

KANSAS CITY LIFE INSURANCE CO
Form 10-Q
October 27, 2015
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2015 or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____
Commission file number 1-33348

KANSAS CITY LIFE INSURANCE COMPANY
(Exact name of registrant as specified in its charter)
Missouri
(State or other jurisdiction of
incorporation or organization)

44-0308260
(I.R.S. Employer
Identification No.)

3520 Broadway, Kansas City, Missouri
(Address of principal executive offices)
816-753-7000

64111-2565
(Zip Code)

Registrant's telephone number, including area code
Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common Stock: \$1.25 par 10,608,899 shares

Class Outstanding September 30, 2015

Table of Contents

KANSAS CITY LIFE INSURANCE COMPANY

TABLE OF CONTENTS

<u>PART I. Financial Information</u>	<u>3</u>
<u>Item 1. Financial Statements</u>	<u>3</u>
<u>Consolidated Balance Sheets</u>	<u>3</u>
<u>Consolidated Statements of Comprehensive Income</u>	<u>4</u>
<u>Consolidated Statement of Stockholders' Equity</u>	<u>5</u>
<u>Consolidated Statements of Cash Flows</u>	<u>6</u>
<u>Notes to Consolidated Financial Statements</u>	<u>8</u>
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>44</u>
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	<u>67</u>
<u>Item 4. Controls and Procedures</u>	<u>67</u>
<u>PART II. Other Information</u>	<u>68</u>
<u>Item 1. Legal Proceedings</u>	<u>68</u>
<u>Item 1A. Risk Factors</u>	<u>68</u>
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>69</u>
<u>Item 3. Defaults Upon Senior Securities</u>	<u>69</u>
<u>Item 4. Mine Safety Disclosures</u>	<u>69</u>
<u>Item 5. Other Information</u>	<u>70</u>
<u>Item 6. Exhibits</u>	<u>71</u>
<u>Signatures</u>	<u>72</u>

Table of Contents

Part I. Financial Information

Item 1. Financial Statements

Amounts in thousands, except share data, or as otherwise noted

Kansas City Life Insurance Company

Consolidated Balance Sheets

	September 30 2015 (Unaudited)	December 31 2014
ASSETS		
Investments:		
Fixed maturity securities available for sale, at fair value	\$2,697,443	\$2,726,731
Equity securities available for sale, at fair value	24,758	24,881
Mortgage loans	568,952	541,180
Real estate	163,030	181,082
Policy loans	81,748	83,553
Short-term investments	23,071	39,107
Other investments	265	462
Total investments	3,559,267	3,596,996
Cash	9,699	11,011
Accrued investment income	35,775	33,078
Deferred acquisition costs	262,805	249,195
Reinsurance recoverables	200,498	194,425
Property and equipment	16,722	17,527
Other assets	53,670	63,134
Separate account assets	364,621	406,501
Total assets	\$4,503,057	\$4,571,867
LIABILITIES		
Future policy benefits	\$930,478	\$930,761
Policyholder account balances	2,060,954	2,072,041
Policy and contract claims	46,405	37,452
Other policyholder funds	173,229	165,062
Other liabilities	197,530	217,291
Separate account liabilities	364,621	406,501
Total liabilities	3,773,217	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	41,025	41,007
Retained earnings	852,941	838,508
Accumulated other comprehensive income	5,554	23,040
Treasury stock, at cost (2015 - 7,887,781 shares; 2014 - 7,671,475 shares)	(192,801)	(182,917)
Total stockholders' equity	729,840	742,759
Total liabilities and stockholders' equity	\$4,503,057	\$4,571,867
See accompanying Notes to Consolidated Financial Statements		

Table of ContentsKansas City Life Insurance Company
Consolidated Statements of Comprehensive Income

	Quarter Ended September 30		Nine Months Ended September 30	
	2015	2014	2015	2014
	(Unaudited)		(Unaudited)	
REVENUES				
Insurance revenues:				
Net premiums	\$39,378	\$42,480	\$120,196	\$125,601
Contract charges	28,632	29,541	83,467	89,173
Total insurance revenues	68,010	72,021	203,663	214,774
Investment revenues:				
Net investment income	38,277	40,608	118,175	122,650
Net realized investment gains, excluding other-than-temporary impairment losses	4,475	981	6,724	3,430
Net impairment losses recognized in earnings:				
Total other-than-temporary impairment losses	(419) (765) (2,189) (1,221
Portion of impairment losses recognized in other comprehensive income (loss)	(9) 433	(171) 620
Net other-than-temporary impairment losses recognized in earnings	(428) (332) (2,360) (601
Total investment revenues	42,324	41,257	122,539	125,479
Other revenues	1,927			