	$ (448)	(1)%

	Six Months Ended June 30,			
	2025	2024	$ Change	% Change
Gross investment income - invested assets	$ 79,662	$ 80,444	$ (782)	(1)%
Less investment expenses	(6,120)	(6,204)	84	1 %
Net investment income - invested assets	73,542	74,240	(698)	(1)%
Net investment income - deposit-type reinsurance	6,665	7,406	(741)	(10)%
Net investment income	$ 80,207	$ 81,646	$ (1,439)	(2)%

Net investment income from invested assets was essentially flat in the second quarter of 2025 compared to the second quarter of 2024. Lower average invested assets were partially offset by an increase in overall yields earned in the second quarter of 2025 compared to the second quarter of 2024.

Net investment income from invested assets declined $0.7 million or 1% in the first six months of 2025 compared to the first six months of 2024, primarily from lower overall yields earned and lower average invested assets compared to the prior year. Our earned book yield was 4.4% in the first six months of both 2025 and 2024.

Fixed maturity securities provide a majority of our investment income. Gross investment income from these investments decreased $0.5 million or 2% in the second quarter of 2025 compared to the second quarter of 2024, reflecting lower average invested assets that were partially offset by higher overall yields earned. Gross investment income from these investments were essentially flat in the first six months of 2025 versus the prior year, reflecting higher overall yields earned that were partially offset by lower average invested assets. The decrease in average invested assets largely resulted from the sale 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 $0.2 million or 4% in the second quarter and $0.5 million or 4% in the first six months of 2025 compared with the same periods in the prior year, largely from an increase in yields earned on new mortgage loans and an increase in prepayment fees.

Gross investment income from real estate declined $0.3 million or 9% in the second quarter and $1.1 million or 18% in the first six months of 2025 compared to the prior year. These decreases largely resulted from lower returns on certain joint ventures.

Net investment income resulting from the runoff of the block of deposit-type reinsurance business was $3.3 million in the second quarter and $6.7 million in the first six months of 2025 compared to $3.7 million in the second quarter and $7.4 million in the first six months of 2024.

Investment Gains (Losses)

Net investment gains for the second quarter of 2025 totaled $4.4 million compared to net investment gains of $1.2 million in the second quarter of 2024. The largest factor in this increase was the change in fair value of other investments, primarily derivatives, which resulted in a gain of $4.3 million in the second quarter of 2025 compared to a gain of $1.1 million in the second quarter of 2024. The change in fair value of derivative investments largely resulted from favorable changes in the underlying indices during the second quarter of 2025 compared to the second quarter of 2024.

Net investment gains for the first six months of 2025 totaled $1.5 million compared to net investment gains of $2.6 million in the first six months of 2024. This decrease largely resulted from the change in fair value of other investments, primarily derivatives, which resulted in a gain of $1.7 million in the first six months of 2025 compared to a gain of $3.3 million in the first six months 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. Partially offsetting this, net sales and calls of investment securities resulted in a net gain of less than $0.1 million in the first six months of 2025 compared to a net loss of $0.7 million in the first six months of 2024.

Policyholder Benefits

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

Policyholder benefits decreased $3.8 million or 6% in the second quarter of 2025 compared to the second quarter of 2024. The largest factor in this decrease was a decline in death benefits, net of reinsurance compared to one year earlier. Partially offsetting this decrease was an increase in benefit and contract reserves. The largest factor in the increase 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. Partially offsetting this, the change in the fair value of the guaranteed minimum withdrawal benefits (GMWB) rider compared to the prior year decreased reserves. The change in the fair value of the GMWB rider primarily resulted from slight increases in interest rates and favorable capital market returns that were partially offset by decreases in spreads.

Policyholder benefits decreased $7.9 million or 6% in the first six months of 2025 compared to the prior year. This decline reflected a decrease in death benefits, net of reinsurance, and a 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 contributed to the decrease in benefit and contract reserves. Partially offsetting these, the change in the fair value of the 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.

Unlocking

At least annually, we review the models and the assumptions used to develop expected gross profits for interest sensitive and variable insurance products based upon management's current view of future events. Key factors analyzed include net interest income, net realized investments gains and losses, fees, surrender charges, expenses, and mortality gains and losses, net of reinsurance.

The following table summarizes the effects of the unlocking of assumptions on interest sensitive products in the Consolidated Statements of Comprehensive Income - (Unaudited). Positive numbers are increases to income and negative numbers are reductions to income.

	Six Months Ended June 30, 2025			
	DAC Amortization	VOBA Amortization	DRL Contract Charges	Net Impact to Pre-Tax Income
Unlocking	$ —	$ —	$ —	$ —

	Six Months Ended June 30, 2024			
	DAC Amortization	VOBA Amortization	DRL Contract Charges	Net Impact to Pre-Tax Income
Unlocking	$ —	$ 598	$ —	$ 598

No unlocking was recognized in 2025. The unlocking in 2024, which occurred during the second quarter, resulted in a net increase to pretax income of $0.6 million. The adjustments in 2024 resulted from a revised outlook of interest margins.

Operating Expenses

Operating expenses consist of incurred commission expense from the sale of insurance products, net of the deferral of certain commissions and certain expenses directly associated with the successful acquisition of new business, expenses from our operations, the amortization of VOBA and intangibles, and other expenses.

Operating expenses increased $45.8 million in the second quarter and $44.9 million in the first six months of 2025 compared to the same periods in the prior year. Operating expenses were higher in 2025 largely due to a legal settlement accrual of $45.0 million established in the second quarter.

Income Taxes

We recorded an income tax benefit of $7.6 million in the second quarter of 2025 compared to an income tax expense of $1.2 million in the second quarter of 2024. The increased tax benefit in 2025 largely resulted from an additional legal reserve established in 2025, which resulted in the recognition of an additional tax benefit.

We recorded an income tax benefit of $11.8 million for the six months ended June 30, 2025, compared to an income tax expense of $1.6 million for the prior year period. The increased tax benefit in 2025 reflected the payment of a court ordered judgment in the first quarter of 2025 and a legal settlement accrual established in the second quarter of 2025.

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.

	June 30, 2025	% of Total	December 31, 2024	% of Total
Fixed maturity securities	$ 2,348,070	73 %	$ 2,350,032	73 %
Equity securities	507	— %	819	— %
Mortgage loans	567,618	18 %	575,068	18 %
Real estate	95,161	3 %	96,867	3 %
Policy loans	86,113	3 %	84,913	3 %
Short-term investments	65,448	2 %	64,917	2 %
Other investments	55,111	1 %	48,825	1 %
Total	$ 3,218,028	100 %	$ 3,221,441	100 %

Fixed maturity securities were the largest component of total investments and represented 73% of total investments at both June 30, 2025 and December 31, 2024. The largest categories of fixed maturity securities at June 30, 2025 consisted of 73% in corporate obligations, 10% in municipal securities, and 11% in asset-backed securities and collateralized loan obligations. As of June 30, 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 June 30, 2025 and December 31, 2024.

The fair value of fixed maturity securities with unrealized losses was $1.6 billion at June 30, 2025 compared to $1.8 billion at December 31, 2024. At both June 30, 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 June 30, 2025, we had $20.3 million in gross unrealized gains on fixed maturity securities that were offset by gross unrealized losses of $197.2 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 June 30, 2025, 32% 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 $6.0 million and accounted for 15% of the fair value of securities in a gross unrealized loss position at June 30, 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 $191.2 million at June 30, 2025.

Investments in mortgage loans totaled $567.6 million at June 30, 2025, down from $575.1 million at December 31, 2024. The commercial mortgage loan portfolio decreased during the first six months 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 $1.5 million at June 30, 2025 and $1.4 million December 31, 2024.

Investments in real estate, policy loans, short-term investments, and other investments comprised 9% of total investments at both June 30, 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 $96.9 million for the six months ended June 30, 2025, compared to $48.1 million in the prior year. This increase 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 $45.0 million for the six months ended June 30, 2025. The primary sources of cash provided by investing activities were from sales, maturities, calls, and principal paydowns of investments totaling $214.6 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 $169.0 million. Net cash provided by financing activities for the six months ended June 30, 2025 was $51.7 million. Cash provided by financing activities included an additional $20.0 million of receipts from the FHLB funding agreements, $8.3 million of deposits, net of withdrawals, on policyholder account balances, and a $28.3 million reduction in the deposit asset on reinsurance. These were partially offset by stockholder dividend payments of $2.7 million and a $3.1 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.

	June 30, 2025	December 31, 2024
Total assets, excluding separate accounts	$ 4,577,663	$ 4,605,534
Total stockholders' equity	582,595	581,449
Ratio of stockholders' equity to assets, excluding separate accounts	13%	13%

Stockholders’ equity increased $1.1 million from year-end 2024, as lower net unrealized losses on available for sale securities were mostly offset by a decrease in net income during 2025. Stockholders’ equity per share, or book value, equaled $60.16 at June 30, 2025, a slight 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 $126.8 million at June 30, 2025, a $30.1 million decrease from $156.9 million at December 31, 2024. The decrease in unrealized losses reflected lower interest rates at June 30, 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 $2.2 million during the quarter ended June 30, 2025 and $1.9 million during the quarter ended June 30, 2024. Interest earned from this program was $4.3 million during the first six months of 2025 and $3.8 million during the first six months of 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 $140.0 million at June 30, 2025 and $120.0 million at December 31, 2024, and are reported as Policyholder Account Balances in the Consolidated Balance Sheets. Accrued interest totaled $1.0 million at June 30, 2025 and $0.8 million at December 31, 2024. Cash interest payments were $1.6 million during the quarter ended June 30, 2025 and $1.5 million during the quarter ended June 30, 2024. Cash interest payments were $3.1 million during the first six months of 2025 and $3.0 million during the first six months of 2024.

In the normal course of business, we have open purchase and sale commitments. At June 30, 2025, we had commitments to fund investments in private alternative investment funds of $51.4 million and mortgage loans of $2.8 million. Subsequent to June 30, 2025, we entered into commitments to fund additional loans of $3.6 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 six months of 2025. The timing and amount of any share repurchases will be determined by our management based on market conditions and other factors.

On July 28, 2025, the Board of Directors declared a quarterly dividend of $0.14 per share payable on August 13, 2025 to stockholders of record on August 7, 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: August 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: August 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

	June 30, 2025	December 31, 2024
	(Unaudited)	
ASSETS		
Investments:		
Fixed maturity securities available for sale, at fair value (amortized cost: 2025 - $2,525,042; 2024 - $2,568,893)	$ 2,348,070	$ 2,350,032
Equity securities, at fair value (cost: 2025 - $519; 2024 - $1,084)	507	819
Mortgage loans (net of allowance for credit losses: 2025 - $1,457; 2024 - $1,416)	567,618	575,068
Real estate	95,161	96,867
Policy loans	86,113	84,913
Short-term investments	65,448	64,917
Other investments	55,111	48,825
Total investments	3,218,028	3,221,441
Cash	7,868	8,101
Accrued investment income	30,912	31,147
Deferred acquisition costs	291,486	302,130
Reinsurance recoverables (net of allowance for credit losses: 2025 and 2024 - $1,367)	411,225	404,191
Deposit asset on reinsurance	352,511	377,475
Other assets	265,633	261,049
Separate account assets	411,888	413,426
Total assets	$ 4,989,551	$ 5,018,960
LIABILITIES		
Future policy benefits	$ 1,428,382	$ 1,428,386
Policyholder account balances	2,138,994	2,154,596
Policy and contract claims	57,703	56,227
Other policyholder funds	190,960	195,398
Other liabilities	179,029	189,478
Separate account liabilities	411,888	413,426
Total liabilities	4,406,956	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	920,077	948,985
Accumulated other comprehensive loss	(160,327)	(190,381)
Treasury stock, at cost (2025 and 2024 - 8,813,266 shares)	(241,301)	(241,301)
Total stockholders’ equity	582,595	581,449
Total liabilities and stockholders’ equity	$ 4,989,551	$ 5,018,960

See accompanying Notes to Consolidated Financial Statements - (Unaudited)

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

	Quarter Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
	(Unaudited)		(Unaudited)	
REVENUES				
Insurance revenues:				
Net premiums	$ 44,590	$ 48,142	$ 93,704	$ 100,570
Contract charges	31,073	30,590	63,004	62,259
Total insurance revenues	75,663	78,732	156,708	162,829
Investment revenues:				
Net investment income	40,721	41,169	80,207	81,646
Net investment gains	4,434	1,191	1,470	2,571
Total investment revenues	45,155	42,360	81,677	84,217
Other revenues	1,481	1,420	2,889	2,774
Total revenues	122,299	122,512	241,274	249,820
BENEFITS AND EXPENSES				
Policyholder benefits	57,772	61,525	120,966	128,905
Interest credited to policyholder account balances	18,988	19,502	38,448	38,923
Amortization of deferred acquisition costs	8,252	8,361	18,380	17,472
Operating expenses	72,965	27,158	101,467	56,590
Total benefits and expenses	157,977	116,546	279,261	241,890
Income (loss) before income tax expense (benefit)	(35,678)	5,966	(37,987)	7,930
Income tax expense (benefit)	(7,605)	1,231	(11,790)	1,641
NET INCOME (LOSS)	$ (28,073)	$ 4,735	$ (26,197)	$ 6,289
COMPREHENSIVE INCOME (LOSS), NET OF TAXES				
Changes in:				
Net unrealized gains (losses) on securities available for sale	$ 6,998	$ (17,726)	$ 33,092	$ (39,216)
Effect on deferred acquisition costs, value of business acquired, and deferred revenue liabilities	(481)	(167)	(3,038)	1,967
Other comprehensive income (loss)	6,517	(17,893)	30,054	(37,249)
COMPREHENSIVE INCOME (LOSS)	$ (21,556)	$ (13,158)	$ 3,857	$ (30,960)
Basic and diluted earnings per share:				
Net income (loss)	$ (2.90)	$ 0.49	$ (2.71)	$ 0.65

See accompanying Notes to Consolidated Financial Statements - (Unaudited)

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

	Six Months Ended June 30, 2025	Six Months Ended June 30, 2024
	(Unaudited)	
OPERATING ACTIVITIES		
Net income (loss)	$ (26,197)	$ 6,289
Adjustments to reconcile net income (loss) to net cash used from operating activities:		
Amortization of investment premium and discount	382	676
Depreciation and amortization	1,905	1,736
Acquisition costs capitalized	(12,410)	(9,861)
Amortization of deferred acquisition costs	18,380	17,472
Net investment gains	(1,470)	(2,571)
Changes in assets and liabilities:		
Reinsurance recoverables	(7,034)	(9,930)
Future policy benefits	(4)	9,606
Policyholder account balances	(47,890)	(42,945)
Income taxes payable and deferred	(12,627)	(14,694)
Other, net	(9,958)	(3,906)
Net cash used	(96,923)	(48,128)
INVESTING ACTIVITIES		
Purchases or contributions:		
Fixed maturity securities	(137,546)	(145,049)
Mortgage loans	(18,850)	(7,279)
Real estate	(664)	(424)
Policy loans	(1,987)	(1,585)
Other investments	(9,830)	(14,512)
Property and equipment	(159)	(392)
Sales or maturities, calls, principal paydowns and distributions:		
Fixed maturity securities	181,055	106,391
Equity securities	304	—
Mortgage loans	26,258	29,239
Real estate	93	516
Policy loans	787	2,279
Other investments	6,056	5,615
Net sales (purchases) of short-term investments	(530)	44,067
Net cash provided	44,987	18,866

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

	Six Months Ended June 30, 2025	Six Months Ended June 30, 2024
	(Unaudited)	
FINANCING ACTIVITIES		
Policyholder account balances:		
Deposits	$ 100,923	$ 97,325
Receipts from funding agreements	20,000	—
Withdrawals	(92,620)	(95,283)
Change in deposit asset on reinsurance, net	28,289	32,459
Net transfers from separate accounts	966	626
Change in other deposits	(3,144)	(5,549)
Cash dividends to stockholders	(2,711)	(2,711)
Net cash provided	51,703	26,867
Decrease in cash	(233)	(2,395)
Cash at beginning of year	8,101	9,695
Cash at end of period	$ 7,868	$ 7,300

Non-Cash Activity

The Company entered into a modified coinsurance/coinsurance reinsurance transaction during the second quarter of 2025. For additional information, please see Note 13 - Reinsurance.

In the second quarter of 2025, we accrued $45.0 million in Other Liabilities in the Consolidated Balance Sheets related to a potential settlement of class action lawsuits. For additional information, please see Note 18 - Contingent Liabilities.

There was no material non-cash activity during the quarter or six months ended June 30, 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 and six months ended June 30, 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
As of mid-2025, the U.S. economy continues to navigate a complex macroeconomic landscape. Inflation remains persistently above the Federal Reserve’s 2% target, with recently expanded tariffs adding upward pressure on costs and contributing to supply chain disruptions.

The Federal Reserve has maintained the federal funds rate in a range of 4.25% to 4.50% since late 2024. While market expectations for rate cuts remain mixed, the broader economy has demonstrated resilience, largely supported by sustained consumer spending. Labor market conditions remain tight, with job gains concentrated in sectors such as healthcare and government.

Investment in artificial intelligence (AI) is providing a meaningful tailwind to economic growth, particularly through capital expenditures in data centers and digital infrastructure, alongside expectations of long-term productivity gains across industries.

However, the high-rate environment continues to weigh on interest-rate-sensitive sectors, notably commercial real estate, where office vacancy rates remain elevated. While higher reinvestment yields benefit new investments, the value of existing fixed income holdings remains under pressure. Prolonged monetary policy tightening and rising trade tensions pose downside risks to growth and may increase the potential for asset impairments and credit 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 or six months ended June 30, 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 June 30, 2025.

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Treasury securities and obligations of U.S. Government	$ 84,555	$ 167	$ 5,006	$ 79,716
Federal agency issued residential mortgage-backed securities	44,966	118	4,352	40,732
Subtotal	129,521	285	9,358	120,448
Corporate obligations	1,856,895	17,371	162,131	1,712,135
Municipal securities	264,739	1,611	20,491	245,859
Asset-backed securities and collateralized loan obligations	270,887	996	4,779	267,104
Redeemable preferred stocks	3,000	—	476	2,524
Total	$ 2,525,042	$ 20,263	$ 197,235	$ 2,348,070

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	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

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.

	June 30, 2025			December 31, 2024		
	Amortized Cost	Fair Value	% of Total	Amortized Cost	Fair Value	% of Total
AAA	$ 233,615	$ 225,018	10 %	$ 235,895	$ 225,029	10 %
AA	523,154	482,777	21 %	528,859	481,422	20 %
A	846,277	771,200	33 %	819,575	732,458	31 %
BBB	906,160	854,033	35 %	965,332	892,727	38 %
Total investment grade	2,509,206	2,333,028	99 %	2,549,661	2,331,636	99 %
BB	13,045	12,408	1 %	17,115	16,457	1 %
B and below	2,791	2,634	— %	2,117	1,939	— %
Total below investment grade	15,836	15,042	1 %	19,232	18,396	1 %
Total	$ 2,525,042	$ 2,348,070	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.

	June 30, 2025		December 31, 2024	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in one year or less	$ 82,552	$ 82,208	$ 106,455	$ 106,267
Due after one year through five years	436,545	429,604	447,764	436,647
Due after five years through ten years	661,375	633,937	726,519	682,344
Due after ten years	1,241,127	1,108,148	1,181,165	1,029,711
Securities with variable principal payments	100,443	91,649	103,990	92,645
Redeemable preferred stocks	3,000	2,524	3,000	2,418
Total	$ 2,525,042	$ 2,348,070	$ 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 June 30, 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 June 30, 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	$ 80	$ —	$ 61,241	$ 5,006	$ 61,321	$ 5,006
Federal agency issued residential mortgage-backed securities	337	1	34,289	4,351	34,626	4,352
Subtotal	417	1	95,530	9,357	95,947	9,358
Corporate obligations	202,983	5,169	1,017,262	156,962	1,220,245	162,131
Municipal securities	23,523	816	158,716	19,675	182,239	20,491
Asset-backed securities and collateralized loan obligations	15,723	27	83,413	4,752	99,136	4,779
Redeemable preferred stocks	—	—	2,524	476	2,524	476
Total	$ 242,646	$ 6,013	$1,357,445	$ 191,222	$1,600,091	$ 197,235

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	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

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

	June 30, 2025	December 31, 2024
Below cost for less than one year	180	284
Below cost for one year or more and less than three years	206	646
Below cost for three years or more	731	338
Total	1,117	1,268

We do not consider the unrealized losses related to these securities to be credit-related. The unrealized losses at both June 30, 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 June 30, 2025.

	Amortized Cost	Fair Value	Gross Unrealized Losses
Unrealized losses of 10% or less	$ 970,969	$ 933,911	$ 37,058
Unrealized losses of 20% or less and greater than 10%	511,833	438,725	73,108
Subtotal	1,482,802	1,372,636	110,166
Unrealized losses greater than 20%:			
Investment grade	314,524	227,455	87,069
Below investment grade	—	—	—
Total	$ 1,797,326	$ 1,600,091	$ 197,235

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 June 30, 2025.

	Fair Value	% of Total	Gross Unrealized Losses	% of Total
AAA	$ 105,558	7 %	$ 9,808	5 %
AA	333,386	21 %	43,731	22 %
A	566,527	35 %	81,479	42 %
BBB	583,696	36 %	61,359	31 %
Total investment grade	1,589,167	99 %	196,377	100 %
BB	8,291	1 %	700	— %
B and below	2,633	— %	158	— %
Total below investment grade	10,924	1 %	858	— %
Total	$ 1,600,091	100 %	$ 197,235	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 table identifies structured securities by credit ratings for all vintages owned.

	June 30, 2025		
	Fair Value	Amortized Cost	Unrealized Losses
Structured securities:			
Investment grade	$ 265,456	$ 269,041	$ (3,585)
Below investment grade	1,648	1,846	(198)
Total structured securities	$ 267,104	$ 270,887	$ (3,783)

	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 tables provide investment revenues by major category.

	Quarter Ended June 30,			
	2025	2024	$ Change	% Change
Gross investment income from invested assets:				
Fixed maturity securities	$ 28,214	$ 28,691	$ (477)	(2)%
Equity securities	15	25	(10)	(40)%
Mortgage loans	6,504	6,267	237	4 %
Real estate	2,593	2,858	(265)	(9)%
Policy loans	1,378	1,312	66	5 %
Short-term investments	555	572	(17)	(3)%
Other	1,037	835	202	24 %
Total	40,296	40,560	(264)	(1)%
Less investment expenses	(2,873)	(3,066)	193	6 %
Net investment income - invested assets	37,423	37,494	(71)	— %
Net investment income - deposit-type reinsurance [1]	3,298	3,675	(377)	(10)%
Net investment income	$ 40,721	$ 41,169	$ (448)	(1)%

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

	Six Months Ended June 30,			
	2025	2024	$ Change	% Change
Gross investment income from invested assets:				
Fixed maturity securities	$ 56,368	$ 56,388	$ (20)	— %
Equity securities	22	40	(18)	(45)%
Mortgage loans	13,151	12,659	492	4 %
Real estate	4,987	6,093	(1,106)	(18)%
Policy loans	2,722	2,594	128	5 %
Short-term investments	1,164	1,472	(308)	(21)%
Other	1,248	1,198	50	4 %
Total	79,662	80,444	(782)	(1)%
Less investment expenses	(6,120)	(6,204)	84	1 %
Net investment income - invested assets	73,542	74,240	(698)	(1)%
Net investment income - deposit-type reinsurance [1]	6,665	7,406	(741)	(10)%
Net investment income	$ 80,207	$ 81,646	$ (1,439)	(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 June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Gross gains resulting from:				
Sales of investment securities	$ 296	$ 89	$ 296	$ 90
Investment securities called and other	149	80	149	80
Sales of real estate and joint ventures	—	—	—	24
Total gross gains	445	169	445	194
Gross losses resulting from:				
Sales of investment securities	(260)	(58)	(405)	(93)
Investment securities called and other	—	(29)	—	(749)
Sales and write downs of real estate	—	—	(202)	(145)
Total gross losses	(260)	(87)	(607)	(987)
Change in allowance for credit losses:				
Mortgage loans	(23)	31	(41)	15
Total change in allowance for credit losses	(23)	31	(41)	15
Change in fair value:				
Equity securities	(41)	11	(8)	79
Other investments	4,313	1,067	1,681	3,270
Total change in fair value	4,272	1,078	1,673	3,349
Net investment gains	$ 4,434	$ 1,191	$ 1,470	$ 2,571

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 June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Proceeds	$ 28,698	$ 4,641	$ 76,319	$ 5,841

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

Mortgage Loans

Investments in mortgage loans totaled $567.6 million at June 30, 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 June 30, 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 $1.5 million at June 30, 2025 and $1.4 million at 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 June 30, 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 June 30, 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 or six months ended June 30, 2025. We refinanced one loan with a total outstanding balance of $0.6 million during the first quarter of 2024. We did not refinance any loans during the second quarter of 2024. At June 30, 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.

	June 30, 2025			
	Level 1	Level 2	Level 3	Total
Assets:				
U.S. Treasury securities and obligations of U.S. Government	$ 9,901	$ 69,815	$ —	$ 79,716
Federal agency issued residential mortgage-backed securities	—	40,732	—	40,732
Subtotal	9,901	110,547	—	120,448
Corporate obligations	—	1,712,135	—	1,712,135
Municipal securities	—	245,859	—	245,859
Asset-backed securities and collateralized loan obligations	—	257,104	10,000	267,104
Redeemable preferred stocks	—	2,524	—	2,524
Fixed maturity securities	9,901	2,328,169	10,000	2,348,070
Equity securities	73	434	—	507
Short-term investments	65,448	—	—	65,448
Other investments	—	9,762	291	10,053
Separate account assets	—	411,888	—	411,888
Total	$ 75,422	$ 2,750,253	$ 10,291	$ 2,835,966
Percent of total	3 %	97 %	— %	100 %
Liabilities:				
Policyholder account balances:				
Indexed universal life	$ —	$ —	$ 8,630	$ 8,630
Other policyholder funds				
Guaranteed minimum withdrawal benefits	—	—	(3,429)	(3,429)
Separate account liabilities	—	411,888	—	411,888
Total	$ —	$ 411,888	$ 5,201	$ 417,089

	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	—	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

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

	Quarter Ended June 30, 2025		
	Assets	Liabilities	
	Fixed Maturity Securities, Equity Securities, and Other Investments	Indexed Universal Life	Guaranteed Minimum Withdrawal Benefits
Beginning balance	$ 10,611	$ 4,862	$ (3,212)
Included in earnings	(16)	3,768	(316)
Included in other comprehensive income (loss)	—	—	—
Purchases, issuances, sales and other dispositions:			
Purchases	—	—	—
Issuances	—	—	—
Sales	—	—	—
Other dispositions	(304)	—	99
Transfers out of Level 3	—	—	—
Ending balance	$ 10,291	$ 8,630	$ (3,429)

	Quarter Ended June 30, 2024		
	Assets	Liabilities	
	Fixed Maturity Securities, Equity Securities, and Other Investments	Indexed Universal Life	Guaranteed Minimum Withdrawal Benefits
Beginning balance	$ 10,648	$ 8,847	$ (3,806)
Included in earnings	(2)	(349)	(137)
Included in other comprehensive income (loss)	—	—	—
Purchases, issuances, sales and other dispositions:			
Purchases	—	—	—
Issuances	—	—	—
Sales	—	—	—
Other dispositions	—	—	240
Transfers out of Level 3	—	—	—
Ending balance	$ 10,646	$ 8,498	$ (3,703)

	Six Months Ended June 30, 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	(12)	516	63
Included in other comprehensive income (loss)	—	—	—
Purchases, issuances, sales and other dispositions:			
Purchases	—	—	—
Issuances	—	—	—
Sales	—	—	—
Other dispositions	(304)	—	231
Transfers out of Level 3	—	—	—
Ending balance	$ 10,291	$ 8,630	$ (3,429)

	Six Months Ended June 30, 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	85	864	(1,033)
Included in other comprehensive income (loss)	—	—	—
Purchases, issuances, sales and other dispositions:			
Purchases	—	—	—
Issuances	—	—	8
Sales	—	—	—
Other dispositions	—	—	314
Transfers out of Level 3	—	—	—
Ending balance	$ 10,646	$ 8,498	$ (3,703)

We did not have any transfers between any levels during the quarters or six months ended June 30, 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 June 30, 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.

	June 30, 2025				
	Fair Value				Carrying Value
	Level 1	Level 2	Level 3	Total	
Assets:					
Investments:					
Mortgage loans	$ —	$ —	$ 541,008	$ 541,008	$ 567,618
Policy loans	—	—	86,113	86,113	86,113
Other investments	—	8,548	—	8,548	8,548
Liabilities:					
Individual and group annuities	—	—	1,012,084	1,012,084	1,028,722
Supplementary contracts and annuities without life contingencies	—	—	47,714	47,714	50,860
Policyholder account balances:					
Funding agreements	—	140,967	—	140,967	140,967

	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.

	June 30, 2025	December 31, 2024
Agent receivables, net (allowance for credit losses: 2025 - $301; 2024 - $274)	$ 1,749	$ 1,904
Investment-related financing receivables:		
Mortgage loans, net (allowance for credit losses: 2025 - $1,457; 2024 - $1,416)	567,618	575,068
Total financing receivables	$ 569,367	$ 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.

	June 30, 2025			December 31, 2024		
	Gross Receivables	Allowance for Credit Losses	Net Receivables	Gross Receivables	Allowance for Credit Losses	Net Receivables
Agent specific loans	$ 387	$ 148	$ 239	$ 461	$ 159	$ 302
Other agent receivables	1,663	153	1,510	1,717	115	1,602
Total	$ 2,050	$ 301	$ 1,749	$ 2,178	$ 274	$ 1,904

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

	Quarter Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Beginning balance	$ 296	$ 187	$ 274	$ 192
Additions for credit losses not previously recorded	—	8	—	8
Additions (reductions) for credit losses recorded in a previous period	5	—	27	(5)
End of period	$ 301	$ 195	$ 301	$ 195

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.

	June 30, 2025	December 31, 2024
Mortgage loans collectively evaluated for impairment	$ 569,075	$ 576,484
Mortgage loans individually evaluated for impairment	—	—
Allowance for credit losses	(1,457)	(1,416)
Carrying value	$ 567,618	$ 575,068

There were no mortgage loans that were past due or on nonaccrual status at June 30, 2025 or at December 31, 2024.

We had no troubled debt restructurings during the quarters or six months ended June 30, 2025 or 2024.

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

	Quarter Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Beginning of balance	$ 1,434	$ 1,598	$ 1,416	$ 1,581
Additions for credit losses not previously recorded	29	22	69	30
Additions (reductions) for credit losses recorded in a previous period	(6)	(54)	(28)	(45)
End of period	$ 1,457	$ 1,566	$ 1,457	$ 1,566

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 June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Federal income tax credits realized	$ —	$ —	$ —	$ —
Amortization	23	14	46	28

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 June 30, 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 June 30, 2025 and December 31, 2024.

	June 30, 2025		December 31, 2024	
	Carrying Amount	Maximum Exposure to Loss	Carrying Amount	Maximum Exposure to Loss
Real estate joint ventures	$ 5,542	$ 19,199	$ 6,814	$ 20,010
Affordable housing real estate joint ventures	1,225	1,702	1,271	2,769
Alternative investment funds	50,764	102,203	47,973	102,879
Total	$ 57,531	$ 123,104	$ 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 June 30, 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 $51.4 million at June 30, 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 June 30, 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 six months 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 $76.2 million at June 30, 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 $(3.4) million at June 30, 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 $411.9 million at June 30, 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 June 30, 2025 and December 31, 2024.

In addition, we have an assumed closed block of variable universal life and variable annuity business that totaled $374.6 million at June 30, 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 $32.9 million at June 30, 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 June 30, 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 June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Gross liability at beginning of the period	$ 32,425	$ 34,794	$ 33,751	$ 34,198
Less reinsurance recoverable	(22,581)	(25,241)	(24,198)	(24,966)
Net liability at beginning of the period	9,844	9,553	9,553	9,232
Incurred benefits related to:				
Current year	8,003	8,600	16,741	16,547
Prior years [1]	(296)	463	(781)	113
Total incurred benefits	7,707	9,063	15,960	16,660
Paid benefits related to:				
Current year	7,327	7,435	12,099	11,767
Prior years	664	1,006	3,854	3,950
Total paid benefits	7,991	8,441	15,953	15,717
Net liability at end of the period	9,560	10,175	9,560	10,175
Reinsurance recoverable	22,567	26,152	22,567	26,152
Gross liability at end of the period	$ 32,127	$ 36,327	$ 32,127	$ 36,327

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

	Group Insurance Segment			
	Quarter Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Gross liability at beginning of the period	$ 30,674	$ 32,249	$ 31,661	$ 31,707
Less reinsurance recoverable	(20,968)	(22,884)	(22,255)	(22,673)
Net liability at beginning of the period	9,706	9,365	9,406	9,034
Incurred benefits related to:				
Current year	7,996	8,588	16,722	16,509
Prior years [1]	(284)	472	(756)	128
Total incurred benefits	7,712	9,060	15,966	16,637
Paid benefits related to:				
Current year	7,330	7,434	12,102	11,752
Prior years	660	997	3,842	3,925
Total paid benefits	7,990	8,431	15,944	15,677
Net liability at end of the period	9,428	9,994	9,428	9,994
Reinsurance recoverable	21,195	24,158	21,195	24,158
Gross liability at end of the period	$ 30,623	$ 34,152	$ 30,623	$ 34,152

[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.

	June 30,	
	2025	2024
Individual Insurance Segment:		
Individual accident and health	$ 355	$ 505
Individual life	33,133	40,791
Deferred annuity	4,734	5,747
Subtotal	38,222	47,043
Group Insurance Segment:		
Group accident and health	30,623	34,152
Group life	2,925	2,237
Subtotal	33,548	36,389
Old American Segment:		
Individual accident and health	1,149	1,670
Individual life	8,924	9,122
Subtotal	10,073	10,792
Total	$ 81,843	$ 94,224

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 June 30, 2025 and December 31, 2024.

9. Debt

Notes Payable
We had no notes payable outstanding at June 30, 2025 or December 31, 2024.

We had unsecured revolving lines of credit with two major commercial banks that totaled $80.0 million at both June 30, 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 2026. 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 six months of 2025 and had no outstanding borrowings as of June 30, 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 June 30, 2025, collateral comprised of securities and mortgages in the amount of $339.1 million, with a fair value of $309.3 million, were pledged to the FHLB, providing a borrowing capacity of $242.2 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 $8.6 million at June 30, 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 second quarter of 2025 and $0.1 million for the second quarter of 2024. Dividends received on this capital investment totaled $0.3 million for the six months ended June 30, 2025 and $0.2 million for the six months ended June 30, 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 June 30, 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.

	June 30, 2025	December 31, 2024
Total obligations outstanding	$ 140,000	$ 120,000
Accrued interest	967	835

	Quarter Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Interest credited	$ 1,710	$ 1,519	$ 3,252	$ 3,021
Cash interest payments	1,557	1,509	3,120	3,047
Interest income on the variable rate fixed maturity securities	2,181	1,902	4,268	3,768

10. Income Taxes

Our effective income tax rate was 21% in the second quarter of 2025 and the second quarter of 2024. Our effective income tax rate was 31% in the first six months of 2025 and 21% in the first six months of 2024. The change in the effective tax rate in the first six months of 2025 reflected the payment of a court ordered judgment in the first quarter of 2025 and a legal settlement accrual established in the second quarter of 2025.

The following table provides information about taxes paid.

	Quarter Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Cash paid (refunded) for income taxes	$ 2,016	$ 18,992	$ 2,016	$ 16,336

We had no material uncertain tax positions at June 30, 2025 or December 31, 2024.

At June 30, 2025, we had a $14.2 million current tax asset and a $40.9 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 June 30,		Quarter Ended June 30,	
	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)	(17)	—	—
Net periodic benefit credit	$ (650)	$ (658)	$ (313)	$ (238)

	Pension Benefits		OPEB	
	Six Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Service cost	$ —	$ —	$ 18	$ 30
Interest cost	2,130	2,112	258	290
Expected return on plan assets	(4,494)	(4,676)	—	—
Amortization of:				
Unrecognized actuarial net loss (gain)	1,096	1,282	(902)	(796)
Unrecognized prior service credit	(32)	(33)	—	—
Net periodic benefit credit	$ (1,300)	$ (1,315)	$ (626)	$ (476)

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 six months 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 six months 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 second quarter of 2025 was $0.5 million, net of tax. The change in accrual that reduced operating expense in the first six months of 2025 was $0.6 million, net of tax. There was no change in the accrual in the second quarter of 2024. The cost of share-based compensation accrued as an operating expense was $0.5 million, net of tax, in the first six months 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 June 30, 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 June 30, 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 June 30, 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 June 30,			
	2025	2024	2025	2024
	Reinsurance Recoverables		Other Assets	
Beginning balance	$ 1,367	$ 1,364	$ 737	$ 737
Additions for credit losses not previously recorded	—	—	—	—
Additions (reductions) for credit losses recorded in a previous period	—	3	—	—
End of period	$ 1,367	$ 1,367	$ 737	$ 737

	Six Months Ended June 30,			
	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	—	14	—	—
End of period	$ 1,367	$ 1,367	$ 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 $3.3 million in the second quarter and $6.7 million in the first six months of 2025. Investment income recognized and interest credited on the block totaled $3.7 million in the second quarter and $7.4 million in the first six months of 2024. The Deposit Asset on Reinsurance balance was $352.5 million at June 30, 2025 and $377.5 million at December 31, 2024.

The Company reinsured 90% of a block of Old American whole life business, issued on or before December 31, 2024, to a certified reinsurer effective June 30, 2025 through a modified coinsurance/coinsurance agreement. The Company recognized the reinsurance agreement using the deposit method of accounting. The Company, having the right of offset, has offset the deposit liability with the deposit asset in the Consolidated Balance Sheets. On a statutory basis, the agreement qualifies for reinsurance accounting and resulted in an increase in statutory surplus of $31.6 million, net of tax, as of June 30, 2025.

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 June 30, 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 June 30, 2025.

14. Comprehensive Income (Loss)

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

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

	Quarter Ended June 30, 2025		
	Pre-Tax Amount	Tax Expense (Benefit)	Net-of-Tax Amount
Change in unrealized investment gains/losses	$ 9,044	$ 1,899	$ 7,145
Reclassification of unrealized investment gains/losses	(185)	(38)	(147)
Effect on DAC, VOBA, and DRL	(609)	(128)	(481)
Other comprehensive income	$ 8,250	$ 1,733	$ 6,517
Net loss			(28,073)
Comprehensive loss			$ (21,556)

	Quarter Ended June 30, 2024		
	Pre-Tax Amount	Tax Expense (Benefit)	Net-of-Tax Amount
Change in unrealized investment gains/losses	$ (22,356)	$ (4,695)	$ (17,661)
Reclassification of unrealized investment gains/losses	(82)	(17)	(65)
Effect on DAC, VOBA, and DRL	(211)	(44)	(167)
Other comprehensive loss	$ (22,649)	$ (4,756)	$ (17,893)
Net income			4,735
Comprehensive loss			$ (13,158)

	Six Months Ended June 30, 2025		
	Pre-Tax Amount	Tax Expense (Benefit)	Net-of-Tax Amount
Change in unrealized investment gains/losses	$ 41,929	$ 8,805	$ 33,124
Reclassification of unrealized investment gains/losses	(40)	(8)	(32)
Effect on DAC, VOBA, and DRL	(3,845)	(807)	(3,038)
Other comprehensive income	$ 38,044	$ 7,990	$ 30,054
Net loss			(26,197)
Comprehensive income			$ 3,857

	Six Months Ended June 30, 2024		
	Pre-Tax Amount	Tax Expense (Benefit)	Net-of-Tax Amount
Change in unrealized investment gains/losses	$ (50,313)	$ (10,566)	$ (39,747)
Reclassification of unrealized investment gains/losses	672	141	531
Effect on DAC, VOBA, and DRL	2,491	524	1,967
Other comprehensive loss	$ (47,150)	$ (9,901)	$ (37,249)
Net income			6,289
Comprehensive loss			$ (30,960)

The following table provides accumulated balances related to each component of Accumulated Other Comprehensive Income (Loss) at June 30, 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	33,124	(3,038)	—	30,086
Amounts reclassified from accumulated other comprehensive income (loss)	(32)	—	—	(32)
Net current-period other comprehensive income (loss)	33,092	(3,038)	—	30,054
End of period	$ (139,810)	$ 12,929	$ (33,446)	$ (160,327)

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 June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Reclassification adjustments related to unrealized gains (losses) on investment securities:				
Net realized investment gains (losses), excluding credit losses [1]	$ 185	$ 82	$ 40	$ (672)
Income tax benefit (expense) [2]	(38)	(17)	(8)	141
Net of taxes	147	65	32	(531)

[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 second quarters and six months ended June 30, 2025 and 2024 was 9,683,414. The number of shares outstanding at both June 30, 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 June 30, 2025			
	Individual Insurance	Group Insurance	Old American	Consolidated
Insurance revenues	$ 38,781	$ 17,598	$ 19,284	$ 75,663
Intersegment revenues	121	—	—	121
Net investment income	36,965	156	3,600	40,721
Net investment gains	4,427	—	7	4,434
Other revenues	1,457	24	—	1,481
Total segment revenues	81,751	17,778	22,891	122,420
Elimination of intersegment revenues				(121)
Total revenues				122,299
Policyholder benefits	32,796	9,745	15,231	57,772
Interest credited to policyholder account balances	18,988	—	—	18,988
Amortization of deferred acquisition costs	4,090	—	4,162	8,252
Operating expenses:				
Salaries and benefits	9,625	1,239	2,121	12,985
Legal settlement accrual	45,000	—	—	45,000
Other segment items [1]	9,058	5,372	671	15,101
Operating expenses	63,683	6,611	2,792	73,086
Total segment benefits and expenses	119,557	16,356	22,185	158,098
Elimination of intersegment expense				(121)
Total benefits and expenses				157,977
Income (loss) before income tax expense	(37,806)	1,422	706	(35,678)
Income tax expense (benefit)	(8,052)	298	149	(7,605)
Net income (loss)	$ (29,754)	$ 1,124	$ 557	$ (28,073)
Assets	$ 4,514,814	$ 11,170	$ 463,567	$ 4,989,551

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

	Quarter Ended June 30, 2024			
	Individual Insurance	Group Insurance	Old American	Consolidated
Insurance revenues	$ 40,738	$ 17,680	$ 20,314	$ 78,732
Intersegment revenues	116	—	—	116
Net investment income	37,761	45	3,363	41,169
Net investment gains	1,168	—	23	1,191
Other revenues	1,395	25	—	1,420
Total segment revenues	81,178	17,750	23,700	122,628
Elimination of intersegment revenues				(116)
Total revenues				122,512
Policyholder benefits	35,264	10,719	15,542	61,525
Interest credited to policyholder account balances	19,502	—	—	19,502
Amortization of deferred acquisition costs	3,910	—	4,451	8,361
Operating expenses:				
Salaries and benefits	9,436	1,134	2,044	12,614
Other segment items [1]	8,372	5,297	991	14,660
Operating expenses	17,808	6,431	3,035	27,274
Total segment benefits and expenses	76,484	17,150	23,028	116,662
Elimination of intersegment expense				(116)
Total benefits and expenses				116,546
Income before income tax expense	4,694	600	672	5,966
Income tax expense	960	128	143	1,231
Net income	$ 3,734	$ 472	$ 529	$ 4,735
Assets	$ 4,530,013	$ 11,992	$ 450,462	$ 4,992,467

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

	Six Months Ended June 30, 2025			
	Individual Insurance	Group Insurance	Old American	Consolidated
Insurance revenues	$ 82,045	$ 35,308	$ 39,355	$ 156,708
Intersegment revenues	240	—	—	240
Net investment income	72,867	239	7,101	80,207
Net investment gains	1,446	—	24	1,470
Other revenues	2,842	47	—	2,889
Total segment revenues	159,440	35,594	46,480	241,514
Elimination of intersegment revenues				(240)
Total revenues				241,274
Policyholder benefits	68,811	20,291	31,864	120,966
Interest credited to policyholder account balances	38,448	—	—	38,448
Amortization of deferred acquisition costs	9,740	—	8,640	18,380
Operating expenses:				
Salaries and benefits	18,591	2,549	4,292	25,432
Legal settlement accrual	45,000	—	—	45,000
Other segment items [1]	18,666	10,771	1,838	31,275
Operating expenses	82,257	13,320	6,130	101,707
Total segment benefits and expenses	199,256	33,611	46,634	279,501
Elimination of intersegment expense				(240)
Total benefits and expenses				279,261
Income (loss) before income tax expense (benefit)	(39,816)	1,983	(154)	(37,987)
Income tax expense (benefit)	(12,173)	416	(33)	(11,790)
Net income (loss)	$ (27,643)	$ 1,567	$ (121)	$ (26,197)
Assets	$ 4,514,814	$ 11,170	$ 463,567	$ 4,989,551

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

	Six Months Ended June 30, 2024			
	Individual Insurance	Group Insurance	Old American	Consolidated
Insurance revenues	$ 85,967	$ 35,529	$ 41,333	$ 162,829
Intersegment revenues	233	—	—	233
Net investment income	74,829	128	6,689	81,646
Net investment gains (losses)	2,782	—	(211)	2,571
Other revenues	2,724	50	—	2,774
Total segment revenues	166,535	35,707	47,811	250,053
Elimination of intersegment revenues				(233)
Total revenues				249,820
Policyholder benefits	74,560	21,782	32,563	128,905
Interest credited to policyholder account balances	38,923	—	—	38,923
Amortization of deferred acquisition costs	8,522	—	8,950	17,472
Operating expenses:				
Salaries and benefits	19,565	2,399	4,054	26,018
Other segment items [1]	17,570	10,625	2,610	30,805
Operating expenses	37,135	13,024	6,664	56,823
Total segment benefits and expenses	159,140	34,806	48,177	242,123
Elimination of intersegment expense				(233)
Total benefits and expenses				241,890
Income (loss) before income tax expense (benefit)	7,395	901	(366)	7,930
Income tax expense (benefit)	1,529	189	(77)	1,641
Net income (loss)	$ 5,866	$ 712	$ (289)	$ 6,289
Assets	$ 4,530,013	$ 11,992	$ 450,462	$ 4,992,467

[1] Other segment items includes agency-related expenses, legal fees, 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.

We had unfunded commitments for additional alternative investment funds of $51.4 million at June 30, 2025 and $54.9 million at December 31, 2024.

At June 30, 2025, we had purchase commitments to fund mortgage loans of $2.8 million. Subsequent to June 30, 2025, we entered into commitments to fund additional mortgage loans of $3.6 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, 2023 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, 2023 for Grange Life Insurance Company. No recommendations or financial adjustments were required as a result of those examinations.

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 June 30, 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
The Company has previously disclosed seven related putative or certified class action lawsuits captioned *Karr v. Kansas City Life Insurance Company (“Karr”), Meek v. Kansas City Life Insurance Company, (“Meek”), Sheldon v. Kansas City Life Insurance Company, (“Sheldon”), Fine v. Kansas City Life Insurance Company, McMillan v. Kansas City Life Insurance Company, van Zanten and Vittetoe v. Kansas City Life Insurance Company (“van Zanten & Vittetoe”),* and *van Zanten v. Kansas City Life Insurance Company* (collectively, the “Cost of Insurance Class Action Litigation”).

Two of these actions – *Karr and Meek* – are complete with final judgments entered and satisfied.

In an effort to resolve the remaining Cost of Insurance Class Action Litigation and any potential similar claims related to the policies at issue, we have entered into a global settlement agreement with named plaintiffs to resolve the issues that are being litigated. Under the terms of the settlement agreement, we would pay an aggregate of $45.0 million to a settlement fund to settle all claims related to polices at issue in the Cost of Insurance Class Action Litigation, including class counsel's fees and the costs of administering the settlement.

If ultimately approved by the Courts, the proposed settlement would resolve all current and potential claims related to the cost of insurance rates used by Kansas City Life in administering the following universal life and variable universal life policies: Better Life Plan, Better Life Plan Qualified, LifeTrack, AGP, MGP, PGP, Chapter One, Classic, Century II, 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, and Ultra 20 (96) policies (the "Class Policies") that were issued and administered by Kansas City Life and that were active on or after January 1, 2002.

While the two courts that will be reviewing the settlement (the *van Zanten & Vittetoe* and the *Sheldon* courts) have issued orders granting preliminary approval, the settlement will not be final unless ultimately approved by the Courts following a fairness hearing currently scheduled for December 11, 2025 (the *Sheldon* court) and December 12, 2025 (the "*van Zanten & Vittetoe* court).

In light of the Courts' orders granting preliminary approval, we have accrued a $45.0 million liability associated with the settlement. In the event that final approval of the settlement is not ultimately granted by the Courts, there can be no assurances as to the outcome of any of the remaining Cost of Insurance Litigation 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 June 30, 2025 through August 1, 2025, the date the consolidated financial statements were issued, and have identified the following subsequent event.

On July 28, 2025, the Kansas City Life Board of Directors declared a quarterly dividend of $0.14 per share, payable on August 13, 2025 to stockholders of record on August 7, 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 or six months ended June 30, 2025.