

Kansas City Life Insurance Company

2015 First Quarter Report

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Includes our subsidiaries:

Sunset Life Insurance Company of America

Old American Insurance Company

Sunset Financial Services, Inc.

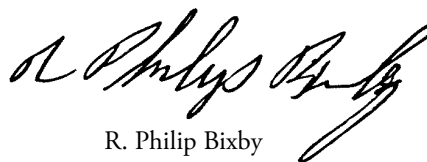
Post Office Box 219139
Kansas City, Missouri 64121-9139
Listing: NASDAQ
Stock Symbol:KCLI
www.kclife.com



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

Kansas City Life Insurance Company recorded net income of \$6.8 million or \$0.63 per share in the first quarter of 2015, an increase of \$1.1 million or \$0.11 per share relative to the same quarter in the prior year. This improvement reflected increased life insurance premiums and lower operating expenses. Partially offsetting these improvements was a decrease in net investment income that was due to both the continued persistent low interest rate environment and increased investment expenses. In addition, the Company experienced a decrease in realized investment gains versus the first quarter of 2014 and reduced benefits from mortality reinsurance.

On April 27, 2015, the Kansas City Life Board of Directors declared a quarterly dividend of \$0.27 per share that will be paid on May 13, 2015 to stockholders of record on May 7, 2015.



R. Philip Bixby



KANSAS CITY LIFE INSURANCE COMPANY
CONSOLIDATED BALANCE SHEETS

(amounts in thousands, except share data)

	March 31 2015 (Unaudited)	December 31 2014
ASSETS		
Investments:		
Fixed maturity securities available for sale, at fair value	\$2,765,610	\$ 2,726,731
Equity securities available for sale, at fair value	25,247	24,881
Mortgage loans	544,940	541,180
Real estate	180,117	181,082
Policy loans	82,843	83,553
Short-term investments	24,594	39,107
Other investments	383	462
Total investments	3,623,734	3,596,996
Cash	8,567	11,011
Accrued investment income	36,927	33,078
Deferred acquisition costs	247,538	249,195
Reinsurance recoverables	194,010	194,425
Property and equipment	17,318	17,527
Other assets	61,980	63,134
Separate account assets	412,357	406,501
Total assets	\$ 4,602,431	\$ 4,571,867
LIABILITIES		
Future policy benefits	\$ 935,306	\$ 930,761
Policyholder account balances	2,066,344	2,072,041
Policy and contract claims	41,204	37,452
Other policyholder funds	166,408	165,062
Other liabilities	223,352	217,291
Separate account liabilities	412,357	406,501
Total liabilities	3,844,971	3,829,108
STOCKHOLDERS' EQUITY		
Common stock, par value \$1.25 per share		
Authorized 36,000,000 shares,		
issued 18,496,680 shares	23,121	23,121
Additional paid in capital	41,016	41,007
Retained earnings	842,367	838,508
Accumulated other comprehensive income	35,973	23,040
Treasury stock, at cost (2015 - 7,717,403 shares;		
2014 - 7,671,475 shares)	(185,017)	(182,917)
Total stockholders' equity	757,460	742,759
Total liabilities and stockholders' equity	\$ 4,602,431	\$ 4,571,867

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



KANSAS CITY LIFE INSURANCE COMPANY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(amounts in thousands, except share data)

	Quarter Ended March 31	
	2015	2014
	(Unaudited)	
REVENUES		
Insurance revenues:		
Net premiums	\$ 40,976	\$ 41,787
Contract charges	28,392	28,798
Total insurance revenues	69,368	70,585
Investment revenues:		
Net investment income	39,692	40,691
Net realized investment gains (losses), excluding other-than-temporary impairment losses	(28)	1,665
Net impairment losses recognized in earnings:		
Total other-than-temporary impairment losses	-	(213)
Portion of impairment losses recognized in other comprehensive income	(7)	51
Net other-than-temporary impairment losses recognized in earnings	(7)	(162)
Total investment revenues	39,657	42,194
Other revenues	1,780	2,333
Total revenues	110,805	115,112
BENEFITS AND EXPENSES		
Policyholder benefits	50,342	52,754
Interest credited to policyholder account balances	18,439	18,946
Amortization of deferred acquisition costs	8,384	8,828
Operating expenses	24,118	26,620
Total benefits and expenses	101,283	107,148
Income before income tax expense	9,522	7,964
Income tax expense	2,744	2,292
NET INCOME	\$ 6,778	\$ 5,672
COMPREHENSIVE INCOME, NET OF TAXES		
Change in net unrealized gains on securities available for sale, net of DAC and VOBA	\$ 16,020	\$ 19,365
Change in future policy benefits	(2,989)	(3,633)
Change in policyholder account balances	(98)	(131)
Other comprehensive income	12,933	15,601
COMPREHENSIVE INCOME	\$ 19,711	\$ 21,273
Basic and diluted earnings per share:		
Net income	\$ 0.63	\$ 0.52

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