

KANSAS CITY LIFE INSURANCE COMPANY

A Missouri Corporation

3520 Broadway
Kansas City, Missouri 64111
Telephone: (816) 753-7000
Website: www.kclife.com
E-mail: communications@kclife.com

SIC Code: 6311

ANNUAL REPORT

For the Period Ending December 31, 2025
(the “Reporting Period”)

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

The number of shares outstanding of our Common Stock was 9,683,414 as of December 31, 2024 (the end of previous reporting period)

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933 and Rule 12b-2 of the Exchange Act of 1934):

Yes: ☐ No: ☒

Indicate by check mark whether the company’s shell status has changed since the previous reporting period:

Yes: ☐ No: ☒

Indicate by check mark whether a change in control of the company has occurred over this reporting period:

Yes: ☐ No: ☒

KANSAS CITY LIFE INSURANCE COMPANY
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Part A - General Company Information

Item 1. The Exact Name of The Issuer

Kansas City Life Insurance Company

Item 2. The Address of The Issuer's Principal Executive Offices and The Address of the Issuer's Principal Place of Business

Principal Executive Offices: Kansas City Life Insurance Company
3520 Broadway
Post Office Box 219139
Kansas City, Missouri 64121-9139
Telephone: (816) 753-7000
Fax: (816) 753-4902
Website: www.kclife.com

Check box if principal executive office and principal place of business are the same address: ☒

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. 8308
E-mail: communications@kclife.com

Item 3. The Jurisdiction and Date of the Issuer's Incorporation

Kansas City Life Insurance Company was incorporated in the State of Missouri on May 1, 1895.

Part B - Share Structure

Item 4. The Exact Title and Class of Securities Outstanding

Class: Common Stock
CUSIP: 484836200
Trading Symbol: KCLI

Item 5. Par or Stated Value and Description of the Security

A. Par or Stated Value

The Company's outstanding securities consist solely of common stock, par value \$1.25 per share.

B. Common Stock or Preferred Stock

Common Stock

Stockholders of the Company are entitled to dividends if declared by the Board of Directors. The maximum amount of dividends that can be paid by insurance companies domiciled in the State of Missouri to stockholders without prior approval of the Insurance Commissioner in any consecutive twelve-month period is the greater of the statutory gain from operations for the preceding year or 10% of statutory stockholders' equity at the end of the preceding year and stockholder dividends may only be paid from unassigned surplus.

Each share of our common stock entitles the holder thereof to one vote on all matters submitted to a vote of the shareholders, except the election of directors. At all elections of directors, each shareholder is entitled to as many votes as shall equal the number of shares held by such shareholder multiplied by the number of directors to be elected, and such shareholder may cast all such votes for a single director or may distribute them among the number of directors to be voted for as such shareholder may see fit.

Our common stock is not subject to redemption or future calls or assessment by Kansas City Life. Holders of common stock do not have preemptive rights, or rights to convert their common stock into other securities.

In the event of a liquidation, dissolution or winding up of the affairs of Kansas City Life, holders of our common stock have the right to a ratable portion of the assets remaining after the payment of all liabilities. All outstanding shares of our common stock are fully paid and nonassessable.

The provisions of Kansas City Life's articles of incorporation and bylaws that are summarized below may have an anti-takeover effect and may delay, defer or prevent a tender offer or takeover attempt that a shareholder might consider to be in such shareholder's best interests, including those attempts that might result in a premium over the market price for the shares held by shareholders:

1. Classification of Board of Directors. Our board of directors is divided into three classes, and our directors are elected by classes to three-year terms. While this provision promotes stability and continuity of the board of directors, classification of the board of directors may also have the effect of decreasing the number of directors that could otherwise be elected at each annual meeting of shareholders.
2. Business Combinations. Kansas City Life's articles of incorporation contain a "fair price" provision which generally requires that certain "business combinations" with a "related person" (generally the beneficial owner of at least 5 percent of Kansas City Life's voting stock) be approved by the holders of at least 66 2/3 percent of Kansas City Life's voting stock, with the 66 2/3 percent vote requirement being calculated by excluding from the voted shares and the number of shares of voting stock outstanding, the voting stock held by such related person, except in specified circumstances.

3. Amendment of Articles. The amendment of the articles of incorporation of Kansas City Life requires the affirmative vote of the holders of more than 66 2/3 percent of the shares of capital stock of Kansas City Life voting on such question but in no event may the articles be amended by a vote of less than a majority of all of the shares of capital stock of Kansas City Life entitled to vote on said question.

Preferred Stock

The Company had no preferred stock authorized or outstanding at December 31, 2025.

Item 6. The Number of Shares or Total Amount of the Securities Outstanding for Each Class of Securities Authorized

Common Stock

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Number of Shares Authorized	36,000,000	36,000,000
Number of Shares Outstanding	9,683,414	9,683,414
Freely Tradable Shares (Public Float)	2,572,985	2,573,086
Total Number of Shareholders of Record	117	115

The Company has more than 100 beneficial shareholders of record owning at least 100 shares.

Item 7. The Name and Address of the Transfer Agent

Kansas City Life Insurance Company is registered as a transfer agent under the Exchange Act and acts as its own transfer agent.

Heather S. Welch, Stock Agent and Assistant Secretary
Kansas City Life Insurance Company
3520 Broadway
Kansas City, MO 64111
816-753-7000 ext. 8236
heather.welch@kclife.com

Part C - Business Information

Item 8. The Nature of the Issuer's Business

A. Business Development

1. **The form of organization of the issuer.**

We are a Missouri corporation.

2. **The year that the issuer (or any predecessor) was organized.**

We were organized in 1895.

3. **The issuer's fiscal year end date.**

Our fiscal year end date is December 31.

4. Whether the issuer (or any predecessor) has been in bankruptcy, receivership or any similar proceeding.

We have not been in any bankruptcy, receivership, or any similar proceeding.

5. Any material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets.

We have not had any material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets.

6. Any default of the terms of any note, loan, lease, or other indebtedness or financing arrangement requiring the issuer to make payments.

We have not had any default of the terms of any note, loan, lease, or indebtedness or financing arrangement.

7. Any change of control.

We have not had a change in control.

8. Any increase of 10% or more of the same class of outstanding equity securities.

There has been no increase in any class of outstanding equity securities.

9. Any past, pending or anticipated stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization.

None.

10. Any delisting of the issuer's securities by any securities exchange or deletion from the OTC Bulletin Board.

We have not delisted from any securities exchange or been deleted from the OTC Bulletin Board.

11. Any current, past, pending or threatened legal proceedings or administrative actions either by or against the issuer that could have a material effect on the issuer's business, financial condition, or operations and any current, past or pending trading suspensions by a securities regulator. State the names of the principal parties, the nature and current status of the matters, and the amounts involved.

Please see the section entitled "Contingent Liabilities" in Note 20 of our audited financial statements.

B. Business of Issuer

1. The issuer's primary and secondary SIC Codes.

Our primary SIC Code is 6311.

2. If the issuer has never conducted operations, is in the development stage, or is currently conducting operations.

We are currently conducting operations.

3. Whether the issuer has at any time been a "shell company."

We are not, and never have been, a shell company.

4. The names of any parent, subsidiary, or affiliate of the issuer, and its business purpose, its method of operation, its ownership, and whether it is included in the financial statements attached to this disclosure statement.

Kansas City Life Insurance Company has two wholly-owned insurance subsidiaries, Old American Insurance Company ("Old American") and Grange Life Insurance Company ("Grange Life"), and one wholly-owned registered broker-dealer subsidiary, Sunset Financial Services ("SFS"). We also have non-insurance subsidiaries that individually and collectively are not material. These entities are included in the financial statements attached to this disclosure statement.

Old American is a Missouri life insurance company offering life insurance products in the final expense market. It distributes its products through an independent general agent distribution system. Grange Life is an Ohio life insurance company managing a closed block of life insurance and annuity business. SFS is a Washington corporation, responsible for the distribution and marketing of Kansas City Life's proprietary variable life and variable annuity products through third-party broker-dealers.

5. The effect of existing or probable governmental regulations on the business.

We are subject to state regulations in Missouri, our state of domicile, and in the states in which we do business. Although the federal government generally does not regulate the business of insurance, federal initiatives such as the taxation of insurance companies and the tax treatment of insurance products along with activities of the Federal Insurance Office ("FIO") can have an impact on the business in a variety of ways. SFS is a registered broker-dealer, which is regulated by the Financial Industry Regulatory Authority ("FINRA") and the Securities and Exchange Commission ("SEC").

State Regulation

Our life insurance entities are subject to periodic examinations by state regulatory authorities, and our financial statements are prepared and examined on the basis of statutory accounting principles. The most recently completed examination performed by the State of Missouri occurred as of December 31, 2023 for Kansas City Life and Old American. Grange Life's most recent examination performed by the state of Ohio (it's state of domicile) occurred as of December 31, 2023. No adjustments to any of the insurance companies resulted from that examination.

The National Association of Insurance Commissioners ("NAIC") has received regulatory authority from the respective state departments of insurance to establish more consistency for insurers with regard to financial reporting requirements. NAIC has adopted risk-based capital guidelines to assist in the identification of deteriorating or weakly capitalized insurance companies for the purpose of initiating regulatory action. At December 31, 2025 and 2024, the statutory capital and surplus of each of our insurance entities was substantially above the required levels.

Federal Regulation

The federal government generally does not directly regulate the business of insurance. An exception is the Federal Reserve's ability to regulate certain life insurance companies affiliated with savings bank organizations and those life insurers deemed to be systematically important financial institutions. In addition, the Dodd-Frank Wall Street Reform and Consumer Protection Act may enhance and expand the federal government's role in insurance company regulation, including the formation and activities of the Federal Insurance Office.

Importantly, however, the federal government does regulate the environment in which insurance products are sold. For example, pension regulations and other qualified retirement plan regulations such as 401(k) plans, impact the sale of our insurance products sold into those accounts. Health care laws passed at the federal level can also impact the group sales division based on the products we sell. The internal revenue code, both in its role of taxing life insurance companies under the life insurance company provisions of the Internal Revenue Code of 1986, as amended (the Code), and in the taxation of insurance and investment products held by our consumers, are also important factors in our success.

6. An estimate of the amount spent during each of the last two fiscal years on research and development activities, and, if applicable, the extent to which the cost of such activities are borne directly by customers.

We have not spent any material amounts during the last two fiscal years on research and development activities.

7. Costs and effects of compliance with environmental laws (federal, state and local).

Based on our environmental assessments, we believe that any compliance costs associated with environmental laws and regulations, or any remediation of affected properties are not material, and that any future compliance costs would not have a material adverse effect on our business, financial position, results of operations, or cash flows.

8. The number of total employees and number of full time employees.

At December 31, 2025, the Company had 449 employees, 432 of which were full time.

Item 9. The Nature of Products or Services Offered

A. Principal products or services, and their markets.

We offer individual life, annuity and group products and variable life, variable annuities and other investment options.

We offer interest sensitive products that include an array of universal life, variable universal life, fixed deferred annuities, and variable annuities. Universal life products have the ability to deliver flexibility in coverage and competitive long-term cash values or premiums that guarantee coverage for a desired period or through the insured's lifetime. Variable universal life products combine the advantages of a range of investment options with life insurance.

We offer multiple fixed deferred annuity products. We also offer variable annuity products which allow the policyholder options that include either single or flexible premium contracts combined with the advantages of a range of investment options and the advantages of an annuity.

We offer traditional immediate annuity products with a broad variety of payout options, including guaranteed specified amounts and life contingencies. A variety of immediate annuity options are offered, in association with policy and contract holder benefit options, as well as new product sales.

We offer traditional whole life products, including products geared towards juveniles that offer additional coverage as the child ages, and term life insurance products for a wide range of ages and coverage.

Selected riders are also available for added coverage and protection in both the individual life insurance products and annuity products.

We offer multiple group insurance products primarily to small and medium size employers, consisting of group life, long-term and short-term disability, dental, and vision products both on an employer-paid basis and voluntary employee-paid basis. These group products are underwritten and designed to meet the needs of employers and employees based on factors such as employer contribution toward cost of coverage, number of employees, benefits desired versus product cost, and plan design features. Group life insurance plans include flexible plan designs, such as accidental death and dismemberment coverage, waiver of premium coverage, and policy conversion and portability privileges. Disability plans are designed based on factors including benefit period and maximum benefits. Dental plans are designed based on factors including coinsurance percentages and plan maximums.

We have closed blocks of business that are primarily from three sources. First, we have sizeable blocks of business obtained through the acquisition of certain companies. Second, we have entered into reinsurance assumption transactions. The third source results from when we determine that we no longer intend to actively market selected products or to remain active in certain markets. These closed blocks of business decline in premiums, deposits, and insurance in force over time.

B. Distribution methods of the products or services.

Individual life insurance and annuity products offered by Kansas City Life are marketed through a nationwide sales force of independent general agents, agents, and third-party marketing arrangements. This sales force includes former Grange Life agents who market life insurance products primarily to property and casualty customers of Grange Life's former parent company, Grange Insurance Company. All of these general agents and agents are contracted individually and are not exclusively with us. We do not restrict general agents or agents to designated sales territories. In addition, we have identified selected occasions to use additional third-party arrangements for product specific or market niche sales opportunities.

Old American products are marketed through a nationwide general agency sales force with exclusive territories, using direct response marketing to supply agents with leads. We manage the territories based upon production and directly support and subsidize general agent managers and agents with marketing leads and allowances based upon sales results.

We use two approaches to market our group products. The first is to market business using our internal sales representatives and an independent general agent and agent field force. This business is administered internally. The second is through selectively identified independent third-party arrangements. Generally, business sold through these arrangements is administered by the third parties or through specifically-identified reinsurance arrangements.

C. Status of any publicly announced new product or service.

We have not publicly announced any new product or service.

D. Competitive business conditions, the issuer's competitive position in the industry, and methods of competition.

We operate in the life insurance sector of the financial services industry in the United States, which is highly competitive with respect to products, pricing, selection of products, and quality of service. Many of our competitors are considerably larger and may have substantially greater financial resources, higher ratings from rating agencies, broader and more diversified product lines, and more agency relationships.

Our insurance products compete with a wide variety of other products, including products from other insurance companies, financial intermediaries, and other institutions. In addition, competition arises from a number of features, including crediting rates, policy terms and conditions, service provided to distribution channels and policyholders, ratings reputation, and agent compensation. Insurance products also compete with products offered from mutual funds; traditional bank investments; and other investment and retirement funding alternatives offered by asset managers, banks, and broker-dealers.

E. Sources and availability of raw materials and the names of principal suppliers.

We do not use raw materials.

F. Dependence on one or a few major customers.

We do not have dependence on one or a few major customers.

G. Patents, trademarks, licenses, franchises, concessions, royalty agreements or labor contracts, including their duration.

The Company maintains trademarks related to our corporate names, logos and products. We do not have any patents, licenses, franchises, concessions, royalty agreements, or labor contracts.

H. The need for any government approval of principal products or services and the status of any requested government approvals.

Insurance products are required to be reviewed and approved by insurance regulators in the various states in which we conduct business. Variations on certain products may occur on a state-by-state basis based on the laws or regulations of a given state. Some products may not be available in all states in which we conduct business. We must also file certain marketing materials, including illustrations showing our product performance. We do seek to add new products and/or product riders to our product portfolio, but the Company is not currently awaiting any approval that materially impacts our ability to conduct business.

Item 10. The Nature and Extent of the Issuer's Facilities

Our home office is located at 3520 Broadway in Kansas City, Missouri. We own and wholly occupy two five-story buildings consisting of approximately 236,000 square feet on an eight-acre site. We also lease space in Columbus, Ohio, located on the 9th floor of a multi-story office building at 671 S. High Street. The Columbus office houses a significant portion of the Grange Life Insurance Company operations team and the sales team focusing on supporting the former Grange Life agents who now sell Kansas City Life and Old American products. We believe that our present facilities are adequate and suitable for our current purposes.

Part D - Management Structure and Financial Information

Item 11. The Name of the Chief Executive Officer, Members of the Board of Directors, as well as Control Persons

A. Officers and Directors

R. Philip Bixby (Age 72) Member of the: - Executive Committee (Chairman) - Nominating Committee (Chairman)	<u>Chairman of the Board</u> <u>Business Experience:</u> Mr. Bixby is Chairman of the Board. He was elected Assistant Secretary in 1979; Assistant Vice President in 1982; Vice President in 1984; Senior Vice President, Operations in 1990; Executive Vice President in 1996; President and CEO in April 1998; Vice Chairman of the Board in January 2000 and Chairman of the Board in 2005. <u>Other Current Board Positions:</u> Chairman of Old American Insurance Company, Chairman of Grange Life Insurance Company and Chairman of Sunset Financial Services, Inc. (all subsidiaries).
Kevin G. Barth (Age 65) Member of the: Compensation Committee	<u>Director</u> <u>Business Experience:</u> Mr. Barth is Chairman and Chief Executive Officer of Commerce Bank, Kansas City. Mr. Barth has served as President, COO and Senior Lender for Commerce Bank, Kansas City, since April 2000. He is a member of the Executive Committee and is Executive Vice President of Commerce Bancshares, NA. <u>Other Current Board Positions:</u> Greater Kansas City Chamber of Commerce and Children's Mercy Hospital.
Walter E. Bixby (Age 67) Member of the: - Executive Committee - Nominating Committee	<u>President, CEO and Vice Chairman of the Board</u> <u>Business Experience:</u> Mr. Bixby is President, CEO and Vice Chairman of the Board. He was elected Assistant Vice President of the Company in 1985; Vice President, Marketing in 1990; Vice President, Marketing Operations in 1992; Executive Vice President in 2012; President and CEO in 2022; President of Old American Insurance Company in 1996 and President and CEO of Grange Life Insurance Company in 2022. <u>Other Current Board Positions:</u> Old American Insurance Company, Grange Life Insurance Company and Sunset Financial Services, Inc. (all subsidiaries).
William R. Blessing (Age 70) Member of the: - Compensation Committee - Executive Committee	<u>Director</u> <u>Business Experience:</u> Mr. Blessing retired as Senior Vice President, Corporate Strategy and Development, Embarq. He had held similar duties with Sprint and related entities in various capacities from 1981 to 2006. Mr. Blessing is a National Association of Corporate Directors (NACD) Board Leadership Fellow and serves on several nonprofit boards of directors.
Michael Braude (Age 89) Member of the: - Compensation Committee (Chairman) - Nominating Committee	<u>Director</u> <u>Business Experience:</u> From 1984 to 2000, he was President and CEO of the Kansas City Board of Trade. He is a past chairman of the National Grain Trade Council. He is a former Trustee of the Kansas Public Employees Retirement Fund, and a Trustee of Midwest Research Institute. He is a former weekly, and now contributing columnist for the Kansas City Business Journal. Mr. Braude was employed by the Company in the early 1960's as a sales trainee.

James T. Carr (Age 59) Member of the: Executive Committee	Director <u>Business Experience:</u> Mr. Carr is the President and Chief Executive Officer of the National Association of Intercollegiate Athletics, and has served in that position since September 2006. Mr. Carr joined the NAIA in 1998 as managing director and general counsel and became chief operating officer and general counsel in 2000. <u>Other Current Board Positions:</u> The <i>Champions of Character</i> Foundation, USA Basketball, Baptist-Trinity Lutheran Legacy Foundation and the Police Athletic League.
John C. Cozad (Age 81)	Director <u>Business Experience:</u> Mr. Cozad is President of Cozad Company, LLC, a government relations company in Platte City, Missouri. He was previously a partner at Stinson LLP, a Kansas City law firm. He has previously served on the Missouri Highways and Transportation Commission as Chairman and as a curator on the University of Missouri Board of Curators. <u>Other Current Board Positions:</u> Heartland Christian College and Farmers Mutual Insurance Company of Platte County.
Eileen M. Hutchinson (Age 66) Member of the: Audit Committee (Chair)	Director <u>Business Experience:</u> Ms. Hutchinson retired as the Vice President of Finance and Chief Financial Officer of the Government Employee Health Association, Inc. ("GEHA") in 2016. Prior to joining GEHA, she worked as the Vice President of Finance for the Epoch Group, LLC, Tax Manager for Blue Cross Blue Shield of Kansas City, and in public accounting. Ms. Hutchinson is a certified public accountant ("CPA") and achieved the chartered global management accountant ("CGMA") designation. She is a member of the American Institute of Certified Public Accountants and the Missouri Society of Certified Public Accountants. She also serves on several non-profit boards of directors.
David S. Kimmel (Age 63) Member of the: - Audit Committee - Information Security Committee	Director <u>Business Experience:</u> Mr. Kimmel is a Co-Founder and Senior Advisor of Insurance Advisory Partners LLC, providing strategic, financial and capital raising advisory services for the global insurance and insurtech industry. Prior to this, he was Chief Financial Officer of Converge Managing Partner and Founder of Summit Capital, and CEO of CyberRiskPartners LLC, a privately held cyber risk analytics and risk management company. Mr. Kimmel previously worked in investment banking for the insurance industry with J.P. Morgan Securities and Deutsche Bank Securities, where he held various senior positions, including Managing Director and Insurance Investment Banking Group Head at both firms. <u>Other Current Board Positions:</u> Independent Director of Star Mountain Lower Middle-Market Capital Corp. (Chairman of Nominating and Corporate Governance Committee, member of Audit Committee, and member of Independent Directors Committee).
David A. Laird (Age 65) Member of the: Executive Committee	Senior Vice President, Finance, Director <u>Business Experience:</u> Mr. Laird was elected Senior Vice President, Finance on February 4, 2022. He was elected as Vice President and Controller in 2007 and as Assistant Vice President and Assistant Controller in 1994. Mr. Laird has been with the Company since 1982 and previously served as Accounting Manager and Accounting Director. <u>Other Current Board Positions:</u> Old American Insurance Company, Grange Life Insurance Company, and Sunset Financial Services, Inc. (all subsidiaries).

A. Craig Mason, Jr. (Age 60)	<u>Senior Vice President, General Counsel and Secretary, Director</u> <u>Business Experience:</u> Mr. Mason is Senior Vice President, General Counsel and Secretary of the Company. He was elected Appointed Vice President, General Counsel and Secretary on November 1, 2010, and previously served in the legal department in different responsibilities after joining the Company in 2006. He has extensive experience in the insurance industry. As General Counsel, Mr. Mason is responsible for all legal matters involving the Company. Mr. Mason was appointed to his current position in 2013. <u>Other Current Board Positions:</u> Sunset Financial Services, Inc. (subsidiary).
Mark A. Milton (Age 67) Member of the: Executive Committee	<u>Senior Vice President and Actuary, Director</u> <u>Business Experience:</u> Mr. Milton is Senior Vice President and Actuary of the Company. He was elected Assistant Actuary in 1984; Assistant Vice President, Associate Actuary in 1987; Vice President, Associate Actuary in 1989; Vice President and Actuary in 2000 and to his present position in 2001. <u>Other Current Board Positions:</u> Old American Insurance Company, Grange Life Insurance Company, and Sunset Financial Services, Inc. (all subsidiaries).
William A. Schalekamp (Age 81) Member of the: Executive Committee	<u>Director</u> <u>Business Experience:</u> Mr. Schalekamp retired from his position as Senior Vice President, General Counsel and Secretary of the Company on October 31, 2010. He was elected Assistant Counsel in 1973; Associate Counsel in 1975; Assistant General Counsel in 1980; Associate General Counsel in 1984; Vice President and Chief Compliance Officer/Associate General Counsel in January 2002, and to his last position in April 2002.
Richard W. Seagraves (Age 69) Member of the: Audit Committee	<u>Director</u> <u>Business Experience:</u> Mr. Seagraves is a former Audit Partner and Audit Professional Practice Partner for KPMG. He was also a member of KPMG's Audit Leadership Team and was one of the designated firm's SEC Reviewing Partners for 23 years. He is a member of the American Institute of Certified Public Accountants and the Missouri Society of Certified Public Accountants. He also has served on several non-profit boards of directors.

The business address of our directors and executive officers is 3520 Broadway, Kansas City, Missouri 64111.

2025 Compensation of Executive Officers

Name and Principal Position	Salary	Directors Fees
Walter E. Bixby President, CEO and Vice Chairman of the Board	\$ 783,623 ¹	\$ 6,000 ²
David A. Laird Senior Vice President, Finance	\$ 375,879 ¹	\$ 6,000 ²
Mark A. Milton Senior Vice President & Actuary	\$ 455,084 ¹	\$ 6,000 ²

¹ In addition to salary, our executive officers participate in the Company's Omnibus Incentive Plan (OIP) that may provide a payment if certain measures are achieved. The OIP provides: (i) Long Term Incentive (LTI) benefits based on measures including a Phantom Stock Option measure and a corporate performance measure; and (ii) Annual Incentive (AI) benefits based on corporate and individual goals. The LTI provisions apply only to senior officers, while the AI provisions apply to a broad range of management employees. In aggregate, we will pay all the participants in the AI and LTI portions of the plan a total of \$4,881,370 based on 2025 year-end plan results. While the LTI Phantom Stock Option measure is equity-based, all compensation paid to employees and directors of the Company is in the form of cash.

² Includes Director's Fees from the Company's subsidiaries.

2025 Director Compensation

We pay directors who are not employees of the Company an annual fee of \$20,000, payable quarterly, plus a \$2,500 attendance fee per quarterly meeting and a \$2,000 attendance fee per special meeting.

The tables below set forth a summary of director compensation for the fiscal year ending December 31, 2025.

Director	Board Fees	Committee Fees	All Other Compensation	Total Compensation
R. Philip Bixby ¹ Chairman of the Board	\$ 152,000	\$ 24,000	\$ -	\$ 176,000
Kevin G. Barth	\$ 30,000	\$ 1,500	\$ -	\$ 31,500
William R. Blessing	\$ 30,000	\$ 16,500	\$ -	\$ 46,500
Michael Braude	\$ 30,000	\$ 2,000	\$ -	\$ 32,000
James T. Carr	\$ 30,000	\$ 15,000	\$ -	\$ 45,000
John C. Cozad	\$ 30,000	\$ -	\$ -	\$ 30,000
David S. Kimmel	\$ 30,000	\$ 8,000	\$ -	\$ 38,000
Eileen M. Hutchinson	\$ 30,000	\$ 9,000	\$ -	\$ 39,000
William A. Schalekamp	\$ 30,000	\$ 15,000	\$ -	\$ 45,000
Richard W. Seagraves	\$ 30,000	\$ 4,000	\$ -	\$ 34,000

¹ Chairman Bixby's Board Fees include Director's Fees from serving on the Board of the Company's subsidiaries.

We pay directors who are employees of the Company (Walter E. Bixby, A. Craig Mason, Jr., Mark A. Milton, and David A. Laird) an annual fee of \$5,000, payable quarterly, and a \$500 attendance fee per special meeting.

The Company reimburses travel expenses to attend Board and Committee meetings.

Beneficial Ownership of Directors and Officers ⁽¹⁾

Name of Beneficial Owner	Common Stock Beneficially Owned	Percentage of Common Stock Beneficially Owned
Kevin G. Barth	--	--
William R. Blessing	100	*
Michael Braude	1,000	*
James T. Carr	--	--
John C. Cozad	--	--
Eileen M. Hutchinson	--	--
David S. Kimmel	500	*
David A. Laird	5,999 (2)	*
A. Craig Mason, Jr.	1,486 (2)	*
Mark A. Milton	--	--
Stephen E. Ropp	--	--
William A. Schalekamp	10,710 (2)	*
Richard W. Seagraves	--	--

* Less than 1%

- (1) Beneficial ownership information for the following directors appears in the "Beneficial Ownership of Control Persons" table below: R. Philip Bixby and Walter E. Bixby.
- (2) Includes a beneficial interest in shares held by the trustees of the Company's employee benefit plans as to which participants have the power to vote the shares held in their account.

B. Other Control Persons

Beneficial Ownership of Control Persons

Name and Address of Beneficial Owner	Common Stock Beneficially Owned	Percentage of Common Stock Beneficially Owned
WEB Interests, Ltd. 3520 Broadway Kansas City, MO 64111	2,358,340 (1)(2)	24.4%
JRB Interests, LLC 3520 Broadway Kansas City, MO 64111	2,966,312 (2)(3)	30.6%
Lee M. Vogel 220 South Shore Drive Lake Winnebago, MO 64034	7,009,745 (2)(3)(4)	72.4%
Angeline I. Bixby 141 Triple Creek Pass Pine Mountain, GA 31822	2,934,245 (2)(5)(6)	30.3%
Nancy Bixby Hudson 425 Baldwin Creek Rd. Lander, WY 82520	3,190,008 (2)(3)(7)	32.9%
R. Philip Bixby 3520 Broadway Kansas City, MO 64111	2,917,243 (2)(6)(8)	30.1%
Walter E. Bixby 3520 Broadway Kansas City, MO 64111	2,939,409 (2)(6)(9)	30.4%

- (1) WEB Interests, Ltd. is a Texas limited partnership (the "WEB Partnership"). Each partner of the WEB Partnership has the power to dispose of that number of shares of Common Stock owned by the WEB Partnership which equals such partner's proportionate interest in the WEB Partnership.
- (2) Lee M. Vogel ("Mr. Vogel") has the sole voting power for 7,009,745 shares, including all shares described herein, pursuant to a Voting Agreement dated October 31, 2004, among certain members of the Bixby family.
- (3) JRB Interests, LLC is a Missouri limited company ("JRB"). Each member of JRB has the power to dispose of that number of shares of Common Stock owned by JRB corresponding to such member's proportionate interest in JRB.
- (4) Includes 2,966,312 shares for which Mr. Vogel, as a member of JRB, shares the power of disposition. Of these shares, Mr. Vogel: (a) as a member of JRB, in his individual capacity, has an indirect pecuniary interest in 169 shares; (b) as a co-trustee (with The Midwest Trust Company of Missouri) of the Issue Trust for Lee M. Vogel, a member of JRB, shares the power to dispose of 946,475 shares, and (c) as

a co-trustee (with The Midwest Trust Company of Missouri) of the Lee M. Vogel GST Exempt Issue Trust, a member of JRB, shares the power to dispose of 82,754 shares. Mr. Vogel disclaims pecuniary interest in all but 1,029,402 shares owned by JRB. Also includes 7,098 shares beneficially owned by Mr. Vogel as sole trustee of the Lee M. Vogel Revocable Trust dated March 15, 2005.

- (5) Includes (a) 4,770 shares for which Ms. Bixby, as an individual general partner of the WEB Partnership, has the sole power of disposition, (b) 781,342 shares for which Ms. Bixby, an individual limited partner, as the sole trustee of the Angeline I. Bixby GST Trust, and as the sole trustee of the Issue Trust for Angeline I. Bixby, which is a limited partner of the WEB Partnership, has the power of disposition, and (c) 353,688 shares owned by Angeline I. Bixby directly and as to which she has the sole power of disposition.
- (6) Includes 2,358,340 shares owned by WEB Partnership, as to which Walter E. Bixby, R. Philip Bixby and Angeline I. Bixby, as general partners of the WEB Partnership, in their capacities as co-trustees of the WEB Trust, share the power of disposition. Also includes 222,217 shares held in the Walter E. Bixby Descendants Trust and as to which R. Philip Bixby, Walter E. Bixby and Angeline I. Bixby, the co-trustees of this trust, share the power of disposition. The terms of the trust restrict the transfer of these shares.
- (7) Includes 223,696 shares for which Nancy Bixby Hudson, as sole trustee of the Nancy Bixby Hudson Trust dated December 11, 1997, has the sole power of disposition. Also includes 2,966,312 shares for which Nancy Bixby Hudson, as a member of JRB, shares with the other members of JRB, the power of disposition of these shares, which are owned by JRB. Ms. Hudson (a) as a member of JRB, has sole power to dispose of 169 of these shares; and (b) as a co-trustee (with The Midwest Trust Company of Missouri) of the Nancy Bixby Hudson GST Trust, the Nancy Bixby Hudson GST Non-Exempt Trust and the Issue Trust for Nancy Bixby Hudson, which trusts are members of JRB, shares the power to dispose of 1,936,741 of these shares. Ms. Hudson disclaims pecuniary interest in 1,029,402 shares owned by JRB.
- (8) Includes (a) 4,770 shares for which R. Philip Bixby, as an individual general partner of the WEB Partnership, has the power of disposition; and (b) 458,366 shares for which Mr. Bixby, as sole trustee of the Robert Philip Bixby Revocable Trust, and 322,977 shares for which Mr. Bixby, as co-trustee of the Robert Philip Bixby 2012 GST Trust, which trusts are limited partners of the WEB Partnership, has the power of disposition. Also includes 292,769 shares owned by R. Philip Bixby directly and as to which he has the sole power of disposition, and a beneficial interest in 44,662 shares held by the trustees of the Company's employee benefit plans as to which participants have the power to vote the shares held in their account.
- (9) Includes (a) 4,770 shares for which Walter E. Bixby, as an individual general partner of the WEB Partnership, has the sole power of disposition; and (b) 592,676 shares for which Mr. Bixby, as the sole trustee of the Walter E. Bixby, III GST Trust, which is a limited partner of the WEB Partnership, has the power of disposition. Also includes (a) 324,208 shares which Walter E. Bixby owns directly and has the sole power of disposition; (b) and a beneficial interest in 35,960 shares held by the trustees of the Company's employee benefit plans as to which participants have the power to vote the shares held in their account.

We are not aware of any additional beneficial shareholders owning 5% or more of our Common Stock. It is possible that there are one or more additional beneficial holders of a significant percentage of our Common Stock, however the federal securities laws do not require a beneficial shareholder of 5% or more of our Common Stock to disclose that information publicly or to the Company. The table above is based on the best information available to the Company.

C. Legal/Disciplinary History

In the last five years, none of our officers, directors or control persons have been the subject of any of the following:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);
2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;
3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or
4. The entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended or otherwise limited such person's involvement in any type of business or securities activities.

D. Disclosure of Family Relationships

R. Philip Bixby, Chairman of the Board; Walter E. Bixby, President, Chief Executive Officer and Vice Chairman of the Board, and President of Old American and Grange Life, subsidiaries; and Angeline I. Bixby; all of whom beneficially hold more than 5% of our common stock, are siblings. R. Philip Bixby, Walter E. Bixby and Angeline I. Bixby are trustees of WEB Interests, Ltd, which holds more than 5% of our common stock.

Nancy Bixby Hudson and Lee M. Vogel, who votes the proxy for the control group holding the majority of our common stock, are siblings. Nancy Bixby Hudson and Lee M. Vogel are trustees of JRB Interests, LLC, which holds more than 5% of our common stock.

R. Philip Bixby, Walter E. Bixby, and Angeline I. Bixby are cousins of Nancy Bixby Hudson and Lee M. Vogel.

E. Disclosure of Related Party Transactions

There were no related party transactions over the last two calendar years and there are no currently proposed transactions involving the Company in which any related person had or will have a direct or indirect material interest.

F. Disclosure of Conflicts of Interest

There are no conflicts of interest with regard to our executive officers and directors.

Item 12. Financial Information for the Issuer's Most Recent Fiscal Period

Our audited consolidated financial statements for the year ended December 31, 2025, are attached to this filing with the OTC Disclosure and News Service and are incorporated herein by reference.

Item 13. Similar Financial Information for Such Part of the Two Preceding Fiscal Years as the Issuer or its Predecessor Has Been in Existence

Our audited consolidated financial statements for the years ended December 31, 2024, and December 31, 2023 are incorporated herein by reference and are available through the OTC Disclosure and News Service, our website (www.kclife.com) or at www.otcm Markets.com.

Item 14. The Name, Address, Telephone Number, and Email Address of Each of the Following Outside Providers that Advise the Issuer on Matters Relating to Operations, Business Development and Disclosure

Our counsel is:

Scott Claassen, Esq.
Stinson LLP
1201 Walnut Street, Suite 2900
Kansas City, MO 64106
scott.claassen@stinson.com
(816) 691-2348

Our auditor is:

Forvis Mazars, LLP
1201 Walnut Street, Suite 1700
Kansas City, MO 64106
BKD-OTCOX@us.forvismazars.com
(816) 221-6300

Preparation of our consolidated financial statements is the responsibility of the Company. Forvis Mazars, LLP is responsible for conducting an audit of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America, with the objective of expressing an opinion as to whether the presentation of the consolidated financial statements conforms with accounting principles generally accepted in the United States of America (GAAP). Forvis Mazars, LLP has confirmed to us that the firm is licensed to practice public accounting in the states in which we conduct our business. Forvis Mazars, LLP is registered with the PCAOB.

Item 15. Management's Discussion and Analysis or Plan of Operation

A. Plan of Operation

This item is not applicable as we have had revenues in each of the last two fiscal years.

B. Management's Discussion and Analysis of Financial Condition and Results of Operations

Our Management's Discussion and Analysis of Financial Condition and Results of Operations for each of the last two fiscal years are incorporated by reference to our financial Annual Report filed separately through the OTC Disclosure and News Service, available at www.otcm Markets.com.

C. Off-Balance Sheet Arrangements

As of December 31, 2025, we did not have any significant or material off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on the issuer's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

Part E - Issuance History

Item 16. List of Securities Offerings and Shares Issued for Services in the Past Two Years

We have had no securities offerings or shares issued for services during the past two fiscal years, or since December 31, 2025.

Part F - Exhibits

Item 17. Material Contracts

1. The Voting Agreement between members of the Company's Control Group was filed in the Company's 8-K on November 3, 2004 and is incorporated herein by reference.
2. Kansas City Life Deferred Compensation Plan, as amended and restated effective July 2, 2012, was filed as Exhibit 10(a) to the Company's 2012 10-K and is incorporated herein by reference.
3. Kansas City Life Insurance Company Omnibus Incentive Plan, effective January 1, 2014, and filed as Exhibit 10(k) to the Company's 2015 10-K and is incorporated herein by reference.
4. The fourth amendment to the Kansas City Life Excess Benefit Plan was filed as Exhibit 10(d) to the Company's 2010 10-K and is incorporated herein by reference.
5. The Coinsurance Agreement between Kansas City Life Insurance Company and Transamerica Occidental Life Insurance Company of Cedar Rapids, Iowa effective January 19, 2005, was filed as Exhibit 10(e) to the Company's 2009 10-K/A and is incorporated herein by reference.
6. The Automatic and Facultative Reinsurance Agreement (Coinsurance Basis) between Kansas City Life Insurance Company and Security Life of Denver Insurance Company effective May 1, 2002, was filed as Exhibit 10(g) to the Company's 2009 10-K/A and is incorporated herein by reference.
7. The Automatic and Facultative Coinsurance Reinsurance Agreement between Kansas City Life Insurance Company and RGA Reinsurance Company effective May 1, 2002, was filed as Exhibit 10(h) to the Company's 2009 10-K/A and is incorporated herein by reference.

Item 18. Articles of Incorporation and Bylaws

The Articles of Incorporation, as Restated in 1986 and amended in 1999, were filed as Exhibit 3(a) to the Company's 10-Q for the quarter ended September 30, 1999, and incorporated herein by reference. Two amendments to the Articles of Incorporation, effective December 16, 2015, are attached as Exhibit 19 to the Annual Information and Disclosure Statement reported on OTCQX for the year ended December 31, 2015, and incorporated herein by reference.

The Bylaws as Amended and Restated October 29, 2007, were filed as Exhibits 3.1 and 3.2 to the Company's 8-K for October 30, 2007, and are incorporated herein by reference.

Item 19. Purchases of Equity Securities by the Issuer and Affiliated Purchasers

Our Board of Directors regularly authorizes the Company to repurchase shares on the open market. On January 27, 2025, the Board authorized the Company to purchase up to one million shares between the authorization date and January 26, 2026. On January 26, 2026 the Board authorized the Company to purchase up to one million shares between authorization and January 25, 2027.

During 2025, there were no purchases of equity securities by the Issuer or any Affiliated Purchasers.

Item 20. Issuer's Certifications

I, Walter E. Bixby, certify that:

1. I have reviewed this annual 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 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: March 9, 2026

/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 annual 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 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: March 9, 2026

/s/ David A. Laird
David A. Laird
Senior Vice President, Finance



KANSAS CITY LIFE

KANSAS CITY LIFE INSURANCE COMPANY

A Missouri Corporation

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Kansas City, MO 64111-2565
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Investor Relations: Craig.Mason@kclife.com

SIC Code: 6311

ANNUAL REPORT

For the Period Ending December 31, 2025
(the "Reporting Period")

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

The number of shares outstanding of our Common Stock was 9,683,414 as of September 30, 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: ☒

KANSAS CITY LIFE INSURANCE COMPANY
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Financial Information

Amounts in thousands, except share data, security counts, claim counts, or as otherwise noted.

Kansas City Life Insurance Company
Consolidated Balance Sheets

	December 31,	
	2025	2024 ¹
ASSETS		
Investments:		
Fixed maturity securities available for sale, at fair value (amortized cost: 2025 - \$2,469,644; 2024 - \$2,568,893)	\$ 2,322,542	\$ 2,350,032
Equity securities, at fair value (cost: 2025 - \$519; 2024 - \$1,084)	514	819
Mortgage loans (net of allowance for credit losses: 2025 - \$1,239; 2024 - \$1,416)	548,797	575,068
Real estate	94,331	96,867
Policy loans	87,742	84,913
Short-term investments	132,126	64,917
Other investments	63,921	48,825
Total investments	3,249,973	3,221,441
Cash	8,428	8,101
Accrued investment income	29,981	31,147
Market risk benefits asset, at fair value	3,346	3,753
Deferred acquisition costs	254,337	264,528
Reinsurance recoverables (net of allowance for credit losses: 2025 and 2024 - \$1,367)	407,810	381,448
Deposit asset on reinsurance	329,485	377,475
Other assets	248,353	233,320
Separate account assets	416,995	413,426
Total assets	<u>\$ 4,948,708</u>	<u>\$ 4,934,639</u>
LIABILITIES		
Liability for future policy benefits	\$ 1,341,072	\$ 1,288,727
Policyholder account balances	2,104,373	2,149,721
Market risk benefits liability, at fair value	56	84
Policy and contract claims	57,048	56,227
Other policyholder funds	187,192	189,479
Other liabilities	176,397	188,277
Separate account liabilities	416,995	413,426
Total liabilities	<u>4,283,133</u>	<u>4,285,941</u>
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	903,251	929,435
Accumulated other comprehensive loss	(60,521)	(103,582)
Treasury stock, at cost (2025 and 2024 - 8,813,266 shares)	(241,301)	(241,301)
Total stockholders' equity	<u>665,575</u>	<u>648,698</u>
Total liabilities and stockholders' equity	<u>\$ 4,948,708</u>	<u>\$ 4,934,639</u>

¹ Certain prior period amounts have been recast. See Note 2 - New Accounting Pronouncements for more information.

See accompanying Notes to Consolidated Financial Statements

Kansas City Life Insurance Company
Consolidated Statements of Comprehensive Income

	Year Ended December 31,		
	2025	2024 ¹	2023 ¹
REVENUES			
Insurance revenues:			
Net premiums	\$ 188,954	\$ 196,030	\$ 209,592
Contract charges	125,197	125,135	124,010
Total insurance revenues	314,151	321,165	333,602
Investment revenues:			
Net investment income	162,193	164,616	157,641
Net investment gains (losses)	3,202	(676)	62,053
Total investment revenues	165,395	163,940	219,694
Other revenues	5,904	5,698	5,473
Total revenues	485,450	490,803	558,769
BENEFITS AND EXPENSES			
Policyholder benefits (including liability remeasurement losses (gains): 2025 - \$(1,563); 2024 - \$283; 2023 - \$(1,727)	246,611	254,715	272,367
Change in market risk benefits	157	(1,807)	(1,824)
Interest credited to policyholder account balances	78,031	78,801	74,311
Amortization of deferred acquisition costs	35,270	37,251	44,392
Operating expenses	157,361	133,999	116,098
Total benefits and expenses	517,430	502,959	505,344
Income (loss) before income tax expense (benefit)	(31,980)	(12,156)	53,425
Income tax expense (benefit)	(11,219)	(2,586)	11,054
NET INCOME (LOSS)	\$ (20,761)	\$ (9,570)	\$ 42,371
COMPREHENSIVE INCOME, NET OF TAXES			
Changes in:			
Net unrealized gains (losses) on securities available for sale	\$ 56,690	\$ (28,048)	\$ 68,940
Changes in discount rates on the liability for future policy benefits	(19,475)	34,374	(25,109)
Market risk benefits nonperformance risk gain (loss)	(176)	(835)	(1,258)
Benefit plan obligations	6,022	7,262	5,844
Other comprehensive income	43,061	12,753	48,417
COMPREHENSIVE INCOME	\$ 22,300	\$ 3,183	\$ 90,788
Basic and diluted earnings per share:			
Net income (loss)	<u>\$ (2.14)</u>	<u>\$ (0.99)</u>	<u>\$ 4.38</u>

¹ Certain prior period amounts have been recast. See Note 2 - New Accounting Pronouncements for more information.

See accompanying Notes to Consolidated Financial Statements

Kansas City Life Insurance Company
Consolidated Statements of Stockholders' Equity

	Year Ended December 31,		
	2025	2024 ¹	2023 ¹
COMMON STOCK , beginning and end of year	\$ 23,121	\$ 23,121	\$ 23,121
ADDITIONAL PAID IN CAPITAL , beginning and end of year	41,025	41,025	41,025
RETAINED EARNINGS			
Beginning of year	929,435	944,428	910,438
Net income (loss)	(20,761)	(9,570)	42,371
Stockholder dividends (2025, 2024, and 2023 - \$0.56 per share)	(5,423)	(5,423)	(5,423)
Cumulative effect of adoption of new accounting principle - ASU No. 2016-13 Measurement of Credit Losses on Financial Instruments	—	—	(562)
Cumulative effect of adoption of new accounting principle - ASU No. 2018-12 Targeted Improvements to the Accounting for Long-Duration Contracts	—	—	(2,396)
End of year	903,251	929,435	944,428
ACCUMULATED OTHER COMPREHENSIVE LOSS			
Beginning of year	(103,582)	(116,335)	(241,590)
Other comprehensive income	43,061	12,753	48,417
Cumulative effect of adoption of new accounting principle - ASU No. 2018-12	—	—	76,838
End of year	(60,521)	(103,582)	(116,335)
TREASURY STOCK , at cost, beginning and end of year	(241,301)	(241,301)	(241,301)
TOTAL STOCKHOLDERS' EQUITY	<u>\$ 665,575</u>	<u>\$ 648,698</u>	<u>\$ 650,938</u>

¹ Certain prior period amounts have been recast. See Note 2 - New Accounting Pronouncements for more information.

See accompanying Notes to Consolidated Financial Statements

Kansas City Life Insurance Company
Consolidated Statements of Cash Flows

	Year Ended December 31,		
	2025	2024 ¹	2023 ¹
OPERATING ACTIVITIES			
Net income (loss)	\$ (20,761)	\$ (9,570)	\$ 42,371
Adjustments to reconcile net income (loss) to net cash used from operating activities:			
Amortization of investment premium and discount	66	1,259	1,954
Depreciation and amortization	3,959	4,228	6,008
Acquisition costs capitalized	(25,079)	(21,973)	(23,759)
Amortization of deferred acquisition costs	35,270	37,251	44,392
Net investment losses (gains)	(3,202)	676	(62,053)
Changes in assets and liabilities:			
Reinsurance recoverables	(26,362)	6,599	(21,217)
Liability for future policy benefits	27,694	15,046	43,884
Policyholder account balances	(93,222)	(80,198)	(91,056)
Income taxes payable and deferred	(13,965)	(21,967)	1,385
Other, net	(14,950)	10,280	7,554
Net cash used	(130,552)	(58,369)	(50,537)
INVESTING ACTIVITIES			
Purchases or contributions:			
Fixed maturity securities	(286,519)	(240,556)	(335,463)
Mortgage loans	(31,758)	(39,545)	(23,539)
Real estate	(2,279)	(1,425)	(2,454)
Policy loans	(4,746)	(3,746)	(3,531)
Other investments	(20,618)	(26,798)	(10,861)
Property and equipment	(261)	(1,306)	(916)
Sales or maturities, calls, principal paydowns, and distributions:			
Fixed maturity securities	383,626	200,257	265,130
Equity securities	304	—	—
Mortgage loans	58,205	56,970	62,799
Real estate	442	570	68,739
Policy loans	1,915	2,857	2,246
Other investments	13,710	13,066	8,299
Property and equipment	216	—	20
Net sales (purchases) of short-term investments	(67,209)	26,651	(33,071)
Net cash provided (used)	45,028	(13,005)	(2,602)

¹ Certain prior period amounts have been recast. See Note 2 - New Accounting Pronouncements for more information.

Kansas City Life Insurance Company
Consolidated Statements of Cash Flows

	Year Ended December 31,		
	2025	2024 ¹	2023 ¹
FINANCING ACTIVITIES			
Policyholder account balances:			
Deposits	\$ 196,638	\$ 190,546	\$ 195,571
Receipts from funding agreements	20,000	20,000	—
Withdrawals	(181,139)	(185,834)	(203,536)
Change in deposit asset on reinsurance, net	61,027	56,583	81,524
Net transfers from separate accounts	1,499	721	2,678
Change in other deposits	(6,751)	(6,813)	(15,748)
Cash dividends to stockholders	(5,423)	(5,423)	(5,423)
Net cash provided	<u>85,851</u>	<u>69,780</u>	<u>55,066</u>
 Increase (decrease) in cash	 327	 (1,594)	 1,927
Cash at beginning of year	8,101	9,695	7,768
Cash at end of year	<u>\$ 8,428</u>	<u>\$ 8,101</u>	<u>\$ 9,695</u>

¹ Certain prior period amounts have been recast. See Note 2 - New Accounting Pronouncements for more information.

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 18 - Reinsurance.

In the second quarter of 2025, the Company accrued \$45.0 million in Other Liabilities in the Consolidated Balance Sheets related to the settlement of class action lawsuits. For additional information, please see Note 25 - Contingent Liabilities.

There was no material non-cash activity during 2024.

In 2023, we had a non-cash investing transaction that consisted of a transfer of \$4.7 million of land from real estate to real estate joint ventures. We also had a non-cash investing transaction that consisted of a sale of real estate in exchange, in part, for a commercial mortgage loan of \$38.5 million.

See accompanying Notes to Consolidated Financial Statements

Kansas City Life Insurance Company

Notes to Consolidated Financial Statements

1. Nature of Operations

Business

Kansas City Life Insurance Company is a Missouri-domiciled stock life insurance company which, with its subsidiaries, is licensed to sell insurance products in 49 states and the District of Columbia. The consolidated entity (the Company) offers a diversified portfolio of individual insurance, annuity, and group life and health products through its life insurance companies. 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 management of the organization in relation to the nature of the products and services offered. For additional information on our segments, please see Note 21 - Segment Information.

Basis of Presentation

The consolidated financial statements and the accompanying notes to the consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) and include the accounts of Kansas City Life and its subsidiaries. Significant intercompany transactions have been eliminated in consolidation and in addition to the recast of prior period amounts discussed in the following paragraph, certain immaterial reclassifications have been made to prior period results to conform with the current period's presentation.

Effective January 1, 2025, we adopted Accounting Standards Update (ASU) No. 2018-12 Targeted Improvements to the Accounting for Long-Duration Contracts, which revises the measurement models and disclosure requirements for long-duration contracts. This guidance was applied with a transition date of January 1, 2023. Accordingly, the results for 2023 and 2024 have been recast throughout this report and are presented under this guidance. For additional information, please see Note 2 - New Accounting Pronouncements.

Business Changes

There were no significant business changes during 2025 or 2024.

Current Economic Environment

As of December 31, 2025, the U.S. economy remains in a state of cautious transition. Inflation has remained persistently above the Federal Reserve's 2% target, exhibiting significant stagnation in the back half of the year. The inflationary impact of expanded tariffs has been partially offset by weakened global demand and further diversification of supply chains, preventing a significant resurgence in consumer prices.

The Federal Reserve implemented an additional 25 basis point cut in December 2025, bringing the federal funds target range to 3.75% to 4.00% to close out the year. This shift reflects a central bank increasingly focused on supporting the "full employment" side of its dual mandate. The labor market has transitioned from the rapid expansion seen in late 2024 to a more balanced state; while unemployment has ticked up slightly, layoffs remain historically low, and hiring continues to be led by the service and public sectors.

The AI-driven expansion continues to provide a meaningful tailwind to economic growth, as substantial capital expenditures in semiconductor production and digital infrastructure bolster industrial activity. These investments helped propel equity markets to successive all-time highs in 2025, and are beginning to translate into modest, measurable productivity improvements.

However, the high-rate environment, although recently eased, 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 tight monetary policy and rising trade tensions pose downside risks to growth and increase the potential for asset impairments and credit defaults.

Use of Estimates

The preparation of the consolidated financial statements requires the Company's management to make 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 consolidated financial statements, and the reported amounts of certain revenue and expenses during the period.

Kansas City Life Insurance Company
Notes to Consolidated Financial Statements - (Continued)

These estimates are inherently subject to change and actual results could differ from these estimates. Significant estimates required in the preparation of the consolidated financial statements include determinations of fair values of invested assets, deferred income taxes, goodwill, policyholder account balances, liability for future policy benefits, market risk benefits, policy and contract claim liabilities, reinsurance, and pension and other postemployment benefits.

Kansas City Life Insurance Company
Notes to Consolidated Financial Statements - (Continued)

2. New Accounting Pronouncements

Accounting Pronouncements Adopted During 2025

ASU No. 2023-09

In December 2023, the Financial Accounting Standards Board (FASB) issued ASU No. 2023-09 Improvements to Income Tax Disclosures. This update requires public business entities to disclose specific categories in the income tax 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 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 prospectively on January 1, 2025, and the disclosures are presented in Note 15 - Income Taxes.

ASU No. 2018-12

In August 2018, the FASB issued 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 and other balances amortized on a similar basis. 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.

We adopted this guidance effective January 1, 2025, with a transition date of January 1, 2023. This guidance impacts deferred acquisition costs, reinsurance recoverables, value of business acquired, intangible assets, liability for future policy benefits, and deferred revenue liabilities on a modified retrospective basis. Those balances were recast to conform to ASU No. 2018-12 on January 1, 2023. We adopted a full retrospective transition approach for market risk benefits. There were no transition date impacts for market risk benefits.

Upon adoption of ASU No. 2018-12, we removed the adjustments that were previously recorded in accumulated other comprehensive income (loss) for the impact of unrealized gains and losses on certain items as described in the preceding paragraph.

Kansas City Life Insurance Company
Notes to Consolidated Financial Statements - (Continued)

The following table presents the transition date impacts for stockholders' equity, including the corresponding impact to deferred taxes. The transition date impacts resulted in a decrease of \$2.4 million to Retained Earnings and a decrease of \$76.8 million to Accumulated Other Comprehensive Loss.

	Retained Earnings	Accumulated Other Comprehensive Loss
Pre-adoption balance, at December 31, 2022	\$ 910,438	\$ (241,590)
Market risk benefits asset	(2,800)	2,800
Deferred acquisition costs	—	(25,486)
Reinsurance recoverables	392	(34,263)
Value of business acquired	—	(8,884)
Deferred tax asset	637	(20,425)
Liability for future policy benefits	(13)	150,595
Market risk benefits liability	(612)	612
Other policyholder funds	—	10,668
Other liabilities	—	1,221
Post-adoption balance, at January 1, 2023	<u>\$ 908,042</u>	<u>\$ (164,752)</u>

For market risk benefits, the transition adjustment to accumulated other comprehensive loss relates to the cumulative effect of changes in the instrument-specific credit risk between contract issue date and transition date. In aggregate, the credit spreads applied to the risk-free rate increased from contract inception to the transition date, which had a positive impact on stockholders' equity.

For deferred acquisition costs, value of business acquired, and other policyholder funds, the Company removed amounts previously recorded in accumulated other comprehensive loss for the effect of unrealized investment gains and losses.

For liability for future policy benefits and other liabilities, the transition adjustment to retained earnings relates to instances where net premiums exceed gross premiums resulting in reserves being increased to eliminate the premium deficiency. The transition adjustment related to accumulated other comprehensive loss represents the effect of the requirement to discount liabilities for future policy benefits.

For reinsurance, the adjustments to both retained earnings and accumulated other comprehensive loss were made to align the measurement of reinsurance recoverables with the related liability for future policy benefits.

The following table presents the transition date impacts for market risk benefits.

	Asset	Liability
Pre-adoption balance, at December 31, 2022	\$ —	\$ —
Reclassification of GMDB from other policyholder funds	—	161
Reclassification of GMWB from other policyholder funds	3,056	208
Post-adoption balance, at January 1, 2023	<u>\$ 3,056</u>	<u>\$ 369</u>

Kansas City Life Insurance Company
Notes to Consolidated Financial Statements - (Continued)

The following table presents the transition date impacts for deferred acquisition costs.

	Traditional Life	Universal Life	Variable Universal Life	Deferred Annuities	Variable Annuities	Total
Pre-adoption balance, at December 31, 2022	\$ 172,444	\$ 96,056	\$ 29,771	\$ 19,768	\$ 9,505	\$ 327,544
Other impacts	3,179	(4,798)	—	—	—	(1,619)
Removal of related amounts in AOCI	—	(15,647)	(869)	(7,819)	(1,151)	(25,486)
Post-adoption balance, at January 1, 2023	<u>\$ 175,623</u>	<u>\$ 75,611</u>	<u>\$ 28,902</u>	<u>\$ 11,949</u>	<u>\$ 8,354</u>	<u>\$ 300,439</u>

The following table presents the transition date impacts for reinsurance recoverables.

Pre-adoption balance, at December 31, 2022	\$ 402,323
Effect of capping and flooring	392
Effect of changes in discount rate assumptions	(34,263)
Post-adoption balance, at January 1, 2023	<u>\$ 368,452</u>

The following table presents the transition date impacts for value of business acquired.

	Traditional Life	Universal Life	Total
Pre-adoption balance, at December 31, 2022	\$ 5,852	\$ 12,608	\$ 18,460
Removal of related amounts in AOCI	—	(8,884)	(8,884)
Post-adoption balance, at January 1, 2023	<u>\$ 5,852</u>	<u>\$ 3,724</u>	<u>\$ 9,576</u>

The following table presents the transition date impacts for deferred tax asset.

Pre-adoption balance, at December 31, 2022	\$ 47,681
Tax impact of retained earnings adjustments	637
Tax impact of AOCI adjustments	(20,425)
Post-adoption balance, at January 1, 2023	<u>\$ 27,893</u>

The following table presents the transition date impacts for the liability for future policy benefits.

Pre-adoption balance, at December 31, 2022	\$ 1,388,924
Effect of capping and flooring	13
Other impacts	3,179
Effect of changes in discount rate assumptions	(150,595)
Post-adoption balance, at January 1, 2023	<u>\$ 1,241,521</u>

The following table presents the transition date impacts for the liability for policyholder account balances.

Pre-adoption balance, at December 31, 2022	\$ 2,280,917
Other impacts	(4,798)
Post-adoption balance, at January 1, 2023	<u>\$ 2,276,119</u>

Kansas City Life Insurance Company
Notes to Consolidated Financial Statements - (Continued)

The following table presents the transition date impacts for the liability for other policyholder funds.

Pre-adoption balance, at December 31, 2022	\$ 204,788
Reclassification of GMDB to market risk benefits liability	(161)
Reclassification of GMWB to market risk benefits assets	3,056
Reclassification of GMWB to market risk benefits liability	(208)
Removal of related amounts in AOCI	(10,668)
Post-adoption balance, at January 1, 2023	<u>\$ 196,807</u>

The following table presents the transition date impacts for other liabilities.

Pre-adoption balance, at December 31, 2022	\$ 160,271
Effect of changes in discount rate assumptions	(1,221)
Post-adoption balance, at January 1, 2023	<u>\$ 159,050</u>

Certain amounts in prior-period financial statements have been recast to conform with the guidance in ASU No. 2018-12. The following table presents the change to the impacted line items in the Consolidated Balance Sheets.

	December 31, 2024		
	As Previously Reported	Increase (Decrease)	As Currently Reported
Market risk benefits asset	\$ —	\$ 3,753	\$ 3,753
Deferred acquisition costs	302,130	(37,602)	264,528
Reinsurance recoverables	404,191	(22,743)	381,448
Other assets	261,049	(27,729)	233,320
Total assets	5,018,960	(84,321)	4,934,639
Liability for future policy benefits	1,428,386	(139,659)	1,288,727
Policyholder account balances	2,154,596	(4,875)	2,149,721
Market risk benefits liability	—	84	84
Other policyholder funds	195,398	(5,919)	189,479
Other liabilities	189,478	(1,201)	188,277
Total liabilities	4,437,511	(151,570)	4,285,941
Retained earnings	948,985	(19,550)	929,435
Accumulated other comprehensive income (loss)	(190,381)	86,799	(103,582)
Total stockholders' equity	581,449	67,249	648,698
Total liabilities and stockholders' equity	5,018,960	(84,321)	4,934,639

Kansas City Life Insurance Company
Notes to Consolidated Financial Statements - (Continued)

Certain amounts in prior-period financial statements have been recast to conform with the guidance in ASU No. 2018-12. The following table presents the change to the impacted line items in the Consolidated Statements of Comprehensive Income.

	Year Ended December 31, 2024			Year Ended December 31, 2023		
	As Previously Reported	Increase (Decrease)	As Currently Reported	As Previously Reported	Increase (Decrease)	As Currently Reported
Net premiums	\$ 196,363	\$ (333)	\$ 196,030	\$ 211,166	\$ (1,574)	\$ 209,592
Contract charges	124,786	349	125,135	122,587	1,423	124,010
Total revenues	490,787	16	490,803	558,920	(151)	558,769
Policyholder benefits	250,352	4,363	254,715	265,788	6,579	272,367
Change in market risk benefits	—	(1,807)	(1,807)	—	(1,824)	(1,824)
Amortization of deferred acquisition costs	35,255	1,996	37,251	34,359	10,033	44,392
Operating expenses	132,705	1,294	133,999	115,152	946	116,098
Total benefits and expenses	497,113	5,846	502,959	489,610	15,734	505,344
Income (loss) before income tax expense (benefit)	(6,326)	(5,830)	(12,156)	69,310	(15,885)	53,425
Income tax expense (benefit)	(1,361)	(1,225)	(2,586)	14,390	(3,336)	11,054
Net income (loss)	(4,965)	(4,605)	(9,570)	54,920	(12,549)	42,371
Comprehensive income (loss), net of taxes:						
Changes in:						
Effect of DAC, VOBA, and DRL	3,266	(3,266)	—	(6,055)	6,055	—
Changes in discount rates on the liability for future policy benefits	—	34,374	34,374	—	(25,109)	(25,109)
Market risk benefits nonperformance risk gain (loss)	—	(835)	(835)	—	(1,258)	(1,258)
Other comprehensive income (loss)	(17,520)	30,273	12,753	68,729	(20,312)	48,417
Comprehensive income (loss)	(22,485)	25,668	3,183	123,649	(32,861)	90,788
Basic and diluted net income (loss) per share:	(0.51)	(0.48)	(0.99)	5.67	(1.29)	4.38

Kansas City Life Insurance Company
Notes to Consolidated Financial Statements - (Continued)

Certain amounts in prior-period financial statements have been recast to conform with the guidance in ASU No. 2018-12. The following table presents the change to the impacted line items in the Consolidated Statements of Cash Flows.

	Year Ended December 31, 2024			Year Ended December 31, 2023		
	As Previously Reported	Increase (Decrease)	As Currently Reported	As Previously Reported	Increase (Decrease)	As Currently Reported
Net income (loss)	\$ (4,965)	\$ (4,605)	\$ (9,570)	\$ 54,920	\$ (12,549)	\$ 42,371
Adjustments to reconcile net income (loss) to net cash used from operating activities:						
Acquisition costs capitalized	(21,973)	—	(21,973)	(23,616)	(143)	(23,759)
Amortization of deferred acquisition costs	35,255	1,996	37,251	34,359	10,033	44,392
Changes in assets and liabilities:						
Reinsurance recoverables	5,022	1,577	6,599	(8,512)	(12,705)	(21,217)
Liability for future policy benefits	12,631	2,415	15,046	26,831	17,053	43,884
Policyholder account balances	(80,089)	(109)	(80,198)	(91,089)	33	(91,056)
Income taxes payable and deferred	(20,743)	(1,224)	(21,967)	4,722	(3,337)	1,385
Other, net	11,034	(754)	10,280	6,692	862	7,554

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. Significant Accounting Policies

Investments

Valuation of Investments

Our principal investments are in fixed maturity securities, mortgage loans, and real estate; all of which are exposed to several primary sources of investment risk, including: credit, interest rate, and liquidity. The Company evaluates investments for potential impairments under ASU No. 2016-13 Measurement of Credit Losses on Financial Instruments.

Fixed Maturity Securities

Fixed maturity securities, which are all classified as available for sale, are carried at fair value in the Consolidated Balance Sheets, with unrealized gains or losses recorded in Accumulated Other Comprehensive Income (Loss). Unrealized gains or losses are recorded to reflect what would have been earned had those gains or losses been realized and the proceeds reinvested.

The Company evaluates securities for credit loss when fair value is less than amortized cost, interest payments are missed, or the security is experiencing other potential credit issues. The assessment of whether credit losses have occurred is based on management's case-by-case evaluation of the underlying reasons for the decline in estimated fair value as described in Note 4 - Investments.

Kansas City Life Insurance Company
Notes to Consolidated Financial Statements – (Continued)

A credit loss is recognized in Net Investment Gains (Losses) in the Consolidated Statements of Comprehensive Income for securities in an unrealized loss position when it is anticipated that the amortized cost, excluding accrued investment income, will not be fully recovered. When either 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, the reduction of amortized cost and the loss recognized in earnings is the difference between the security's amortized cost and estimated fair value. If neither of these conditions exist, the difference between the amortized cost of the security and the present value of projected future cash flows expected to be collected is recognized in earnings as a credit loss by establishing an allowance for credit losses with a corresponding charge recorded in net investment gains (losses). However, the allowance for credit losses is limited by the amount that the fair value is less than the amortized cost. If the estimated fair value is less than the present value of projected future cash flows expected to be collected, this portion of the decline in value related to other-than-credit factors is recorded in Other Comprehensive Income (Loss) as an unrealized loss. The accounting guidance also allows for subsequent improvements to occur. Accordingly, the recorded value of the security may be increased and the allowance for credit losses may be reduced to an amount not below zero, as improvements occur and unrealized losses decline.

Equity Securities

Equity securities are carried at fair value. Changes in the fair value of equity securities are recognized in net investment gains (losses) in the Consolidated Statements of Comprehensive Income.

Mortgage Loans

Mortgage loans are stated at cost, adjusted for amortization of premium and accrual of discount, net of an allowance for credit losses. The allowance for credit losses for mortgage loans is maintained at a level believed by management to be adequate to absorb potential future incurred credit losses. Loans in foreclosure, loans considered to be impaired, and loans with amounts past due 90 days or more are placed on non-accrual status.

Credit losses on mortgage loans are recognized in Net Investment Gains (Losses) in the Consolidated Statements of Comprehensive Income. For mortgage loan investments, we use the Weighted Average Remaining Maturity method, which utilizes an average annual charge-off rate applied to the mortgage loan's remaining maturity schedule. In determining the Company's expected credit loss, management applies significant judgment to estimate expected lifetime credit losses, including pooling mortgage loans that share similar risk characteristics and past events and current and forecasted economic conditions. The expected credit loss is calculated based on inputs unique to the individual loan portfolio. On an ongoing basis, mortgage loans with dissimilar risk characteristics are evaluated individually for credit loss, such as loans with significant declines in credit quality, collateral dependent mortgage loans (for example when the borrower is experiencing financial difficulty, including when foreclosure is reasonably possible or probable), and reasonably expected troubled debt restructurings. The expected credit loss for mortgage loans evaluated individually are established using specific cash flow assessments. For example, the expected credit loss for a collateral dependent loan is established as the excess of amortized cost over the estimated fair value of the loan's underlying collateral, less selling costs when foreclosure is probable.

Real Estate

Real estate consists of directly owned investments and real estate joint ventures. Real estate that is directly owned is carried at depreciated cost. Real estate joint ventures consist primarily of office buildings, industrial warehouses, land in the process of development, unimproved land for future development, and affordable housing real estate joint ventures. Real estate joint ventures are either consolidated or recorded using the equity method. The initial cost of the non-consolidated affordable housing real estate joint ventures is amortized in proportion to the tax credits and other tax benefits received and the net investment performance is recognized in the Consolidated Statements of Comprehensive Income as a component of Income Tax Expense. The investments in other non-consolidated real estate joint ventures are recorded using the equity method of accounting, in which the initial cost of the investment is adjusted for earnings and cash contributions or distributions.

Policy Loans

Policy loans are carried at their outstanding principal amount.

Short-Term Investments

Short-term investments include cash equivalents and highly-liquid investments in institutional money market funds that are carried at net asset value (NAV).

Other Investments

Other investments include hedge positions classified as derivatives, alternative investment funds, equity holdings, and mineral rights.

Kansas City Life Insurance Company
Notes to Consolidated Financial Statements – (Continued)

The Company has hedge positions classified as derivatives that are included in Other Investments in the Consolidated Balance Sheets. These derivative assets are recorded at fair value and are established in relation to the Company's indexed universal life portfolio. The index credit portion of the reserves associated with the indexed universal life products are considered to be embedded derivatives and are accounted for at fair value and are included in Policyholder Account Balances in the Consolidated Balance Sheets. The fair value of the reserves will fluctuate depending on market conditions. However, this fluctuation is largely offset by a corresponding change in the realized gains or losses on these derivatives. Changes in market values can result in significant fluctuations to realized gains and losses in the Consolidated Statements of Comprehensive Income.

The Company includes investments in alternative investment funds in Other Investments in the Consolidated Balance Sheets. The Company does not have a controlling interest and is not the primary beneficiary for certain of these investments, which are in the form of limited partnerships. As a result, the investments are accounted for using the equity method of accounting to determine the carrying value. Adjustments to the carrying value reflect the pro rata ownership percentage of the operating results, as indicated by the net asset value in the financial statements of the limited partnership, which are reported on a three-month lag. The proportionate share of limited partnership income is reported as a component of Net Investment Income in the Consolidated Statements of Comprehensive Income.

Investment Income

Investment income is recognized when earned. Premiums and discounts on fixed maturity securities are amortized over the life of the related security as an adjustment to yield using the effective interest method, with the exception of premiums on callable fixed maturity securities, which are amortized to the earliest call date.

Realized Gains (Losses)

We realize investment gains and losses from several sources, including sales and calls of investment securities, sales of real estate and joint ventures, the change in fair value of equity securities and other investments, impairments, and the change in the allowance for credit losses.

Liability for Future Policy Benefits

The liability for future policy benefits (LFPB) is calculated using annual cohorts, split between limited pay and pay-for-life contracts. The LFPB is measured using a net premium valuation model. LFPBs are accrued over time as revenue is recognized based on a net premium ratio. The net premium ratio (NPR) is the portion of gross premiums required to provide for all future benefits. LFPBs are established using the Company's current assumptions of future cash flows, discounted at a rate that approximates a single A corporate bond curve. The calculation of the LFPB utilizes our best estimates of future experience including premium, benefits, and expenses. Expense assumptions include non-level costs, such as termination or settlement costs. Expense assumptions exclude acquisition costs or costs that are required to be charged to expense as incurred, such as those relating to investments, general administration, policy maintenance, product development, market research, and general overhead. We use expense assumptions that are locked-in at inception for each cohort. All other cash flow assumptions used in the measurement of the LFPB are reviewed and updated quarterly and the NPR is recalculated. The effects of changes in cash flow assumptions impacting the net premium ratio are recognized in Policyholder Benefits in the Consolidated Statements of Comprehensive Income. Each quarter, actual cash flows replace the previously assumed cash flows and the revised net premiums are used to measure the LFPB, with the impacts recognized as remeasurement gains or losses in the Consolidated Statements of Comprehensive Income.

We use an upper-medium grade fixed-income instrument yield Single-A rate for the discount rate. Changes in the discount rates are recognized in other comprehensive income (loss).

In the event that the present value of future benefits and expenses exceeds the present value of gross premiums for a cohort, the net premium ratio is capped at 100% by increasing the corresponding liability and recognizing an immediate impact through Policyholder Benefits in the Consolidated Statements of Comprehensive Income. The LFPB is never recorded at an amount less than zero for a cohort.

For limited-payment insurance contracts, premiums are paid over a period shorter than the period over which benefits are provided. Gross premiums received in excess of the net premiums are deferred and recognized as a deferred profit liability (DPL). The DPL is included within the reserve for LFPB and is amortized into net income based on the amount of the insurance in force for traditional life DPL or in proportion to expected future benefit payments for payout annuities DPL.

Policyholder Account Balances

Policyholder account balances are deposit-type contracts, including universal life insurance contracts, fixed annuity contracts, and investment-type contracts. Liabilities for policyholder account balances are included without reduction for potential surrender charges. These liabilities originate from new deposits and conversions from other products. Policyholder account

Kansas City Life Insurance Company

Notes to Consolidated Financial Statements – (Continued)

balances are equal to cumulative deposits, less contract charges and withdrawals, plus interest credited. Deferred front-end contract charges reduce policyholder account balance liabilities and increase the other policyholder funds liability, and are amortized over the term of the policies in a manner similar to deferred acquisition costs, as discussed below. Interest on policyholder account balances is credited as earned.

The Company has collateralized advance funding agreements with the Federal Home Loan Bank of Des Moines (FHLB) for which the funds are used in an arbitrage program to enhance investment income. The maximum participation level was \$140.0 million with this program at both December 31, 2025 and December 31, 2024. Total obligations outstanding under these agreements were \$140.0 million at December 31, 2025 and \$120.0 million at December 31, 2024. These obligations are also reported as Policyholder Account Balances in the Consolidated Balance Sheets. Interest is credited based on variable rates set by the FHLB. For additional information, please see Note 14 - Debt.

Market Risk Benefits

A market risk benefit (MRB) is a contract or contract feature in a long-duration contract issued by an insurance entity that both protects the contract holder from other-than-nominal capital market risk and exposes the insurance entity to other-than-nominal capital market risk.

We offer a guaranteed minimum withdrawal benefit (GMWB) rider that can be added to new or existing variable annuity contracts. The rider provides an enhanced withdrawal benefit that guarantees a stream of income payments to an owner or annuitant, regardless of the contract account value. The GMWB rider is a market risk benefit.

We offer guaranteed minimum death benefits (GMDB) on variable annuities. These benefits guarantee death benefits for specified periods of time, regardless of investment performance, and are market risk benefits.

MRBs are measured at fair value at the individual contract (seriatim basis) level and can be either an asset or a liability. The MRB assets and liabilities are presented separately on the Consolidated Balance Sheets. The fair value is calculated using stochastic equity scenarios and a deterministic interest rate scenario. Changes in fair value of the MRBs are recognized in Change in Market Risk Benefits in the Consolidated Statements of Comprehensive Income. The portion of the change in fair value related to changes in nonperformance and credit risk are recognized in other comprehensive income (loss).

Deferred Acquisition Costs

Deferred acquisition costs (DAC), principally agent commissions and other selling and issue costs, which are related directly to the successful acquisition of new or renewal insurance contracts, are capitalized as incurred. DAC is amortized on a straight-line individual contract basis over the expected term of the related contracts. The expected term is reviewed at least annually and changes are recognized in future amortization. DAC is written off and charged to amortization when a policy terminates.

Value of Business Acquired

Prior to the adoption of Accounting Standards Codification (ASC) No. 805 Business Combinations, when a new block of business was acquired or when an insurance company was purchased, a portion of the purchase price was allocated to a separately identifiable intangible asset referred to as value of business acquired (VOBA). VOBA was established as the actuarially determined present value of future gross profits of the business acquired. VOBA is amortized on a straight-line individual contract basis over the expected term of the related contracts. VOBA is written off and charged to amortization when a policy terminates. VOBA is reported as a component of Other Assets in the Consolidated Balance Sheets with related amortization included in Operating Expenses in the Consolidated Statements of Comprehensive Income.

Deferred Revenue Liabilities

Deferred revenue liabilities (DRL) represent the unearned revenue received from contracts as compensation for services to be provided by the Company in future periods. Such loads and charges are reported as unearned revenue in the period received and are subsequently recognized as income as contract charges over the expected life, using the same approach used to amortize DAC. However, unlike DAC, the amortization of the DRL results in the recognition of revenue rather than expense. Deferred revenue liabilities are included in Other Policyholder Funds in the Consolidated Balance Sheets.

Pensions and Other Postemployment Benefits (OPEB)

The measurement of pension and other postemployment benefit obligations and costs depends on a variety of assumptions. Changes in the valuation of pension obligations and assets supporting this obligation can significantly impact the funded status. Assumptions are made regarding the discount rate, expected long-term rate of return on plan assets, health care claim costs, health care cost trends, retirement rates, and mortality. Generally, the discount rate, expected return on plan assets, and mortality tables have the most significant impact on the cost. The components of benefit cost are included in Operating Expenses in the Consolidated Statements of Comprehensive Income. See Note 16 - Retirement Plans for further details.

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Notes to Consolidated Financial Statements – (Continued)

Goodwill and Intangible Asset

We established goodwill from the acquisition of Grange Life. The goodwill balance was \$42.3 million at both December 31, 2025 and December 31, 2024. Goodwill is included in Other Assets in the Consolidated Balance Sheets. Under GAAP, goodwill is assessed at least annually for impairment, rather than being amortized. As a result of our impairment assessment, we determined that goodwill was not impaired at December 31, 2025 or December 31, 2024. A qualitative assessment is performed to determine whether the existence of events or circumstances leads to a determination that it is more likely than not the fair value of a reporting unit is less than the carrying amount, including goodwill. If, based on the evaluation, it is determined to be more likely than not that the fair value of a reporting unit is less than the carrying value, then goodwill is tested further for impairment. The goodwill impairment loss, if any, is measured as the amount by which the carrying amount of a reporting unit, including goodwill, exceeds its fair value. Subsequent increases in goodwill value are not recognized in the consolidated financial statements.

The acquisition of Grange Life generated an amortizable intangible asset, which is the difference between the fair value and book value of the net reserve liabilities acquired. The intangible asset was valued at \$13.3 million at December 31, 2025 and \$14.7 million at December 31, 2024 and is included in Other Assets in the Consolidated Balance Sheets. The intangible asset is amortized on a straight-line individual contract basis over the expected term of the related contracts. The expected term is reviewed at least annually and changes are recognized in future amortization.

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 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 to the Company from separate accounts are derived from directly-issued policies and contracts, as well as from certain reinsurance assumed business. These revenues consist principally of contract charges, which include but are not limited to maintenance charges, administrative fees, and mortality and expense charges. See Note 9 - Separate Accounts for further details.

Reinsurance

We enter into traditional indemnity and financial reinsurance agreements with other insurance companies to support sales of selected new products, the profitability of in force business, and manage our statutory capital. We cede reinsurance in force on all of the following bases: automatic and facultative; yearly renewable term (YRT) and coinsurance; and excess and quota share basis.

The Liability for Future Policy Benefits is recorded gross of reinsurance in the Consolidated Balance Sheets. A reinsurance recoverable is established for ceded reinsurance. Reinsurance recoverables include amounts related to paid benefits and estimated amounts related to unpaid policy and contract claims, liability for future policy benefits, and policyholder account balances. All insurance related revenues, benefits, and expenses are reported net of reinsurance ceded in the Consolidated Statements of Comprehensive Income.

The Company's reinsurance recoverables are financial assets that are subject to credit loss requirements. Our credit loss analysis includes historical loss information, historical credit rating data, and existing collateral arrangements to estimate expected credit losses over the life of the reinsurance recoverables. Credit losses on reinsurance recoverables are recognized in Policyholder Benefits in the Consolidated Statements of Comprehensive Income.

We have several large block reinsurance agreements. See Note 18 - Reinsurance for additional information pertaining to these agreements.

Kansas City Life Insurance Company
Notes to Consolidated Financial Statements – (Continued)

Property and Equipment

Property and equipment are stated at cost, depreciated over estimated useful lives using the straight-line method, and are included in Other Assets in the Consolidated Balance Sheets. The home office complex is depreciated over 10 years to 50 years and furniture and equipment is depreciated over 3 years to 10 years. The following table provides information about property and equipment at December 31.

	2025	2024
Home office complex	\$ 24,314	\$ 24,190
Furniture and equipment	33,152	33,231
	57,466	57,421
Accumulated depreciation	(44,859)	(43,950)
Property and equipment	<u>\$ 12,607</u>	<u>\$ 13,471</u>

Depreciation expense totaled \$1.1 million during both 2025 and 2024 and \$1.7 million during 2023.

Recognition of Revenues

Premiums

Premiums for traditional life insurance products are reported as revenue when due. Premiums for immediate annuities with life contingencies are reported as revenue when received. Premiums on accident and health, disability, and dental insurance are reported as earned ratably over the contract period in proportion to the amount of insurance protection provided. Premiums are reported net of reinsurance, as applicable.

Contract Charges

Contract charges consist of cost of insurance, expense loads, the amortization of unearned revenues, and surrender charges on policyholder account balances. The timing of the recognition of these revenues is determined based on the nature of the charges and fees. Policy charges for the cost of insurance and expense loads are assessed periodically and are recognized as revenue when assessed and earned. Surrender charges are determined based upon contractual terms and are recognized upon surrender of a contract.

An additional component of contract charges is the recognition over time of the DRL for certain fixed and variable universal life policies. This liability arises from front-end loads on such policies and is recognized into the Consolidated Statements of Comprehensive Income in a manner similar to the amortization of DAC.

Deposits

Deposits related to universal life, fixed annuity contracts, and investment-type products are credited to policyholder account balances when received. Deposits are not recorded as revenue and are shown as a Financing Activity in the Consolidated Statements of Cash Flows. Revenues from such contracts consist of amounts assessed against policyholder account balances for mortality, policy administration, and surrender charges, and are recognized in the period in which the benefits and services are provided as Contract Charges in the Consolidated Statements of Comprehensive Income.

Income Taxes

The Company and its subsidiaries file a consolidated federal income tax return. Prior to 2024, Grange Life filed a separate federal income tax return.

Deferred income taxes are recorded based on the differences between the tax bases of assets and liabilities and the amounts at which they are reported in the consolidated financial statements. Recorded amounts are adjusted to reflect changes in income tax rates and other tax law provisions as they become enacted. The net deferred tax asset is included in Other Assets and the net deferred tax liability is included in Other Liabilities in the Consolidated Balance Sheets.

Deferred income tax assets are subject to ongoing evaluation of whether such assets will be realized. The ultimate realization of deferred income tax assets generally depends on the reversal of deferred tax liabilities and the generation of future taxable income and realized gains during the periods in which temporary differences become deductible. Deferred income taxes include future deductible differences relating to unrealized losses on investment securities. We evaluate the character and timing of unrealized gains and losses to determine whether future taxable amounts are sufficient to offset future deductible amounts. A valuation allowance against deferred income tax assets may be required if future taxable income of an appropriate amount and character is not expected.

Kansas City Life Insurance Company
Notes to Consolidated Financial Statements – (Continued)

4. 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 December 31, 2025.

	Amortized Cost	Gross Unrealized		Fair Value
		Gains	Losses	
U.S. Treasury securities and obligations of U.S. Government	\$ 82,703	\$ 250	\$ 4,328	\$ 78,625
Federal agency issued residential mortgage-backed securities	43,315	114	3,698	39,731
Subtotal	126,018	364	8,026	118,356
Corporate obligations	1,806,518	23,272	143,462	1,686,328
Municipal securities	259,756	2,235	16,642	245,349
Asset-backed securities and collateralized loan obligations	274,352	1,049	5,573	269,828
Redeemable preferred stocks	3,000	—	319	2,681
Total	<u>\$ 2,469,644</u>	<u>\$ 26,920</u>	<u>\$ 174,022</u>	<u>\$ 2,322,542</u>

The following table provides amortized cost and fair value of fixed maturity securities by asset class at December 31, 2024.

	Amortized Cost	Gross Unrealized		Fair Value
		Gains	Losses	
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	<u>\$ 2,568,893</u>	<u>\$ 12,677</u>	<u>\$ 231,538</u>	<u>\$ 2,350,032</u>

Kansas City Life Insurance Company
Notes to Consolidated Financial Statements – (Continued)

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.

	December 31, 2025			December 31, 2024		
	Amortized Cost	Fair Value	% of Total	Amortized Cost	Fair Value	% of Total
AAA	\$ 222,630	\$ 216,260	9 %	\$ 235,895	\$ 225,029	10 %
AA	515,856	480,733	21 %	528,859	481,422	20 %
A	850,132	782,755	34 %	819,575	732,458	31 %
BBB	863,800	826,186	35 %	965,332	892,727	38 %
Total investment grade	2,452,418	2,305,934	99 %	2,549,661	2,331,636	99 %
BB	12,883	12,458	1 %	17,115	16,457	1 %
B and below	4,343	4,150	— %	2,117	1,939	— %
Total below investment grade	17,226	16,608	1 %	19,232	18,396	1 %
Total	<u>\$ 2,469,644</u>	<u>\$ 2,322,542</u>	<u>100 %</u>	<u>\$ 2,568,893</u>	<u>\$ 2,350,032</u>	<u>100 %</u>

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.

	December 31, 2025		December 31, 2024	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in one year or less	\$ 76,210	\$ 75,455	\$ 106,455	\$ 106,267
Due after one year through five years	379,918	373,336	447,764	436,647
Due after five years through ten years	606,895	592,129	726,519	682,344
Due after ten years	1,306,028	1,188,920	1,181,165	1,029,711
Securities with variable principal payments	97,593	90,021	103,990	92,645
Redeemable preferred stocks	3,000	2,681	3,000	2,418
Total	<u>\$ 2,469,644</u>	<u>\$ 2,322,542</u>	<u>\$ 2,568,893</u>	<u>\$ 2,350,032</u>

Evaluation of Potential Credit Impairment

The Company assesses current expected credit losses quarterly as defined under ASU No. 2016-13 Measurement of Credit Losses on Financial Instruments. For fixed maturity securities in an unrealized loss position, management evaluates whether the decline in estimated fair value has resulted from credit losses or other factors. Inherent in management's evaluation of the security are assumptions and estimates about the operations of the issuer and its future earnings potential.

We consider relevant facts and circumstances in performing the credit loss evaluation of a security, including but not limited to:

- The extent to which the fair value is less than amortized cost;
- The credit rating of the security by a rating agency, including any changes to the rating;
- Adverse conditions specifically related to the security, the industry, or geographic area, including changes in the financial condition of the issuer of the security and, in the case of an asset-backed debt security, changes in the financial condition of the underlying loan obligors;
- The payment structure of the security and the likelihood of the issuer being able to make payments in the future; and
- Failure of the issuer of the security to make scheduled interest and principal payments.

If this evaluation indicates that a credit loss exists, the present value of cash flows expected to be collected from the security are compared to the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss is deemed to exist and an allowance for credit losses is recorded through a charge to realized investment gains or losses in the Consolidated Statements of Comprehensive Income, limited by the amount that the fair value

Kansas City Life Insurance Company
Notes to Consolidated Financial Statements – (Continued)

is less than the amortized cost basis. Any unrealized losses that are related to factors other than credit losses are recognized in Accumulated Other Comprehensive Income (Loss) and the change in Other Comprehensive Income (Loss).

Subsequent increases or decreases in the expected cash flow from the specific security may result in corresponding decreases or increases in the allowance which are recognized in realized investment gains or losses. 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 reversed and the security is written down to the estimated fair value through a charge to realized investment gains or losses. The Company did not record an allowance for credit losses for fixed maturity securities or record any additions or reductions to an allowance at December 31, 2025 or December 31, 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 December 31, 2025.

	Less Than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. Treasury securities and obligations of U.S. Government	\$ 63	\$ —	\$ 60,220	\$ 4,328	\$ 60,283	\$ 4,328
Federal agency issued residential mortgage-backed securities	1,367	4	32,742	3,694	34,109	3,698
Subtotal	1,430	4	92,962	8,022	94,392	8,026
Corporate obligations	113,571	4,062	954,572	139,400	1,068,143	143,462
Municipal securities	16,830	190	161,544	16,452	178,374	16,642
Asset-backed securities and collateralized loan obligations	10,746	112	84,881	5,461	95,627	5,573
Redeemable preferred stocks	—	—	2,681	319	2,681	319
Total	<u>\$ 142,577</u>	<u>\$ 4,368</u>	<u>\$1,296,640</u>	<u>\$ 169,654</u>	<u>\$ 1,439,217</u>	<u>\$ 174,022</u>

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	<u>\$ 382,399</u>	<u>\$ 11,097</u>	<u>\$1,404,160</u>	<u>\$ 220,441</u>	<u>\$ 1,786,559</u>	<u>\$ 231,538</u>

Kansas City Life Insurance Company
Notes to Consolidated Financial Statements – (Continued)

The following table provides information regarding the number of fixed maturity securities with unrealized losses at December 31.

	2025	2024
Below cost for less than one year	104	284
Below cost for one year or more and less than three years	80	646
Below cost for three years or more	818	338
Total	<u>1,002</u>	<u>1,268</u>

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

	Amortized Cost	Fair Value	Gross Unrealized Losses
Unrealized losses of 10% or less	\$ 880,704	\$ 845,892	\$ 34,812
Unrealized losses of 20% or less and greater than 10%	451,322	388,497	62,825
Subtotal	<u>1,332,026</u>	<u>1,234,389</u>	<u>97,637</u>
Unrealized losses greater than 20%:			
Investment grade	281,213	204,828	76,385
Below investment grade	—	—	—
Total	<u>\$ 1,613,239</u>	<u>\$ 1,439,217</u>	<u>\$ 174,022</u>

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	<u>1,628,349</u>	<u>1,503,398</u>	<u>124,951</u>
Unrealized losses greater than 20%:			
Investment grade	389,748	283,161	106,587
Below investment grade	—	—	—
Total	<u>\$ 2,018,097</u>	<u>\$ 1,786,559</u>	<u>\$ 231,538</u>

Kansas City Life Insurance Company
Notes to Consolidated Financial Statements – (Continued)

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, 2025.

	Fair Value	% of Total	Gross Unrealized Losses	% of Total
AAA	\$ 101,001	7 %	\$ 8,058	5 %
AA	316,407	22 %	38,873	22 %
A	528,412	37 %	75,881	44 %
BBB	482,552	33 %	50,524	29 %
Total investment grade	1,428,372	99 %	173,336	100 %
BB	8,024	1 %	494	— %
B and below	2,821	— %	192	— %
Total below investment grade	10,845	1 %	686	— %
Total	<u>\$ 1,439,217</u>	<u>100 %</u>	<u>\$ 174,022</u>	<u>100 %</u>

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	<u>\$ 1,786,559</u>	<u>100 %</u>	<u>\$ 231,538</u>	<u>100 %</u>

We held no non-income producing securities at December 31, 2025 or December 31, 2024.

Kansas City Life Insurance Company
Notes to Consolidated Financial Statements – (Continued)

We monitor structured securities through a combination of an analysis of vintage, credit ratings, and other factors. Structured securities include asset-backed, residential mortgage-backed securities, collateralized loan obligations, and other collateralized obligations.

The following tables identify structured securities by credit ratings for all vintages owned at December 31.

2025			
	Amortized Cost	Fair Value	Net Unrealized Losses
Structured securities:			
Investment grade	\$ 273,610	\$ 269,146	\$ 4,464
Below investment grade	742	682	60
Total structured securities	<u>\$ 274,352</u>	<u>\$ 269,828</u>	<u>\$ 4,524</u>

2024			
	Amortized Cost	Fair Value	Net Unrealized Losses
Structured securities:			
Investment grade	\$ 255,263	\$ 251,200	\$ 4,063
Below investment grade	1,927	1,744	183
Total structured securities	<u>\$ 257,190</u>	<u>\$ 252,944</u>	<u>\$ 4,246</u>

The following table provides a rollforward of the allowance for credit losses for fixed maturity securities.

	2025	2024	2023
Beginning of year	\$ —	\$ —	\$ —
Additions for credit losses not previously recorded	—	—	540
Additions (reductions) for credit losses recorded in a previous period	—	—	(540)
End of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

The following table provides the net unrealized gains (losses) reported in Accumulated Other Comprehensive Income (Loss) on fixed maturity securities available for sale, at December 31.

	2025	2024	2023
Net unrealized gains (losses)	\$ (147,102)	\$ (218,861)	\$ (183,358)
Deferred income taxes	30,890	45,959	38,504
Total	<u>\$ (116,212)</u>	<u>\$ (172,902)</u>	<u>\$ (144,854)</u>

Kansas City Life Insurance Company
Notes to Consolidated Financial Statements – (Continued)

Investment Revenues

The following table provides investment revenues by major category for the years ended December 31.

	2025	2024	2023
Gross investment income from invested assets:			
Fixed maturity securities	\$ 114,009	\$ 113,397	\$ 104,785
Equity securities	45	67	70
Mortgage loans	26,205	26,037	23,612
Real estate	9,874	11,605	20,384
Policy loans	5,467	5,258	5,473
Short-term investments	2,677	2,588	2,042
Other	3,282	3,561	1,241
Total	161,559	162,513	157,607
Less investment expenses	(12,410)	(12,582)	(16,427)
Net investment income - invested assets	149,149	149,931	141,180
Net investment income - deposit-type reinsurance ¹	13,044	14,685	16,461
Net investment income	<u>\$ 162,193</u>	<u>\$ 164,616</u>	<u>\$ 157,641</u>

¹ Includes investment income from the runoff of the block of deposit-type reinsurance business. See Note 18 - Reinsurance.

Investment Gains (Losses)

The following table provides net investment gains (losses) by major category for the years ended December 31.

	2025	2024	2023
Fixed maturity securities	\$ (2,077)	\$ (5,673)	\$ (6,308)
Equity securities	(1)	(35)	(414)
Mortgage loans	177	165	112
Real estate	(316)	(121)	63,837
Other investments	5,419	4,988	4,826
Net investment gains (losses)	<u>\$ 3,202</u>	<u>\$ (676)</u>	<u>\$ 62,053</u>

Kansas City Life Insurance Company
Notes to Consolidated Financial Statements – (Continued)

The following table provides detail concerning investment gains and losses for the years ended December 31.

	2025	2024	2023
Gross gains resulting from:			
Sales of investment securities	\$ 466	\$ 160	\$ 82
Investment securities called and other	149	80	259
Sales of real estate and joint ventures	42	24	63,926
Total gross gains	<u>657</u>	<u>264</u>	<u>64,267</u>
Gross losses resulting from:			
Sales of investment securities	(2,136)	(92)	(6,337)
Intent-to-sell investment securities ¹	—	(4,821)	—
Investment securities called and other	—	(1,000)	(312)
Sales and write downs of real estate	(358)	(145)	(89)
Impairment losses on investment securities	(556)	—	—
Total gross losses	<u>(3,050)</u>	<u>(6,058)</u>	<u>(6,738)</u>
Change in allowance for credit losses:			
Mortgage loans	177	165	112
Total change in allowance for credit losses	<u>177</u>	<u>165</u>	<u>112</u>
Net realized/unrealized gains (losses) on:			
Equity securities	(1)	(35)	(414)
Other investments ²	5,419	4,988	4,826
Total net realized/unrealized gains (losses)	<u>5,418</u>	<u>4,953</u>	<u>4,412</u>
Net investment gains (losses)	<u>\$ 3,202</u>	<u>\$ (676)</u>	<u>\$ 62,053</u>

¹ The Company sold fixed maturity securities subsequent to December 31, 2024, but prior to the date the consolidated financial statements were issued. These fixed maturity securities were in an unrealized loss position, with no credit loss recognized, at the reporting date. The securities were sold in 2025 in conjunction with a legal settlement that occurred subsequent to the reporting date that resulted in a change in the Company's intent to sell the securities.

² Other investments includes net realized/unrealized gains (losses) from derivatives of: 2025 - \$5,466; 2024 - \$4,998; 2023 - \$4,990.

Proceeds from Sales of Investment Securities

The following table provides proceeds from the sale of fixed maturity and equity securities, excluding maturities and calls, for the years ended December 31.

	2025	2024	2023
Proceeds	\$ 135,165	\$ 7,829	\$ 124,350

The proceeds in 2025 primarily resulted from fixed maturity securities sold in conjunction with class action lawsuits and portfolio repositioning during the year. The proceeds in 2023 primarily resulted from portfolio repositioning during the year.

Kansas City Life Insurance Company
Notes to Consolidated Financial Statements – (Continued)

Mortgage Loans

Investments in mortgage loans totaled \$548.8 million at December 31, 2025, compared to \$575.1 million at December 31, 2024. Our mortgage loans are secured by commercial real estate and are stated at cost, less an allowance for credit losses. We did not have any premium amortization or discount accretion at December 31, 2025 or December 31, 2024. We believe this allowance for credit losses is at a level adequate to absorb estimated credit losses. This allowance was \$1.2 million at December 31, 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. Please see Note 6 - Financing Receivables for additional information.

Commercial mortgage loans represented 17% of our total investments at December 31, 2025 and 18% at December 31, 2024. New commercial loans, including refinanced loans, totaled \$33.5 million during 2025 and \$40.4 million during 2024. The level of new commercial mortgage loans in any year is influenced by market conditions, as we respond to changes in interest rates, available spreads, borrower demand, and opportunities to acquire loans that meet our yield and quality thresholds. The average loan balance was \$1.9 million at both December 31, 2025 and December 31, 2024.

In addition to the subject collateral underlying the mortgage, we may require some amount of recourse from borrowers as another potential source of repayment should the loan default. Any recourse requirement deemed necessary is determined as part of the underwriting requirements of each loan. We added 13 new loans to the portfolio during 2025, and 100% of the total balance of these loans had some amount of recourse requirement. We added 22 new loans to the portfolio during 2024, and 80% of the total balance of these loans had some amount of recourse requirement. The average loan-to-value ratio for the overall portfolio was 45% at both December 31, 2025 and December 31, 2024. This ratio is based upon the current balance of loans relative to the most current appraisal of value. Additionally, we may receive fees when borrowers prepay their mortgage loans.

The following table identifies the gross mortgage loan principal outstanding and allowance for credit losses at December 31.

	2025	2024
Principal outstanding	\$ 550,036	\$ 576,484
Allowance for credit losses	(1,239)	(1,416)
Carrying value	<u>\$ 548,797</u>	<u>575,068</u>

The following table summarizes the amount of mortgage loans at December 31, segregated by year of origination. Purchased loans are shown in the year acquired by the Company, although the individual loans may have been initially originated in prior years.

	2025	% of Total	2024	% of Total
2025	\$ 33,296	6 %	\$ —	— %
2024	39,309	7 %	40,224	7 %
2023	72,356	13 %	72,992	13 %
2022	73,843	13 %	82,408	14 %
2021	90,800	16 %	95,167	17 %
2020	82,056	15 %	88,834	15 %
2019	20,916	4 %	23,201	4 %
2018	26,785	5 %	36,078	6 %
2017	30,583	6 %	34,531	6 %
Prior to 2017	80,092	15 %	103,049	18 %
Principal outstanding	<u>\$ 550,036</u>	<u>100 %</u>	<u>\$ 576,484</u>	<u>100 %</u>

Kansas City Life Insurance Company
Notes to Consolidated Financial Statements – (Continued)

The following table identifies mortgage loans by geographic location at December 31.

	2025	% of Total	2024	% of Total
Pacific	\$ 124,736	23 %	\$ 132,126	24 %
East north central	99,803	18 %	105,693	18 %
West south central	67,706	12 %	71,845	12 %
Mountain	63,121	11 %	67,942	12 %
West north central	56,962	10 %	63,144	11 %
South Atlantic	54,435	10 %	58,907	10 %
East south central	36,303	7 %	29,646	5 %
Middle Atlantic	35,943	7 %	37,349	6 %
New England	11,027	2 %	9,832	2 %
Principal outstanding	<u>\$ 550,036</u>	<u>100 %</u>	<u>\$ 576,484</u>	<u>100 %</u>

The following table identifies the concentration of mortgage loans by state greater than 5% of total at December 31.

	2025	% of Total	2024	% of Total
Texas	\$ 66,566	12 %	\$ 71,845	12 %
Oregon	56,410	10 %	57,006	10 %
California	52,937	10 %	58,824	10 %
Ohio	48,904	9 %	54,218	9 %
Arizona	34,821	6 %	32,042	6 %
Florida	32,695	6 %	34,467	6 %
Minnesota	29,002	5 %	38,116	7 %
All others	228,701	42 %	229,966	40 %
Principal outstanding	<u>\$ 550,036</u>	<u>100 %</u>	<u>\$ 576,484</u>	<u>100 %</u>

The following table identifies mortgage loans by property type at December 31.

	2025	% of Total	2024	% of Total
Industrial	\$ 403,914	73 %	\$ 420,671	73 %
Office	69,952	13 %	79,896	14 %
Retail	32,239	6 %	33,823	6 %
Other ¹	43,931	8 %	42,094	7 %
Principal outstanding	<u>\$ 550,036</u>	<u>100 %</u>	<u>\$ 576,484</u>	<u>100 %</u>

¹ The Other category consists principally of medical and multifamily properties.

The following table identifies the commercial mortgage portfolio by current loan balance as a percentage of the most recent appraised value at December 31.

	2025	% of Total	2024	% of Total
65% or greater	\$ 62,055	11 %	\$ 94,829	16 %
Less than 65%	487,981	89 %	481,655	84 %
Principal outstanding	<u>\$ 550,036</u>	<u>100 %</u>	<u>\$ 576,484</u>	<u>100 %</u>

We diversify our commercial mortgage loan portfolio both geographically and by property type to reduce certain risks, including local and regional physical and economic exposures. However, diversification may not always sufficiently mitigate these risks. Concentration risk exposes us to potential losses from an economic downturn, certain catastrophes, and natural

Kansas City Life Insurance Company
Notes to Consolidated Financial Statements – (Continued)

disasters that may affect geographic locations where we have mortgage loans. We would not expect an occurrence in any of these geographic locations to have a material adverse effect on our business, financial position, or financial statements. However, we cannot provide assurance that such risks could not have such material adverse effects.

Under the laws of certain states, environmental contamination of a property may result in a lien on the property to secure recovery of the costs of cleanup. In some states, such a lien has priority over the lien of an existing mortgage against such property. As a commercial mortgage lender, we customarily conduct environmental assessments prior to making commercial mortgage loans secured by real estate and before taking title on real estate. Based on our environmental assessments, we believe that any compliance costs associated with environmental laws and regulations or any remediation of affected properties would not have a material adverse effect on our business, financial position, or financial statements. However, we cannot provide assurance that material compliance costs will not be incurred.

We may refinance commercial mortgage loans prior to contractual maturity as a means of retaining loans that meet our underwriting and pricing parameters. We refinanced one loan with a total outstanding balance of \$1.8 million during the year ended December 31, 2025. We refinanced two loans with a total outstanding balance of \$0.8 million during the year ended December 31, 2024. None of these refinancings were the result of troubled debt restructuring. At December 31, 2025 and December 31, 2024, we did not have any loan defaults and no material contract modifications, deferrals, or forbearance agreements had been executed.

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 24 - Commitments, Regulatory Matters, Guarantees, and Indemnifications.

Kansas City Life Insurance Company
Notes to Consolidated Financial Statements – (Continued)

Real Estate

The following table provides information concerning real estate investments by major category at December 31.

	2025	2024
Land	\$ 43,973	\$ 43,450
Buildings	88,108	87,614
Less accumulated depreciation	<u>(43,914)</u>	<u>(42,282)</u>
Real estate, commercial	88,167	88,782
Real estate, joint ventures	<u>6,164</u>	<u>8,085</u>
Total	<u>\$ 94,331</u>	<u>\$ 96,867</u>

Investment real estate is depreciated on a straight-line basis over periods ranging from three years to 60 years. In 2025, we had no real estate sales and in 2024 we had one real estate sale of \$0.4 million.

We periodically review our real estate and real estate joint ventures for impairment and tests for recoverability whenever events or changes in circumstances indicate the carrying value may not be recoverable and exceeds its estimated fair value. For equity method investees, we consider financial and other information provided by the investee as well as other known information, including recent market activity and prospects for future activity, in determining whether an impairment has occurred. No impairments were recorded during 2025 or 2024.

We had non-income producing commercial real estate, consisting of vacant properties and properties under development, of \$35.7 million at December 31, 2025, compared to \$34.8 million at December 31, 2024. We had one non-income producing real estate joint venture with a carrying value of \$3.9 million at December 31, 2025, and a carrying value of \$5.3 million at December 31, 2024.

Concentrations

We did not hold any investments in a single issuer and its affiliates that exceeded 10% of stockholders' equity at December 31, 2025 or December 31, 2024.

Kansas City Life Insurance Company
Notes to Consolidated Financial Statements – (Continued)

5. 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 categorize our financial assets and liabilities measured at fair value in three levels, based on the inputs and assumptions used to determine the fair value. These levels are as follows:

Level 1 - Valuations are based upon unadjusted quoted prices for identical instruments traded in active markets.

Level 2 - Valuations are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market. Valuations are obtained from a third-party pricing service or inputs that are observable or derived principally from or corroborated by observable market data.

Level 3 - Valuations are generated from techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect our assumptions that market participants would use in pricing the asset or liability. Valuation techniques include the use of discounted cash flow models, spread-based models, and similar techniques, using the best information available in the circumstances.

Following is a description of valuation methodologies used for assets and liabilities recorded at fair value and for estimating fair value for financial instruments not recorded at fair value but for which fair value is disclosed.

Assets

Fixed Maturity and Equity Securities

Fixed maturity securities available for sale and equity securities are recorded at fair value on a recurring basis. Fair value measurement is based upon unadjusted quoted prices, if available, except as described in the subsequent paragraphs. The fair value of investments in certain fixed maturity funds classified as Level 3 investments are calculated through internal matrices using current market conditions for similar securities.

Short-Term Investments

Short-term investments include highly-liquid investments in institutional money market funds that are carried at NAV. The carrying value of short-term investments approximates the fair value and are categorized as Level 1. Fair value is provided for disclosure purposes only.

Other Investments

Other investments include hedge positions classified as derivatives that are established in relation to the Company's indexed universal life portfolio. These positions are recorded at fair value and are classified as Level 2. Other investments also include holdings in certain mineral rights, which are valued giving consideration to the underlying holdings of the real estate interests. These investments are classified as Level 3.

Market Risk Benefits Asset

Market risk benefits asset is recorded at fair value and is categorized as Level 3. Market risk benefits are measured at fair value at the individual contract, or seriatim basis, level. The fair value is calculated using stochastic equity scenarios and a deterministic interest rate scenario. Actuarial and financial market assumptions are used, which reflect the assumptions market participants would use in pricing the contract, including adjustments for volatility, risk, and issuer non-performance.

Separate Accounts

The separate account assets and liabilities, which are equal, are recorded at fair value based upon NAV of the underlying investment holdings as derived from closing prices on a national exchange or as provided by the issuer. This is the value at which a policyholder could transact with the issuer on that date. Separate accounts are categorized as Level 2.

Liabilities

Investment-Type Liabilities Included in Policyholder Account Balances

The fair values of supplementary contracts and annuities without life contingencies are estimated to be the present value of payments at a market yield. The fair value of deposits with no stated maturity is estimated to be the amount payable on demand at the measurement date. These liabilities are categorized as Level 3. We have not estimated the fair value of the liabilities under contracts that involve significant mortality or morbidity risks, as these liabilities fall within the definition of insurance contracts. Insurance contracts are excluded from financial instruments that require disclosures of fair value.

Kansas City Life Insurance Company

Notes to Consolidated Financial Statements – (Continued)

Reserves established in relation to the Company's hedge positions on its indexed universal life portfolio are considered to be financial derivatives and are accounted for at fair value. These reserves are classified as Level 3.

Market Risk Benefits Liability

Market risk benefits liability is recorded at fair value and is categorized as Level 3. Market risk benefits are measured at fair value at the individual contract, or seriatim basis, level. The fair value is calculated using stochastic equity scenarios and a deterministic interest rate scenario. Actuarial and financial market assumptions are used, which reflect the assumptions market participants would use in pricing the contract, including adjustments for volatility, risk, and issuer non-performance.

Determination of Fair Value

We utilized an external third-party pricing service at both December 31, 2025 and December 31, 2024 to determine the majority of our fair values on fixed maturity and equity securities. At December 31, 2025, approximately 77% of the carrying value of these investments was from an external pricing service, 23% was from brokers, and less than 1% was derived from internal matrices and calculations. At December 31, 2024, approximately 79% of the carrying value of these investments was from an external pricing service, 21% was from brokers, and less than 1% was derived from internal matrices and calculations. We review prices received from the external pricing service for reasonableness and unusual fluctuations, but we generally accept the price identified. In the event a price is not available from the third-party pricing service, we pursue external pricing from brokers. Generally, we pursue and utilize only one broker quote per security. In doing so, we only solicit brokers who have previously demonstrated knowledge and experience of the subject security. If a broker price is not available, we determine a fair value through various valuation techniques that may include discounted cash flows, spread-based models, or similar techniques, depending upon the specific security to be priced. These techniques are primarily applied to private placement securities. We utilize available market information, wherever possible, to identify inputs into the fair value determination, primarily prices and spreads on comparable securities.

Each quarter, we evaluate the prices received from the third-party pricing service and independent brokers to ensure that the prices represent a reasonable estimate of the fair value within the macro-economic environment, sector factors, and overall pricing trends and expectations. We corroborate and validate the pricing source through a variety of procedures that include but are not limited to: comparison to brokers, where possible; a review of third-party pricing service methodologies; back testing; in-depth specific analytics on randomly selected issues; and comparison of prices to actual trades for specific securities where observable data exists. In addition, we analyze the third-party pricing service's methodologies and related inputs and also evaluate the various types of securities in our investment portfolio to determine an appropriate fair value hierarchy. Finally, we also perform additional evaluations when individual prices fall outside tolerance levels when comparing prices received from the third-party pricing service.

Fair value measurements for assets and liabilities where limited or no observable market data exists are calculated using our own estimates and are categorized as Level 3. These estimates are based on current interest rates, credit spreads, liquidity premium or discount, the economic and competitive environment, unique characteristics of the asset or liability, and other pertinent factors. Therefore, these estimates cannot be determined with precision and may not be realized in an actual sale or immediate settlement of the asset or liability. Further, changes in the underlying assumptions used, including discount rates and estimates of future cash flows, could significantly affect the results of current or future values.

Our own estimates of fair value of fixed maturity and equity securities may be derived in a number of ways, including but not limited to: 1) pricing provided by brokers, where the price indicates reliability as to value; 2) fair values of comparable securities, incorporating a spread adjustment for maturity differences, collateralization, credit quality, liquidity, and other items, if applicable; 3) discounted cash flow models and margin spreads; 4) bond yield curves; 5) observable market prices and exchange transaction information not provided by external pricing services; and 6) statement values provided to us by fund managers.

The fair value of the GMWB market risk benefit embedded derivative is calculated using a discounted cash flow valuation model that projects future cash flows under multiple risk neutral stochastic equity scenarios. Cash flows are discounted at the risk-free rate plus a spread for issuer discount (non-performance) risk. The risk neutral scenarios are generated using the current risk-free rate curve and projected equity volatilities and correlations. The equity correlations are based on historical price observations. For policyholder behavior assumptions, expected lapse and utilization assumptions are used and updated for actual experience. The mortality assumption is based on the 2012 Individual Annuity Mortality Table. The source for risk-free rates is the Treasury (CMT) rate curve.

Kansas City Life Insurance Company
Notes to Consolidated Financial Statements – (Continued)

Categories Reported at Fair Value

The following tables present the fair value hierarchy for those assets and liabilities reported at fair value on a recurring basis at December 31.

	2025			
	Level 1	Level 2	Level 3	Total
Assets:				
U.S. Treasury securities and obligations of U.S. Government	\$ 9,974	\$ 68,651	\$ —	\$ 78,625
Federal agency issued residential mortgage-backed securities	—	39,731	—	39,731
Subtotal	9,974	108,382	—	118,356
Corporate obligations	—	1,686,328	—	1,686,328
Municipal securities	—	245,349	—	245,349
Asset-backed securities and collateralized loan obligations	—	269,828	—	269,828
Redeemable preferred stocks	—	2,681	—	2,681
Fixed maturity securities	9,974	2,312,568	—	2,322,542
Equity securities	65	449	—	514
Short-term investments	132,126	—	—	132,126
Other investments	—	11,030	280	11,310
Market risk benefits asset	—	—	3,346	3,346
Separate account assets	—	416,995	—	416,995
Total	<u>\$ 142,165</u>	<u>\$ 2,741,042</u>	<u>\$ 3,626</u>	<u>\$ 2,886,833</u>
Percent of total	<u>5 %</u>	<u>95 %</u>	<u>— %</u>	<u>100 %</u>
Liabilities:				
Policyholder account balances:				
Indexed universal life	\$ —	\$ —	\$ 9,990	\$ 9,990
Market risk benefits liability	—	—	56	56
Separate account liabilities	—	416,995	—	416,995
Total	<u>\$ —</u>	<u>\$ 416,995</u>	<u>\$ 10,046</u>	<u>\$ 427,041</u>

Kansas City Life Insurance Company
Notes to Consolidated Financial Statements – (Continued)

	2024 ¹			
	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
Market risk benefits asset	—	—	3,753	3,753
Separate account assets	—	413,426	—	413,426
Total	<u>\$ 77,144</u>	<u>\$ 2,751,209</u>	<u>\$ 14,360</u>	<u>\$ 2,842,713</u>
Percent of total	<u>2 %</u>	<u>97 %</u>	<u>1 %</u>	<u>100 %</u>
Liabilities:				
Policyholder account balances:				
Indexed universal life	\$ —	\$ —	\$ 8,114	\$ 8,114
Market risk benefits liability	—	—	84	84
Separate account liabilities	—	413,426	—	413,426
Total	<u>\$ —</u>	<u>\$ 413,426</u>	<u>\$ 8,198</u>	<u>\$ 421,624</u>

¹ Certain prior period amounts have been recast. See Note 2 - New Accounting Pronouncements for more information.

Kansas City Life Insurance Company
Notes to Consolidated Financial Statements – (Continued)

The changes in Level 3 assets and liabilities measured at fair value on a recurring basis for the years ended December 31 are summarized below.

	2025		
	Assets	Liabilities	
	Fixed Maturity Securities, Equity Securities, and Other Investments	Indexed Universal Life	Net Market Risk Benefit Liability/ (Asset)
Beginning balance	\$ 10,607	\$ 8,114	\$ (3,669)
Included in earnings	(23)	1,876	157
Included in other comprehensive income (loss)	—	—	222
Purchases, issuances, sales and other dispositions:			
Purchases	—	—	—
Issuances	—	—	—
Sales	—	—	—
Other dispositions	(10,304)	—	—
Transfers out of Level 3	—	—	—
Ending balance	<u>\$ 280</u>	<u>\$ 9,990</u>	<u>\$ (3,290)</u>

	2024 ¹		
	Assets	Liabilities	
	Fixed Maturity Securities, Equity Securities, and Other Investments	Indexed Universal Life	Net Market Risk Benefit Liability/ (Asset)
Beginning balance	\$ 10,561	\$ 7,634	\$ (2,919)
Included in earnings	46	480	(1,807)
Included in other comprehensive income (loss)	—	—	1,057
Purchases, issuances, sales and other dispositions:			
Purchases	—	—	—
Issuances	—	—	—
Sales	—	—	—
Other dispositions	—	—	—
Transfers out of Level 3	—	—	—
Ending balance	<u>\$ 10,607</u>	<u>\$ 8,114</u>	<u>\$ (3,669)</u>

¹ Certain prior period amounts have been recast. See Note 2 - New Accounting Pronouncements for more information.

We did not have any transfers between any levels during the years ended December 31, 2025 or December 31, 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.

Kansas City Life Insurance Company
Notes to Consolidated Financial Statements – (Continued)

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 at December 31. 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.

2025					
	Fair Value				Carrying Value
	Level 1	Level 2	Level 3	Total	
Assets:					
Investments:					
Mortgage loans	\$ —	\$ —	\$ 529,250	\$ 529,250	\$ 548,797
Policy loans	—	—	87,742	87,742	87,742
Other investments	—	8,548	—	8,548	8,548
Liabilities:					
Individual and group annuities	—	—	976,058	976,058	1,010,454
Supplementary contracts and annuities without life contingencies	—	—	45,291	45,291	47,770
Policyholder account balances:					
Funding agreements	—	141,132	—	141,132	141,132

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

Kansas City Life Insurance Company
Notes to Consolidated Financial Statements – (Continued)

6. 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 at December 31.

	2025	2024
Agent receivables, net (allowance for credit losses: 2025 - \$270; 2024 - \$274)	\$ 1,720	\$ 1,904
Investment-related financing receivables:		
Mortgage loans, net (allowance for credit losses: 2025 - \$1,239; 2024 - \$1,416)	548,797	575,068
Total financing receivables	<u>\$ 550,517</u>	<u>\$ 576,972</u>

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 at December 31.

	2025			2024		
	Gross Receivables	Allowance for Credit Losses	Net Receivables	Gross Receivables	Allowance for Credit Losses	Net Receivables
Agent specific loans	\$ 302	\$ 128	\$ 174	\$ 461	\$ 159	\$ 302
Other agent receivables	1,688	142	1,546	1,717	115	1,602
Total	<u>\$ 1,990</u>	<u>\$ 270</u>	<u>\$ 1,720</u>	<u>\$ 2,178</u>	<u>\$ 274</u>	<u>\$ 1,904</u>

The following table provides a rollforward of the allowance for credit losses for agent receivables at December 31.

	2025	2024	2023
Beginning of year	\$ 274	\$ 192	\$ 198
Additions for credit losses not previously recorded	—	22	—
Additions (reductions) for credit losses recorded in a previous period	(4)	60	(6)
End of year	<u>\$ 270</u>	<u>\$ 274</u>	<u>\$ 192</u>

Mortgage Loans

We classify our mortgage loan portfolio as long-term financing receivables. Mortgage loans are stated at cost, adjusted for amortization of premium and accretion of discount, less an allowance for credit losses. Mortgage loan interest income is recognized on an accrual basis with any premium or discount amortized over the life of the loan. Prepayment and late fees are recorded on the date of collection. Loans in foreclosure, loans considered impaired, or loans past due 90 days or more are placed on non-accrual status. Payments received on loans on non-accrual status for these reasons are applied first to interest income not collected while on non-accrual status, followed by fees, accrued and past-due interest, and principal.

If a mortgage loan is placed on non-accrual status, we do not accrue interest income in the financial statements. The loan is independently monitored and evaluated as to potential impairment or foreclosure. This evaluation includes assessing the probability of receiving future cash flows, along with consideration of many of the factors described below. If delinquent payments are made and the loan is brought current, then we return the loan to active status and accrue income accordingly.

Kansas City Life Insurance Company
Notes to Consolidated Financial Statements – (Continued)

The following table details the mortgage loan portfolio as collectively or individually evaluated for impairment at December 31.

	2025	2024
Mortgage loans collectively evaluated for impairment	\$ 550,036	\$ 576,484
Mortgage loans individually evaluated for impairment	—	—
Allowance for credit losses	(1,239)	(1,416)
Carrying value	<u>\$ 548,797</u>	<u>\$ 575,068</u>

Generally, we consider our mortgage loans to be a portfolio segment. We consider our primary class to be property type. We primarily use loan-to-value as our credit risk quality indicator but also monitor additional secondary risk factors, such as geographic distribution both on a regional and specific state basis. The mortgage loan portfolio segment is presented by property type in a table in Note 4 - Investments, as are geographic distributions by both region and state. These measures are also supplemented with various other analytics to provide additional information concerning potential impairment of mortgage loans and management's assessment of financing receivables.

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

We had no troubled debt restructurings during 2025 or 2024.

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

	2025	2024	2023
Beginning of year	\$ 1,416	\$ 1,581	\$ 2,753
Provision for adoption of ASU No. 2016-13	—	—	(1,060)
Additions for credit losses not previously recorded	111	138	206
Additions (reductions) for credit losses recorded in a previous period	(288)	(303)	(318)
End of year	<u>\$ 1,239</u>	<u>\$ 1,416</u>	<u>\$ 1,581</u>

The allowance for credit losses is monitored and evaluated at multiple levels with a process that includes, but is not limited to, the factors presented below. Generally, we establish the allowance for credit losses using the collectively evaluated impairment methodology at an overall portfolio level and then specifically identify an allowance for credit losses on loans that contain elevated risk profiles. If we determine through our evaluation that a loan has an elevated specific risk profile, we then individually assess the loan's risk profile and may assign a specific allowance value based on many factors, including those identified below.

Macro-environmental and elevated risk profile considerations:

- Current industry conditions that are affecting the market, including rental and vacancy rates;
- Perceived market liquidity;
- Analysis of the markets and sub-markets in which we have mortgage loans;
- Analysis of industry historical loss and delinquency experience;
- Other factors that we may perceive as important or critical given our portfolio; and
- Analysis of our loan portfolio based on loan size concentrations, geographic concentrations, property type concentrations, maturity concentrations, origination loan-to-value concentrations, and borrower concentrations.

Specific mortgage loan level considerations:

- The payment history of each borrower;
- Negative reports from property inspectors; and
- Each loan's property financial statement including net operating income, debt service coverage, and occupancy level.

We have not acquired any mortgage loans with deteriorated credit quality during the years presented.

Kansas City Life Insurance Company
Notes to Consolidated Financial Statements – (Continued)

As part of our process of monitoring impairments on loans, there are a number of significant risks and uncertainties inherent in this process. These risks include, but are not limited to:

- The risk that our assessment of a borrower's ability to meet all of its contractual obligations will change based on changes in the credit characteristics of the borrower or property;
- The risk that the economic outlook will be worse than expected or have more of an impact on the borrower than anticipated;
- The risk that the performance of the underlying property could deteriorate in the future;
- The risk that fraudulent, inaccurate, or misleading information could be provided to us;
- The risk that the methodology or assumptions used to develop estimates of the portion of the impairment of the loan prove over time to be inaccurate; and
- The risk that other facts and circumstances change such that it becomes more likely than not that we will not obtain all of the contractual payments.

To the extent our review and evaluation determines a loan is impaired, that amount is charged to the allowance for credit losses and the loan balance is reduced. In the event that a property is foreclosed, the carrying value is recorded at fair value, less costs to sell the property at the time of foreclosure, with a charge to the allowance and a corresponding reduction to the mortgage loan asset. The property is then transferred to real estate where we have the ability and intent to manage these properties on an ongoing basis. No mortgage loans were foreclosed during any of the years presented.

7. 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.

The assets held in affordable housing real estate joint venture VIEs are primarily residential real estate properties that are restricted to provide affordable housing under federal or state programs for varying periods of time. The restrictions primarily apply to the rents that may be paid by tenants residing in the properties during the term of an agreement to remain in the affordable housing program. Investments in these joint ventures are equity interests in partnerships or limited liability companies that may or may not participate in profits or residual value. Our investments in these entities generate a return primarily through the realization of federal and state income tax credits and other tax benefits, such as tax deductions from operating losses of the investments, over specified time periods. 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. Our affordable housing VIE investments did not generate any material tax credits or related amortization for any of the years presented.

Our investments in other real estate VIEs and alternative investment fund VIEs are recorded using the equity method. Cash distributions from the VIEs and cash contributions to the VIEs are recorded as decreases or increases, respectively, in the carrying value of the VIE. Certain other equity investments in VIEs, where permitted, are recorded on an amortized cost basis. The operating performance of investments in the VIE is recorded in the Consolidated Statements of Comprehensive Income as investment income or as a component of Income Tax Expense, depending upon the nature and primary design of the investment. We evaluate the carrying value of VIEs for impairment on an ongoing basis to assess whether the carrying value is expected to be realized during the anticipated life of the investment. No impairments were recorded during the years ended December 31, 2025, December 31, 2024, or December 31, 2023.

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. We consider many factors when making this determination based upon a review of the underlying investment agreement and other information related to the specific investment. The first factor is whether we have the ability to direct the activities of a VIE that most significantly impact the VIE's economic performance. The power to direct the activities of the VIE is generally vested in the managing general partner or managing member of the VIE, which is not the position held by us in these investments. Other factors include the entity's equity investment at risk, decision-making abilities, obligations to absorb economic risks, the right to receive economic rewards of the entity, and the extent to which we share in the VIE's expected losses and residual returns.

Kansas City Life Insurance Company
Notes to Consolidated Financial Statements – (Continued)

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

	2025		2024	
	Carrying Amount	Maximum Exposure to Loss	Carrying Amount	Maximum Exposure to Loss
Real estate joint ventures	\$ 5,372	\$ 19,441	\$ 6,814	\$ 20,010
Affordable housing real estate joint ventures	792	1,269	1,271	2,769
Alternative investment funds	54,472	154,297	47,973	102,879
Total	<u>\$ 60,636</u>	<u>\$ 175,007</u>	<u>\$ 56,058</u>	<u>\$ 125,658</u>

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 December 31, 2025 and December 31, 2024, we had no equity commitments outstanding to the real estate joint venture VIEs and we had no contingent commitments to fund additional equity contributions for operating support to real estate joint venture VIEs. We had unfunded commitments for additional alternative investment funds of \$99.8 million at December 31, 2025 and \$54.9 million at December 31, 2024.

The maximum exposure to loss on affordable housing joint ventures included \$0.5 million of losses which could be realized if the tax credits received by the VIEs were recaptured at December 31, 2025, compared to \$1.5 million at December 31, 2024. Recapture events would cause us to reverse some or all of the benefit previously recognized by us or third parties to whom the tax credit interests were transferred. A recapture event can occur at any time during a 15-year required compliance period. The principal causes of recapture include financial default and non-compliance with affordable housing program requirements by the properties controlled by the VIE. Guarantees from the managing member or managing partner in the VIE, insurance contracts, or changes in the residual value accruing to our interests in the VIE may mitigate the potential exposure due to recapture. We did not have any recapture events during 2025 or 2024.

Kansas City Life Insurance Company
Notes to Consolidated Financial Statements – (Continued)

8. Deferred Acquisition Costs, Value of Business Acquired, Deferred Revenue Liability, and Intangible Asset

Deferred Acquisition Costs

The following tables provide the disaggregated balances of and changes in deferred acquisition costs as of and for the years ended December 31.

2025						
	Traditional Life	Universal Life	Variable Universal Life	Deferred Annuities	Variable Annuities	Total
Balance, beginning of year	\$ 150,673	\$ 72,631	\$ 24,321	\$ 11,382	\$ 5,521	\$ 264,528
Capitalization	18,074	4,946	363	1,699	(3)	25,079
Amortization	(22,654)	(7,190)	(2,510)	(1,864)	(1,052)	(35,270)
Balance, end of year	<u>\$ 146,093</u>	<u>\$ 70,387</u>	<u>\$ 22,174</u>	<u>\$ 11,217</u>	<u>\$ 4,466</u>	<u>\$ 254,337</u>
2024						
	Traditional Life	Universal Life	Variable Universal Life	Deferred Annuities	Variable Annuities	Total
Balance, beginning of year	\$ 159,874	\$ 74,855	\$ 26,542	\$ 11,671	\$ 6,864	\$ 279,806
Capitalization	14,345	5,562	453	1,610	3	21,973
Amortization	(23,546)	(7,786)	(2,675)	(1,898)	(1,346)	(37,251)
Balance, end of year	<u>\$ 150,673</u>	<u>\$ 72,631</u>	<u>\$ 24,320</u>	<u>\$ 11,383</u>	<u>\$ 5,521</u>	<u>\$ 264,528</u>
2023						
	Traditional Life	Universal Life	Variable Universal Life	Deferred Annuities	Variable Annuities	Total
Balance, beginning of year	\$ 175,623	\$ 75,612	\$ 28,901	\$ 11,949	\$ 8,354	\$ 300,439
Capitalization	14,738	6,956	544	1,523	(2)	23,759
Amortization	(30,487)	(7,713)	(2,903)	(1,801)	(1,488)	(44,392)
Balance, end of year	<u>\$ 159,874</u>	<u>\$ 74,855</u>	<u>\$ 26,542</u>	<u>\$ 11,671</u>	<u>\$ 6,864</u>	<u>\$ 279,806</u>

Kansas City Life Insurance Company
Notes to Consolidated Financial Statements – (Continued)

Value of Business Acquired, Deferred Revenue Liability, and Intangible Asset

The following table provides the disaggregated balances of and changes in value of business acquired (VOBA), deferred revenue liability (DRL), and intangible asset as of and for the years ended December 31.

	VOBA		DRL		Intangible Asset	
	Traditional Life	Universal Life	Universal Life	Variable Universal Life	Traditional Life	Universal Life
2025:						
Balance, beginning of year	\$ 3,781	\$ 2,161	\$ 68,919	\$ 1,638	\$ 3,455	\$ 11,206
Capitalization/unearned revenue	—	—	10,478	138	—	—
Amortization	(821)	(621)	(6,419)	(143)	(396)	(964)
Balance, end of year	<u>\$ 2,960</u>	<u>\$ 1,540</u>	<u>\$ 72,978</u>	<u>\$ 1,633</u>	<u>\$ 3,059</u>	<u>\$ 10,242</u>
2024:						
Balance, beginning of year	\$ 4,738	\$ 2,888	\$ 64,999	\$ 1,645	\$ 3,887	\$ 12,261
Capitalization/unearned revenue	—	—	10,532	145	—	—
Amortization	(957)	(727)	(6,612)	(152)	(432)	(1,055)
Balance, end of year	<u>\$ 3,781</u>	<u>\$ 2,161</u>	<u>\$ 68,919</u>	<u>\$ 1,638</u>	<u>\$ 3,455</u>	<u>\$ 11,206</u>
2023:						
Balance, beginning of year	\$ 5,852	\$ 3,724	\$ 60,283	\$ 1,673	\$ 4,340	\$ 13,334
Capitalization/unearned revenue	—	—	10,623	139	—	—
Amortization	(1,114)	(836)	(5,907)	(167)	(453)	(1,073)
Balance, end of year	<u>\$ 4,738</u>	<u>\$ 2,888</u>	<u>\$ 64,999</u>	<u>\$ 1,645</u>	<u>\$ 3,887</u>	<u>\$ 12,261</u>

Kansas City Life Insurance Company
Notes to Consolidated Financial Statements – (Continued)

9. 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 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 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 \$417.0 million at December 31, 2025 and \$413.4 million at December 31, 2024, and corresponding Separate Account Liabilities of equal amounts. Variable universal life and variable annuity assets comprised 38% and 62% of total separate account assets in 2025, compared to 36% and 64% of the total in 2024. The fixed-rate funds for these policies of \$51.7 million at December 31, 2025 and \$57.2 million at December 31, 2024 are included in our general account as policyholder account balances. The liability for future policy benefits for the direct block approximated \$0.1 million at both December 31, 2025 and December 31, 2024.

In addition, we have an assumed closed block of variable universal life and variable annuity business that totaled \$397.3 million at December 31, 2025 and \$361.7 million at December 31, 2024. As required under modified coinsurance transaction accounting, the assumed separate account fund balances are not recorded as separate accounts on our consolidated financial statements. Rather, the assumed fixed-rate funds for these policies of \$32.7 million at December 31, 2025 and \$33.5 million at December 31, 2024 are included in our general account as policyholder account balances. The liability for future policy benefits for the assumed block approximated \$0.5 million at both December 31, 2025 and December 31, 2024.

The following tables provide the disaggregated balances of and changes in separate account liabilities as of and for the years ended December 31.

	2025		
	Variable Universal Life	Variable Annuities	Total
Balance, beginning of year	\$ 147,397	\$ 266,029	\$ 413,426
Premiums and deposits	7,520	6,557	14,077
Policy charges	(6,660)	(4,624)	(11,284)
Surrenders and withdrawals	(9,276)	(37,887)	(47,163)
Benefit payments	(2,510)	(4,033)	(6,543)
Investment performance	20,900	34,079	54,979
Net transfers from (to) general account	479	(976)	(497)
Balance, end of year	<u>\$ 157,850</u>	<u>\$ 259,145</u>	<u>\$ 416,995</u>
Cash surrender value ¹	\$ 154,420	\$ 255,894	\$ 410,314

¹ Cash surrender value represents the amount of the contract holder's account balances distributable at the balance sheet date less certain surrender charges.

Kansas City Life Insurance Company
Notes to Consolidated Financial Statements – (Continued)

	2024		
	Variable Universal Life	Variable Annuities	Total
Balance, beginning of year	\$ 136,000	\$ 259,945	\$ 395,945
Premiums and deposits	7,537	8,502	16,039
Policy charges	(6,726)	(4,846)	(11,572)
Surrenders and withdrawals	(10,265)	(35,577)	(45,842)
Benefit payments	(1,672)	(3,149)	(4,821)
Investment performance	22,968	39,855	62,823
Net transfers from (to) general account	(445)	1,299	854
Balance, end of year	<u>\$ 147,397</u>	<u>\$ 266,029</u>	<u>\$ 413,426</u>
Cash surrender value ¹	\$ 142,615	\$ 262,241	\$ 404,856

¹ Cash surrender value represents the amount of the contract holder's account balances distributable at the balance sheet date less certain surrender charges.

	2023		
	Variable Universal Life	Variable Annuities	Total
Balance, beginning of year	\$ 123,483	\$ 258,099	\$ 381,582
Premiums and deposits	7,758	7,914	15,672
Policy charges	(6,886)	(4,835)	(11,721)
Surrenders and withdrawals	(9,144)	(39,499)	(48,643)
Benefit payments	(1,208)	(908)	(2,116)
Investment performance	22,684	40,409	63,093
Net transfers from (to) general account	(687)	(1,235)	(1,922)
Balance, end of year	<u>\$ 136,000</u>	<u>\$ 259,945</u>	<u>\$ 395,945</u>
Cash surrender value ¹	\$ 132,400	\$ 255,864	\$ 388,264

¹ Cash surrender value represents the amount of the contract holder's account balances distributable at the balance sheet date less certain surrender charges.

Kansas City Life Insurance Company
Notes to Consolidated Financial Statements – (Continued)

10. Policyholder Liabilities

Liability for Future Policy Benefits (LFPB)

Future policy benefits are amounts payable under insurance policies, including traditional life insurance, immediate annuities with life contingencies, supplementary contracts with life contingencies, group life insurance, and accident and health insurance. These liabilities originate from new premiums and conversions from other products and are generally payable over an extended period of time.

Kansas City Life Insurance Company
Notes to Consolidated Financial Statements – (Continued)

The following tables provide the disaggregated balances of and changes in the liability for future policy benefits for the years ended December 31.

	2025		
	Traditional Life	Payout Annuities (Life Contingent)	Total
Present value of expected net premiums:			
Balance, beginning of year	\$ 1,350,357		\$ 1,350,357
Beginning balance at original discount rate	1,584,434		1,584,434
Effect of actual variances from expected experience	(40,956)		(40,956)
Adjusted beginning of year balance	1,543,478		1,543,478
Issuances	75,813		75,813
Interest accrual	60,465		60,465
Net premiums collected ¹	(134,427)		(134,427)
Ending balance at original discount rate	1,545,329		1,545,329
Effect of changes in discount rate assumptions	(196,951)		(196,951)
Balance, end of year	<u>\$ 1,348,378</u>		<u>\$ 1,348,378</u>
Present value of expected future policy benefits:			
Balance, beginning of year	\$ 2,265,414	\$ 227,536	\$ 2,492,950
Beginning balance at original discount rate	2,644,140	247,141	2,891,281
Effect of actual variances from expected experience	(44,588)	(2,991)	(47,579)
Adjusted beginning of year balance	2,599,552	244,150	2,843,702
Issuances	77,895	12,300	90,195
Interest accrual	104,891	9,490	114,381
Benefit payments	(153,401)	(29,068)	(182,469)
Ending balance at original discount rate	2,628,937	236,872	2,865,809
Effect of changes in discount rate assumptions	(314,757)	(12,423)	(327,180)
Balance, end of year	<u>\$ 2,314,180</u>	<u>\$ 224,449</u>	<u>\$ 2,538,629</u>
Net present value of expected net premiums and future policy benefits	965,802	224,449	1,190,251
Other adjustments	88	1	89
Net liability for future policy benefits	965,890	224,450	1,190,340
Less: reinsurance recoverable	(310,977)	—	(310,977)
Net liability for future policy benefits, after reinsurance recoverable	<u>\$ 654,913</u>	<u>\$ 224,450</u>	<u>\$ 879,363</u>

¹ Net premiums collected represent the portion of gross premiums collected from policyholders that is used to fund expected benefit payments.

Kansas City Life Insurance Company
Notes to Consolidated Financial Statements – (Continued)

	2024		
	Traditional Life	Payout Annuities (Life Contingent)	Total
Present value of expected net premiums:			
Balance, beginning of year	\$ 1,465,392		\$ 1,465,392
Beginning balance at original discount rate	1,642,626		1,642,626
Effect of actual variances from expected experience	(39,226)		(39,226)
Adjusted beginning of year balance	1,603,400		1,603,400
Issuances	62,837		62,837
Interest accrual	62,085		62,085
Net premiums collected ¹	(143,888)		(143,888)
Ending balance at original discount rate	1,584,434		1,584,434
Effect of changes in discount rate assumptions	(234,077)		(234,077)
Balance, end of year	<u>\$ 1,350,357</u>		<u>\$ 1,350,357</u>
Present value of expected future policy benefits:			
Balance, beginning of year	\$ 2,400,715	\$ 237,687	\$ 2,638,402
Beginning balance at original discount rate	2,674,901	252,662	2,927,563
Effect of actual variances from expected experience	(39,251)	(293)	(39,544)
Adjusted beginning of year balance	2,635,650	252,369	2,888,019
Issuances	61,729	15,094	76,823
Interest accrual	105,786	10,011	115,797
Benefit payments	(159,025)	(30,333)	(189,358)
Ending balance at original discount rate	2,644,140	247,141	2,891,281
Effect of changes in discount rate assumptions	(378,726)	(19,605)	(398,331)
Balance, end of year	<u>\$ 2,265,414</u>	<u>\$ 227,536</u>	<u>\$ 2,492,950</u>
Net present value of expected net premiums and future policy benefits	915,057	227,536	1,142,593
Other adjustments	<u>1</u>	<u>—</u>	<u>1</u>
Net liability for future policy benefits	915,058	227,536	1,142,594
Less: reinsurance recoverable	<u>(280,634)</u>	<u>—</u>	<u>(280,634)</u>
Net liability for future policy benefits, after reinsurance recoverable	<u>\$ 634,424</u>	<u>\$ 227,536</u>	<u>\$ 861,960</u>

¹ Net premiums collected represent the portion of gross premiums collected from policyholders that is used to fund expected benefit payments.

Kansas City Life Insurance Company
Notes to Consolidated Financial Statements – (Continued)

	2023		
	Traditional Life	Payout Annuities (Life Contingent)	Total
Present value of expected net premiums:			
Balance, beginning of year	\$ 1,461,442		\$ 1,461,442
Beginning balance at original discount rate	1,695,667		1,695,667
Effect of actual variances from expected experience	(28,981)		(28,981)
Adjusted beginning of year balance	1,666,686		1,666,686
Issuances	60,625		60,625
Interest accrual	63,755		63,755
Net premiums collected ¹	(148,440)		(148,440)
Ending balance at original discount rate	1,642,626		1,642,626
Effect of changes in discount rate assumptions	(177,234)		(177,234)
Balance, end of year	<u>\$ 1,465,392</u>		<u>\$ 1,465,392</u>
Present value of expected future policy benefits:			
Balance, beginning of year	\$ 2,326,303	\$ 230,111	\$ 2,556,414
Beginning balance at original discount rate	2,694,715	253,087	2,947,802
Effect of actual variances from expected experience	(27,890)	(2,068)	(29,958)
Adjusted beginning of year balance	2,666,825	251,019	2,917,844
Issuances	60,183	22,019	82,202
Interest accrual	106,598	9,851	116,449
Benefit payments	(158,705)	(30,227)	(188,932)
Ending balance at original discount rate	2,674,901	252,662	2,927,563
Effect of changes in discount rate assumptions	(274,186)	(14,975)	(289,161)
Balance, end of year	<u>\$ 2,400,715</u>	<u>\$ 237,687</u>	<u>\$ 2,638,402</u>
Net present value of expected net premiums and future policy benefits	935,323	237,687	1,173,010
Other adjustments	—	—	—
Net liability for future policy benefits	935,323	237,687	1,173,010
Less: reinsurance recoverable	(274,405)	—	(274,405)
Net liability for future policy benefits, after reinsurance recoverable	<u>\$ 660,918</u>	<u>\$ 237,687</u>	<u>\$ 898,605</u>

¹ Net premiums collected represent the portion of gross premiums collected from policyholders that is used to fund expected benefit payments.

Kansas City Life Insurance Company
Notes to Consolidated Financial Statements – (Continued)

The following table provides a reconciliation of the disaggregated net liability for future policy benefits to the amount in the Consolidated Balance Sheets at December 31.

	2025	2024
Traditional Life	\$ 965,890	\$ 915,058
Payout Annuities (Life Contingent)	224,450	227,536
Reclass of Deferred Compensation Payout Annuities (included in Other Liabilities)	(10,810)	(11,019)
Accident and Health	24,204	27,225
Deferred Profit Liability	21,548	20,631
Universal Life Secondary Guarantees	69,378	64,313
Other	46,412	44,983
Total	<u>\$ 1,341,072</u>	<u>\$ 1,288,727</u>

The following table provides the amount of undiscounted expected gross premiums and expected future benefit payments for the years ended December 31.

	2025	2024	2023
Traditional Life:			
Expected future benefit payments	\$ 4,413,412	\$ 4,450,866	\$ 4,531,804
Expected future gross premiums	3,507,267	3,565,588	3,643,647
Payout Annuities (Life Contingent):			
Expected future benefit payments	\$ 328,520	\$ 342,125	\$ 346,961

The following table provides the amount of revenue in the Consolidated Statements of Comprehensive Income included in the calculation of the liability for future policy benefits for the years ended December 31.

	2025	2024	2023
Traditional Life	\$ 207,953	\$ 217,776	\$ 222,507

The following table provides the amount of interest recognized in the Consolidated Statements of Comprehensive Income for the years ended December 31.

	2025	2024	2023
Traditional Life	\$ 44,428	\$ 43,700	\$ 42,847
Payout Annuities (Life Contingent)	9,490	10,011	9,851
Total	<u>\$ 53,918</u>	<u>\$ 53,711</u>	<u>\$ 52,698</u>

The following tables provide the actual experience and expected experience for mortality and lapses for the years ended December 31.

	2025		
	Actual Experience	Expected Experience	Actual to Expected
Mortality: Traditional Life	\$ 139,021	\$ 159,800	87 %
Surrenders: Traditional Life	13,391	14,240	94 %
Benefit payments: Payout Annuities (Life Contingent)	28,942	27,221	106 %

Kansas City Life Insurance Company
Notes to Consolidated Financial Statements – (Continued)

	2024		
	Actual Experience	Expected Experience	Actual to Expected
Mortality: Traditional Life	\$ 145,376	\$ 158,777	92 %
Surrenders: Traditional Life	12,468	14,020	89 %
Benefit payments: Payout Annuities (Life Contingent)	30,179	28,146	107 %

	2023		
	Actual Experience	Expected Experience	Actual to Expected
Mortality: Traditional Life	\$145,294	\$156,882	93 %
Surrenders: Traditional Life	12,238	13,710	89 %
Benefit payments: Payout Annuities (Life Contingent)	30,995	28,816	108 %

The following table provides the weighted-average duration in years at December 31.

	2025	2024	2023
Traditional Life	11	12	12
Payout Annuities (Life Contingent)	7	7	7

The following table provides the weighted-average interest rate at December 31.

	2025	2024	2023
Traditional Life:			
Interest accretion rate	4.43 %	4.23 %	4.40 %
Current discount rate	5.29 %	5.50 %	4.99 %
Payout Annuities (Life Contingent):			
Interest accretion rate	4.01 %	4.04 %	4.01 %
Current discount rate	4.93 %	5.29 %	4.87 %

In the event that the present value of future benefits and expenses exceed the present value of gross premiums for a cohort, the net premium ratio is capped at 100% by increasing the corresponding liability and recognizing an immediate impact through Policyholder Benefits in the Consolidated Statements of Comprehensive Income. The LFPB is never recorded at an amount less than zero for a cohort. For the years presented, there were certain traditional life cohorts for which net premiums exceeded gross premiums, resulting in a decrease to pretax income of \$0.6 million in 2025 and increases to pretax income of less than \$0.1 million in 2024 and \$0.4 million in 2023.

Kansas City Life Insurance Company
Notes to Consolidated Financial Statements – (Continued)

Policyholder Account Balances

Policyholder account balances are deposit-type contracts, including universal life insurance and fixed annuity contracts, and investment-type contracts.

The following tables provide the gross disaggregated balances of and changes in policyholder account balances as of and for the years ended December 31. Products may contain both separate account and general account fund options. Accordingly, net amount at risk and cash surrender value reported in the tables relate to the total account balance for each respective product grouping.

	2025				
	Universal Life	Variable Universal Life	Deferred Annuities	Variable Annuities	Total
Balance, beginning of year	\$ 1,022,419	\$ 31,253	\$ 856,758	\$ 59,426	\$ 1,969,856
Premiums received	101,463	27	60,459	2,602	164,551
Policy charges	(99,858)	(941)	(2,787)	(10)	(103,596)
Surrenders and withdrawals	(48,065)	(2,072)	(107,011)	(9,057)	(166,205)
Benefit payments	(19,411)	(356)	(19,253)	(1,590)	(40,610)
Net transfers from (to) separate accounts	—	512	—	971	1,483
Interest credited	45,993	1,999	26,807	1,821	76,620
Other	3,281	(86)	201	(15)	3,381
Balance, end of year	<u>\$ 1,005,822</u>	<u>\$ 30,336</u>	<u>\$ 815,174</u>	<u>\$ 54,148</u>	<u>\$ 1,905,480</u>
Weighted-average crediting rate	3.88 %	3.65 %	3.34 %	2.92 %	3.60 %
Net amount at risk ¹	\$ 7,545,785	\$ 2,028,068	N/A	N/A	\$ 9,573,853
Cash surrender value	\$ 969,394	\$ 424,206	\$ 782,660	\$ 465,836	\$ 2,642,096

¹ For those guarantees of benefits that are payable in the event of death, the net amount at risk is generally defined as the current guaranteed minimum death benefit in excess of the current account balance at the balance sheet date.

Kansas City Life Insurance Company
Notes to Consolidated Financial Statements – (Continued)

	2024				
	Universal Life	Variable Universal Life	Deferred Annuities	Variable Annuities	Total
Balance, beginning of year	\$ 1,033,405	\$ 31,197	\$ 894,938	\$ 70,672	\$ 2,030,212
Premiums received	102,987	112	52,419	117	155,635
Policy charges	(99,594)	(992)	(2,759)	(11)	(103,356)
Surrenders and withdrawals	(43,380)	(1,967)	(100,678)	(12,354)	(158,379)
Benefit payments	(19,774)	(178)	(14,367)	(661)	(34,980)
Net transfers from (to) separate accounts	—	1,100	—	(424)	676
Interest credited	46,285	1,974	27,127	2,059	77,445
Other	2,490	7	78	28	2,603
Balance, end of year	<u>\$ 1,022,419</u>	<u>\$ 31,253</u>	<u>\$ 856,758</u>	<u>\$ 59,426</u>	<u>\$ 1,969,856</u>
Weighted-average crediting rate	3.88 %	3.30 %	3.19 %	2.92 %	3.52 %
Net amount at risk ¹	\$ 7,799,230	\$ 2,142,062	N/A	N/A	\$ 9,941,292
Cash surrender value	\$ 982,214	\$ 387,113	\$ 825,216	\$ 467,868	\$ 2,662,411

¹ For those guarantees of benefits that are payable in the event of death, the net amount at risk is generally defined as the current guaranteed minimum death benefit in excess of the current account balance at the balance sheet date.

Kansas City Life Insurance Company
Notes to Consolidated Financial Statements – (Continued)

	2023				
	Universal Life	Variable Universal Life	Deferred Annuities	Variable Annuities	Total
Balance, beginning of year	\$ 1,042,584	\$ 31,799	\$ 960,755	\$ 81,159	\$ 2,116,297
Premiums received	107,882	157	48,344	2,058	158,441
Policy charges	(99,755)	(1,070)	(2,730)	(11)	(103,566)
Surrenders and withdrawals	(43,398)	(2,535)	(120,611)	(15,925)	(182,469)
Benefit payments	(18,057)	(284)	(17,857)	(436)	(36,634)
Net transfers from (to) separate accounts	—	1,193	—	1,535	2,728
Interest credited	42,027	1,943	26,946	2,324	73,240
Other	2,122	(6)	91	(31)	2,176
Balance, end of year	<u>\$ 1,033,405</u>	<u>\$ 31,197</u>	<u>\$ 894,938</u>	<u>\$ 70,673</u>	<u>\$ 2,030,213</u>
Weighted-average crediting rate	3.89 %	3.31 %	3.05 %	2.91 %	3.46 %
Net amount at risk ¹	\$ 8,040,598	\$ 2,242,208	N/A	N/A	\$ 10,282,806
Cash surrender value	\$ 989,473	\$ 362,240	\$ 863,874	\$ 473,473	\$ 2,689,060

¹ For those guarantees of benefits that are payable in the event of death, the net amount at risk is generally defined as the current guaranteed minimum death benefit in excess of the current account balance at the balance sheet date.

The following table provides a reconciliation of the disaggregated policyholder account balances to the amount in the Consolidated Balance Sheets at December 31.

	2025	2024
Universal Life	\$ 1,005,822	\$ 1,022,419
Variable Universal Life	30,336	31,253
Deferred Annuities	815,174	856,758
Variable Annuities	54,148	59,426
Funding Agreements	141,132	120,835
Other ¹	57,761	59,030
Total	<u>\$ 2,104,373</u>	<u>\$ 2,149,721</u>

¹ Other includes the value of embedded derivatives on interest sensitive universal life contracts and reserves on contracts not involving life contingencies.

Kansas City Life Insurance Company
Notes to Consolidated Financial Statements – (Continued)

The following tables provide the balance of account values by range of guaranteed minimum crediting rates and the related range of difference, in basis points, between rates being credited to policyholders and the respective guaranteed minimums at December 31.

	2025				
	At Guaranteed Minimum	1 Basis Point - 50 Basis Points Above	51 Basis Points - 150 Basis Points Above	Greater Than 150 Basis Points Above	Total
Universal Life:					
0% to 3%	\$ 294,998	\$ 67,708	\$ 61,922	\$ 14,149	\$ 438,777
Greater than 3% to 4%	237,833	15,620	—	—	253,453
Greater than 4%	313,592	—	—	—	313,592
Total	<u>\$ 846,423</u>	<u>\$ 83,328</u>	<u>\$ 61,922</u>	<u>\$ 14,149</u>	<u>\$ 1,005,822</u>
Variable Universal Life:					
0% to 3%	\$ 316	\$ 10,666	\$ 24	\$ —	\$ 11,006
Greater than 3% to 4%	19,330	—	—	—	19,330
Greater than 4%	—	—	—	—	—
Total	<u>\$ 19,646</u>	<u>\$ 10,666</u>	<u>\$ 24</u>	<u>\$ —</u>	<u>\$ 30,336</u>
Deferred Annuities:					
0% to 3%	\$ 253,897	\$ 42,416	\$ 201,952	\$ 37,808	\$ 536,073
Greater than 3% to 4%	251,016	—	—	—	251,016
Greater than 4%	28,055	30	—	—	28,085
Total	<u>\$ 532,968</u>	<u>\$ 42,446</u>	<u>\$ 201,952</u>	<u>\$ 37,808</u>	<u>\$ 815,174</u>
Variable Annuities:					
0% to 3%	\$ 53,516	\$ 283	\$ 137	\$ 212	\$ 54,148
Greater than 3% to 4%	—	—	—	—	—
Greater than 4%	—	—	—	—	—
Total	<u>\$ 53,516</u>	<u>\$ 283</u>	<u>\$ 137</u>	<u>\$ 212</u>	<u>\$ 54,148</u>

Kansas City Life Insurance Company
Notes to Consolidated Financial Statements – (Continued)

	2024				
	At Guaranteed Minimum	1 Basis Point - 50 Basis Points Above	51 Basis Points - 150 Basis Points Above	Greater Than 150 Basis Points Above	Total
Universal life:					
0% to 3%	\$ 313,161	\$ 43,431	\$ 55,670	\$ 16,618	\$ 428,880
Greater than 3% to 4%	265,428	59	—	—	265,487
Greater than 4%	328,052	—	—	—	328,052
Total	<u>\$ 906,641</u>	<u>\$ 43,490</u>	<u>\$ 55,670</u>	<u>\$ 16,618</u>	<u>\$ 1,022,419</u>
Variable Universal Life:					
0% to 3%	\$ 238	\$ 22,728	\$ 6	\$ —	\$ 22,972
Greater than 3% to 4%	8,281	—	—	—	8,281
Greater than 4%	—	—	—	—	—
Total	<u>\$ 8,519</u>	<u>\$ 22,728</u>	<u>\$ 6</u>	<u>\$ —</u>	<u>\$ 31,253</u>
Deferred Annuities:					
0% to 3%	\$ 250,361	\$ 93,140	\$ 187,946	\$ 15,389	\$ 546,836
Greater than 3% to 4%	277,988	—	—	—	277,988
Greater than 4%	31,875	59	—	—	31,934
Total	<u>\$ 560,224</u>	<u>\$ 93,199</u>	<u>\$ 187,946</u>	<u>\$ 15,389</u>	<u>\$ 856,758</u>
Variable Annuities:					
0% to 3%	\$ 58,771	\$ 309	\$ 145	\$ 201	\$ 59,426
Greater than 3% to 4%	—	—	—	—	—
Greater than 4%	—	—	—	—	—
Total	<u>\$ 58,771</u>	<u>\$ 309</u>	<u>\$ 145</u>	<u>\$ 201</u>	<u>\$ 59,426</u>

Kansas City Life Insurance Company
Notes to Consolidated Financial Statements – (Continued)

11. Market Risk Benefits

A market risk benefit (MRB) is a contract or contract feature in a long-duration contract issued by an insurance entity that both protects the contract holder from other-than-nominal capital market risk and exposes the insurance entity to other-than-nominal capital market risk. Market risk benefits include our GMWB and GMDB associated with variable annuity contracts.

The following table provides the balances of and changes in market risk benefits for the years ended December 31.

	2025	2024	2023
Net market risk benefit liability/(asset), beginning of year	\$ (3,669)	\$ (2,919)	\$ (2,688)
Net market risk benefit liability/(asset), beginning of year, before effect of changes in instrument-specific credit risk	(2,907)	(1,100)	724
Effect of changes in interest rates	23	(1,209)	75
Effect of changes in equity markets	(730)	(844)	(1,869)
Effect of changes in equity index volatility	17	42	(16)
Net current period activity and other	848	204	(14)
Balance, end of year, before effect of changes in the instrument-specific credit risk	(2,749)	(2,907)	(1,100)
Effect of changes in the instrument-specific credit risk	(541)	(762)	(1,819)
Net market risk benefit liability/(asset), end of year	<u>\$ (3,290)</u>	<u>\$ (3,669)</u>	<u>\$ (2,919)</u>
Net amount at risk	\$ 527	\$ 4,579	\$ 11,893
Weighted average attained age of contract holders	69	68	67

The following table provides a reconciliation of market risk benefits by amounts in an asset position and in a liability position to the market risk benefits amount in the Consolidated Balance Sheets at December 31.

	2025	2024
Asset	\$ 3,346	\$ 3,753
Liability	56	84
Net market risk benefit liability/(asset)	<u>(3,290)</u>	<u>(3,669)</u>

The MRB fair value 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 fair value, while increases in benefit utilization increase the fair value.

Kansas City Life Insurance Company
Notes to Consolidated Financial Statements – (Continued)

The following tables provide quantitative information about the significant unobservable inputs used in the fair value measurements of MRBs at December 31.

Unobservable Inputs	Range
Mortality	85% of the 2012 IAR Table
Lapse	0%-12% depending on product/duration/funded status of guarantee
Benefit utilization	0%-80% depending on age/duration/funded status of guarantee
Nonperformance risk	0.47%-0.80%

Kansas City Life Insurance Company
Notes to Consolidated Financial Statements – (Continued)

12. Unpaid Claims Liability and Short-Duration Contracts

The liability for unpaid claims is included with Policy and Contract Claims and Liability for Future Policy Benefits in the Consolidated Balance Sheets. Claim adjustment expenditures are expensed as incurred and were not material in any year presented.

The following tables present activity in the accident and health portion of the unpaid claims liability by segment for the years ended December 31. 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.

	2025			
	Individual Insurance	Group Insurance	Old American	Consolidated
Gross liability at beginning of year	\$ 409	\$ 31,661	\$ 1,681	\$ 33,751
Less reinsurance recoverable	(287)	(22,255)	(1,656)	(24,198)
Net liability at beginning of year	122	9,406	25	9,553
Incurred benefits related to:				
Current year	21	33,374	12	33,407
Prior years ¹	(21)	(1,235)	(23)	(1,279)
Total incurred benefits	—	32,139	(11)	32,128
Paid benefits related to:				
Current year	7	28,321	2	28,330
Prior years	31	4,544	2	4,577
Total paid benefits	38	32,865	4	32,907
Net liability at end of year	84	8,680	10	8,774
Reinsurance recoverable	222	20,530	1,003	21,755
Gross liability at end of year	\$ 306	\$ 29,210	\$ 1,013	\$ 30,529

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

	2024			
	Individual Insurance	Group Insurance	Old American	Consolidated
Gross liability at beginning of year	\$ 562	\$ 31,707	\$ 1,929	\$ 34,198
Less reinsurance recoverable	(394)	(22,673)	(1,899)	(24,966)
Net liability at beginning of year	168	9,034	30	9,232
Incurred benefits related to:				
Current year	215	32,717	42	32,974
Prior years ¹	(23)	(722)	(22)	(767)
Total incurred benefits	192	31,995	20	32,207
Paid benefits related to:				
Current year	201	27,127	17	27,345
Prior years	37	4,496	8	4,541
Total paid benefits	238	31,623	25	31,886
Net liability at end of year	122	9,406	25	9,553
Reinsurance recoverable	287	22,255	1,656	24,198
Gross liability at end of year	\$ 409	\$ 31,661	\$ 1,681	\$ 33,751

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

Kansas City Life Insurance Company
Notes to Consolidated Financial Statements – (Continued)

	2023			
	Individual Insurance	Group Insurance	Old American	Consolidated
Gross liability at beginning of year	\$ 560	\$ 27,777	\$ 2,199	\$ 30,536
Less reinsurance recoverable	(399)	(20,006)	(2,169)	(22,574)
Net liability at beginning of year	161	7,771	30	7,962
Incurred benefits related to:				
Current year	16	28,782	32	28,830
Prior years ¹	(10)	1,216	(24)	1,182
Total incurred benefits	6	29,998	8	30,012
Paid benefits related to:				
Current year	1	23,366	2	23,369
Prior years	(2)	5,369	6	5,373
Total paid benefits	(1)	28,735	8	28,742
Net liability at end of year	168	9,034	30	9,232
Reinsurance recoverable	394	22,673	1,899	24,966
Gross liability at end of year	<u>\$ 562</u>	<u>\$ 31,707</u>	<u>\$ 1,929</u>	<u>\$ 34,198</u>

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 Liability for Future Policy Benefits as presented in the Consolidated Balance Sheets at December 31.

	2025	2024
Individual Insurance Segment:		
Individual accident and health	\$ 306	\$ 409
Individual life	32,920	32,273
Deferred annuity	3,987	2,918
Subtotal	<u>37,213</u>	<u>35,600</u>
Group Insurance Segment:		
Group accident and health	29,210	31,661
Group life	2,503	3,777
Subtotal	<u>31,713</u>	<u>35,438</u>
Old American Segment:		
Individual accident and health	1,013	1,681
Individual life	9,944	9,108
Subtotal	<u>10,957</u>	<u>10,789</u>
Total	<u>\$ 79,883</u>	<u>\$ 81,827</u>

For short-duration contracts, incurred-but-not-reported (IBNR) 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 December 31, 2025 and December 31, 2024. These liabilities were calculated by the reinsurers of the various blocks of group long-term disability business, using percent of premium methodologies with varying factors. Claim frequencies were calculated for the long-term disability product using information that includes paid and pending claims at the claimant level. Thus, frequency is measured by individual claimant. Claims that are counted in a particular year as a liability but do not result in a liability in future years are not included once the claim is settled. There have been no significant changes to the

Kansas City Life Insurance Company
Notes to Consolidated Financial Statements – (Continued)

methodologies for calculating claim frequencies, IBNR liabilities, or any other unpaid claims liabilities for the long-term disability product during the years presented.

The liabilities in the following table for group long-term disability claims involve present value of future benefits calculations. The carrying amount of liabilities at December 31, 2025 was \$5.0 million, consisting of an undiscounted amount of \$6.9 million and an aggregated discount amount deducted of \$1.9 million. Discount rates ranged from 2.60% to 6.60% for the various blocks of group long-term disability business included in the totals.

The following table provides incurred claims and allocated claim adjustment expenses, net of reinsurance, for the group long-term disability product at December 31, 2025. The information about incurred claims development for the years ended December 31, 2016 to December 31, 2024 is presented as unaudited supplementary information.

Year Incurred	For the Years Ended December 31,										Total of IBNR Liabilities Plus Expected Development on Reported Claims	Cumulative Number of Reported Claims
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025		
2016	\$ 1,694	\$ 1,552	\$ 1,382	\$ 1,412	\$ 1,284	\$ 962	\$ 947	\$ 967	\$ 968	\$ 966	\$ —	246
2017		2,038	1,727	1,513	1,436	1,431	1,369	1,410	1,388	1,270	—	262
2018			2,473	2,192	2,135	1,745	1,620	1,837	1,687	1,694	—	298
2019				2,056	2,036	1,879	1,778	1,870	1,887	1,720	—	333
2020					1,483	1,094	936	972	967	985	—	201
2021						1,873	1,496	1,359	1,230	1,282	—	228
2022							1,609	1,616	1,381	1,330	—	204
2023								2,291	2,184	2,007	—	227
2024									1,861	1,486	—	201
2025										1,713	653	114
										<u>\$14,453</u>		

The following table provides cumulative paid claims and allocated claim adjustment expenses, net of reinsurance, for the group long-term disability product at December 31, 2025. The information about paid claims development for the years ended December 31, 2016 to December 31, 2024 is presented as unaudited supplementary information.

Year Incurred	For the Years Ended December 31,										
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
2016	\$ 164	\$ 505	\$ 626	\$ 690	\$ 736	\$ 783	\$ 804	\$ 828	\$ 837	\$ 853	
2017		162	549	703	785	867	926	976	1,021	1,061	
2018			208	681	869	1,012	1,108	1,189	1,237	1,284	
2019				251	752	980	1,108	1,200	1,302	1,311	
2020					162	469	604	660	703	742	
2021						237	706	846	865	916	
2022							177	640	781	859	
2023								259	805	1,083	
2024									180	637	
2025										186	
										<u>Total</u>	<u>\$ 8,932</u>
											<u>\$ 1,415</u>
											<u>\$ 6,939</u>

Kansas City Life Insurance Company
Notes to Consolidated Financial Statements – (Continued)

The following table provides a reconciliation of incurred and paid claims development information to the aggregate carrying amount of the liability for unpaid claims and claim adjustment expenses at December 31. Included in other short-duration contracts are group life, group short-term disability, group dental, group vision, and individual accident and health for the Individual Insurance and Old American segments, none of which are individually significant.

	2025	2024
Net outstanding liabilities:		
Group long-term disability	\$ 6,939	\$ 6,669
Other short-duration contracts	5,623	6,865
Liabilities for unpaid claims and claim adjustment expenses, net of reinsurance	12,562	13,534
Reinsurance recoverable on unpaid claims:		
Group long-term disability	27,423	27,602
Other short-duration contracts	1,966	3,161
Total reinsurance recoverable on unpaid claims	29,389	30,763
Insurance lines other than short-duration	46,853	44,304
Impact of discounting	(8,921)	(6,774)
	37,932	37,530
Total gross liability for unpaid claims and claim adjustment expenses	\$ 79,883	\$ 81,827

The following table provides the historical average annual percentage payout of incurred claims by age, net of reinsurance, at December 31, 2025.

	Years				
	1	2	3	4	5
Group long-term disability	14.10 %	31.50 %	12.20 %	6.00 %	5.10 %

Kansas City Life Insurance Company
Notes to Consolidated Financial Statements – (Continued)

13. Participating Policies

We have insurance contracts where the policyholder is entitled to share in the earnings through dividends, which reflect the difference between the premium charged and the actual experience. These insurance contracts were directly issued by the Company or were acquired through the purchase of participating blocks of business, largely through reinsurance assumption transactions. Participating business approximated 6% of total statutory premiums in both 2025 and 2024. Assumed participating business from the acquisition of closed blocks of business accounted for 79% of total participating statutory premiums in 2025 and 87% in 2024. Participating business equaled 4% of total life insurance in force at both December 31, 2025 and December 31, 2024. Assumed participating business accounted for 97% of total participating life insurance in force at both December 31, 2025 and December 31, 2024.

The amount of dividends to be paid is determined annually by our Board of Directors. Provision has been made in the liability for future policy benefits to allocate amounts to participating policyholders on the basis of dividend scales contemplated at the time the policies were issued, as well as for policyholder dividends having been declared by the Board of Directors in excess of the original scale.

14. Debt

Notes Payable

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

We had unsecured revolving lines of credit with two major commercial banks that totaled \$80.0 million at both December 31, 2025 and December 31, 2024, with no balances outstanding. The lines of credit are at variable interest rates based upon short-term indices maturing in June of 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 2025 or 2024 and had no outstanding borrowings as of December 31, 2025 or 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 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 December 31, 2025, collateral comprised of securities and mortgages in the amount of \$363.8 million, with a fair value of \$343.9 million, were pledged to the FHLB, providing a borrowing capacity of \$280.1 million. At December 31, 2024, collateral comprised 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 \$8.5 million at December 31, 2025 and \$7.6 million at December 31, 2024 and is included in Other Investments in the Consolidated Balance Sheets. Dividends received on this capital investment totaled \$0.7 million for the year ended December 31, 2025, \$0.6 million for the year ended December 31, 2024, and \$0.5 million for the year ended December 31, 2023.

Kansas City Life Insurance Company
Notes to Consolidated Financial Statements – (Continued)

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 December 31, 2025 and December 31, 2024. These agreements mature between 2027 and 2030, 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 at December 31.

	2025	2024
Total obligations outstanding	\$ 140,000	\$ 120,000
Accrued interest	1,132	835

The following table provides information regarding our funding agreements with the FHLB for the years ended December 31.

	2025	2024	2023
Interest credited	\$ 6,759	\$ 6,208	\$ 5,777
Cash interest payments	6,462	6,464	5,299
Interest income on the variable rate fixed maturity securities	8,440	8,139	7,150

15. Income Taxes

The Company records U.S. Federal income tax expense based on its pretax income and required statutory tax adjustments. Other income taxes, including foreign and state income tax expense, are either not applicable or immaterial to the consolidated financial statements.

The following table provides information about U.S. Federal income taxes for the years ended December 31.

	2025	2024 ¹	2023 ¹
Current income tax expense (benefit)	\$ (3,057)	\$ 7,229	\$ 20,479
Deferred income tax benefit	(8,162)	(9,815)	(9,425)
Total income tax expense (benefit)	<u>\$ (11,219)</u>	<u>\$ (2,586)</u>	<u>\$ 11,054</u>

¹ Certain prior period amounts have been recast. See Note 2 - New Accounting Pronouncements for more information.

The following table provides information about U.S. Federal taxes paid for the years ended December 31.

	2025	2024	2023
Cash paid for income taxes	\$ 5,015	\$ 19,382	\$ 9,519

Kansas City Life Insurance Company
Notes to Consolidated Financial Statements – (Continued)

The following table reconciles the amount and percentage of the Company's effective income tax to the U.S. Federal income tax rate for the year ended December 31, 2025, reflecting the adoption of ASU No. 2023-09.

	Amount	Rate
U.S. Federal statutory tax rate	\$ (6,716)	21 %
State and local taxes, net of federal income tax effect	—	— %
Foreign tax effects	—	— %
Effect of changes in tax laws	—	— %
Effect of cross-border tax laws	—	— %
Tax credits:		
Research and development credit	(315)	1 %
Change in valuation allowances	—	— %
Nontaxable or nondeductible items:		
Meals, entertainment, and employee benefits	169	— %
Other adjustments:		
Legal settlement income tax refund claims	(3,991)	12 %
Other	(366)	1 %
Effective income tax	<u>\$ (11,219)</u>	<u>35 %</u>

The following table provides a reconciliation of the U.S. Federal income tax rate to our effective income tax rate for the years ended December 31, prior to the adoption of ASU No. 2023-09.

	2024 ¹	2023
Federal income tax rate	21 %	21 %
Tax credits, net of equity adjustment	3 %	— %
Permanent differences and other	(3)%	— %
Effective income tax rate	<u>21 %</u>	<u>21 %</u>

¹ Certain prior period amounts have been recast. See Note 2 - New Accounting Pronouncements for more information.

Kansas City Life Insurance Company
Notes to Consolidated Financial Statements – (Continued)

Presented below are tax effects of temporary differences that result in significant deferred tax assets and liabilities at December 31.

	2025	2024 ¹
Deferred tax assets:		
Liability for future policy benefits	\$ 2,602	\$ —
Unrealized investment losses	30,891	45,961
Employee retirement benefits	—	919
Tax carryovers	—	39
Legal reserve	9,428	10,396
Other	5,817	7,648
Deferred tax assets	48,738	64,963
Valuation allowance	—	—
Deferred tax assets, net of valuation allowance	48,738	64,963
Deferred tax liabilities:		
Future policy liabilities	—	(11,344)
Basis differences between tax and		
GAAP accounting for investments	(6,158)	(2,413)
Capitalization of DAC, net of amortization	(12,519)	(17,559)
VOBA	(945)	(1,247)
Property and equipment	(1,378)	(1,378)
Deferred tax liabilities	(21,000)	(33,941)
Net deferred tax asset	27,738	31,022
Current tax asset	8,502	334
Income taxes receivable	\$ 36,240	\$ 31,356

¹ Certain prior period amounts have been recast. See Note 2 - New Accounting Pronouncements for more information.

A valuation allowance must be established for any portion of the deferred tax asset which is believed not to be realizable. Management reviews the need for a valuation allowance based on our anticipated future earnings, reversal of future taxable differences, the available carry-back and carryforward periods, and tax planning strategies that are prudent and feasible. In management's opinion, it is more likely than not that we will realize the benefit of our deferred taxes.

The Company and its subsidiaries file income tax returns in the U.S. federal jurisdiction and various state jurisdictions. In general, we are no longer subject to U.S. federal, state, or local income tax examinations by tax authorities for years prior to 2022. We are not currently under examination by the Internal Revenue Service (IRS).

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

On July 4, 2025, the "One Big Beautiful Bill Act" (OB3 Act) was enacted, which resulted in changes to the Internal Revenue Code. The Company has analyzed the impact of the OB3 Act and it does not have a material impact on taxes reported in the Company's consolidated financial statements.

Kansas City Life Insurance Company
Notes to Consolidated Financial Statements – (Continued)

Income tax expense (benefit) is recorded in various places in our financial statements, as detailed below, for the years ended December 31.

	2025	2024 ¹	2023 ¹
Income tax expense (benefit)	\$ (11,219)	\$ (2,586)	\$ 11,054
Stockholders' equity:			
Related to:			
Change in net unrealized gains (losses) on securities available for sale	15,069	(7,455)	18,326
Changes in discount rates on the liability for future policy benefits	(5,177)	9,137	(6,675)
Market risk benefits nonperformance risk gain (loss)	(46)	(222)	(334)
Change in benefit plan obligations	1,600	1,930	1,553
Cumulative effect of adoption of new accounting principle	—	—	20,425
Total income tax expense included in financial statements	<u>\$ 227</u>	<u>\$ 804</u>	<u>\$ 44,349</u>

¹ Certain prior period amounts have been recast. See Note 2 - New Accounting Pronouncements for more information.

Kansas City Life Insurance Company

Notes to Consolidated Financial Statements – (Continued)

16. Retirement Plans

Pensions and Other Postemployment Benefits

We have retirement benefit plans covering substantially all of our employees for which either the annual measurement date or the annual reporting date is December 31.

The Kansas City Life Cash Balance Pension Plan (pension plan) was amended effective December 31, 2010 to provide that participants' accrued benefits were frozen, and that no further benefits or accruals were earned after December 31, 2010. Although participants no longer accrue additional benefits under the pension plan at December 31, 2010, participants continue to earn years of service for vesting purposes under the pension plan with respect to their benefits accrued through December 31, 2010. In addition, the cash balance account continues to earn annual interest. Pension plan benefits are based on a cash balance account consisting of credits to the account based upon an employee's years of service, compensation and interest credits on account balances calculated using the greater of the average 30-year U.S. Treasury bond rate for November of each year or 5.00%. Annual interest was calculated using 5.00% for both 2025 and 2024.

The benefits expected to be paid in each year from 2026 through 2030 are as follows: \$9.1 million in 2026; \$7.6 million in 2027; \$8.3 million in 2028; \$7.6 million in 2029; and \$7.0 million in 2030. The aggregate benefits expected to be paid in the five years from 2031 through 2035 are \$30.9 million. The expected benefits to be paid are based on the same assumptions used to measure the Company's benefit obligation at December 31, 2025 and are the actuarial present value of the vested benefits to which the employee is currently entitled but based upon the expected date of separation or retirement. The 2026 contribution for the pension plan has not been determined.

The asset allocation of the fair value of pension plan assets compared to the target allocation range at December 31 was:

	2025	Target Allocation	2024	Target Allocation
Equity securities	42 %	28% - 48%	41 %	28% - 48%
Asset allocation and alternative assets	12 %	10% - 20%	12 %	10% - 20%
Debt securities	46 %	30% - 60%	47 %	30% - 60%
Cash and cash equivalents	— %	0% - 10%	— %	0% - 10%

Certain of our pension plan assets consist of investments in pooled separate accounts. The NAV of the separate accounts is calculated in a manner consistent with GAAP for investment companies and is determinative of their fair value. Several of the separate accounts invest in publicly quoted mutual funds or actively managed stocks. The fair value of the underlying mutual funds or stock is used to determine the NAV of the separate account, which is not publicly quoted. Some of the separate accounts also invest in fixed income securities. The fair value of the underlying securities is based on quoted prices of similar assets and is used to determine the NAV of the separate account. Sale of plan assets may be at values less than NAV. Certain redemption restrictions may apply to specific stock and bond funds, including written notices prior to the withdrawal of funds and a potential redemption fee on certain withdrawals.

Plan fiduciaries set investment policies and strategies and oversee its investment allocation, which includes selecting investment managers, commissioning periodic asset-liability studies, and setting long-term strategic targets. Long-term strategic investment objectives include preserving the funded status of the pension plan and balancing risk and return. Target allocation ranges are guidelines, not limitations, and occasionally plan fiduciaries will approve allocations above or below a target range.

The assumption for the expected long-term rate of return on plan assets was 6.44% at December 31, 2025 and 6.75% at December 31, 2024. This assumption is determined by analyzing: 1) historical average returns achieved by asset allocation and active management; 2) historical data on the volatility of returns; 3) current yields available in the marketplace; 4) actual returns on plan assets; and 5) current and anticipated future allocation among asset classes. The asset classes used for this analysis are domestic and international equities, investment grade corporate bonds, alternative assets, and cash. The overall rate is derived as a weighted average of the estimated long-term returns on the asset classes represented in the investment portfolio of the pension plan. Effective January 1, 2026, the assumption for the expected long-term rate of return on plan assets was 6.25%, net of plan expenses.

The assumed discount rate used to determine the benefit obligation was 5.10% for pension benefits and 5.28% for postemployment benefits at December 31, 2025 and 5.34% for pension benefits and 5.42% for postemployment benefits at December 31, 2024. The discount rates were determined by reference to the FTSE Pension Discount Curve on December 31, 2025. Specifically, the spot rate curve represents the rates on zero coupon securities of the quality and type included in the

Kansas City Life Insurance Company
Notes to Consolidated Financial Statements – (Continued)

pension index at various maturities. By discounting benefit cash flows at these rates, a notional amount equal to the fair value of a cash flow defeasing portfolio of bonds was determined. The discount rate for benefits was calculated as a single rate giving the same discounted value as the notional amount.

The postemployment medical plans for eligible employees and their dependents are contributory with contributions adjusted annually. The benefits expected to be paid in each year from 2026 through 2030 are as follows: \$1.0 million in 2026; \$1.0 million in 2027; \$0.8 million in 2028; \$0.9 million in 2029; and \$0.8 million in 2030. The aggregate benefits expected to be paid in the five years from 2031 through 2035 are \$3.6 million. The expected benefits to be paid are based on the same assumptions used to measure the Company's benefit obligation at December 31, 2025. The 2026 contribution for the postemployment medical plans is estimated to be \$1.0 million. The Company pays these medical costs as they become due and the postemployment plan incorporates cost-sharing features. The postemployment plan disclosures included herein do not include the potential impact from the Medicare Act (the Act) that became law in December 2003. The Act introduced a new federal subsidy to sponsors of certain retiree health care plans that provide a benefit that is at least actuarially equivalent to Medicare. Since the Company does not provide benefits that are actuarially equivalent to Medicare, the Act did not impact our disclosures.

We recognize the funded status of our pension and postemployment plans in the Consolidated Balance Sheets, measured as the difference between plan assets at fair value and the projected benefit obligation. Changes in the funded status that arise during the period but are not recognized as components of net periodic benefit cost, are recognized within Other Comprehensive Income (Loss), net of taxes.

Significant sources of actuarial gains and losses for the pension plan included the impact of changes to the discount rate resulting in losses of \$1.5 million during 2025 and gains of \$4.3 million during 2024. The pension plan included gains from asset returns compared to expected returns of \$11.1 million in 2025 and losses of \$0.1 million in 2024. The mortality assumption and lump sum interest changes resulted in losses of \$0.4 million in 2024 with no change in 2025. The pension plan included losses from census change of \$1.2 million and losses from future cost of living adjustment of \$0.4 million in 2025. The pension plan included gains from census change of \$1.4 million and gains from future cost of living adjustment of \$0.5 million in 2024. The significant sources of actuarial gains and losses for other postretirement benefits included the impact of changes to the discount rate resulting in loss of \$0.1 million in 2025 and gains of \$0.7 million during 2024. Other postretirement benefits included losses from census change of less than \$0.1 million in 2025 and gains of \$0.3 million in 2024. Additionally, losses from updated claims costs and premiums resulted in losses of \$0.7 million in 2025 and gains of \$1.3 million in 2024.

Kansas City Life Insurance Company
Notes to Consolidated Financial Statements – (Continued)

The following tables provide information regarding pension benefits and other postemployment benefits (OPEB) for the years ended December 31.

	Pension Benefits		OPEB	
	2025	2024	2025	2024
Change in projected benefit obligation:				
Benefit obligation at beginning of year	\$ 84,493	\$ 94,874	\$ 10,031	\$ 12,643
Service cost	—	—	35	59
Interest cost	4,262	4,225	518	580
Plan participants' contributions	—	—	574	478
Actuarial loss (gain)	3,185	(5,948)	626	(2,431)
Benefits paid	(7,794)	(8,658)	(1,103)	(1,298)
Benefit obligation at end of year	<u>\$ 84,146</u>	<u>\$ 84,493</u>	<u>\$ 10,681</u>	<u>\$ 10,031</u>

Change in plan assets:				
Fair value of plan assets at beginning of year	\$ 144,192	\$ 143,456	\$ —	\$ —
Return on plan assets	20,426	9,498	—	—
Plan participants' contributions	—	—	574	478
Company contributions	138	135	529	820
Benefits paid	(7,794)	(8,658)	(1,103)	(1,298)
Plan expenses	(326)	(239)	—	—
Fair value of net plan assets at end of year	<u>\$ 156,636</u>	<u>\$ 144,192</u>	<u>\$ —</u>	<u>\$ —</u>

Under (over) funded status at end of year	<u>\$ (72,490)</u>	<u>\$ (59,699)</u>	<u>\$ 10,681</u>	<u>\$ 10,031</u>
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	Pension Benefits		OPEB	
	2025	2024	2025	2024
Amounts recognized in accumulated other comprehensive income (loss):				
Net loss (gain)	\$ 46,052	\$ 56,172	\$ (10,394)	\$ (12,826)
Prior service credit	(944)	(1,010)	—	—
Total accumulated other comprehensive income (loss)	<u>\$ 45,108</u>	<u>\$ 55,162</u>	<u>\$ (10,394)</u>	<u>\$ (12,826)</u>

	Pension Benefits		OPEB	
	2025	2024	2025	2024
Other changes in plan assets and benefit obligations recognized in other comprehensive income (loss):				
Unrecognized actuarial net gain (loss)	\$ (7,926)	\$ (5,855)	\$ 626	\$ (2,431)
Amortization of net gain (loss)	(2,193)	(2,563)	1,806	1,591
Amortization of prior service credit	66	66	—	—
Total loss (gain) recognized in other comprehensive income (loss)	<u>\$ (10,053)</u>	<u>\$ (8,352)</u>	<u>\$ 2,432</u>	<u>\$ (840)</u>

Kansas City Life Insurance Company
Notes to Consolidated Financial Statements – (Continued)

	Pension Benefits		OPEB	
	2025	2024	2025	2024
Weighted average assumptions used to determine benefit obligations at December 31:				
Discount rate	5.10 %	5.34 %	5.28 %	5.42 %
Weighted average assumptions used to determine net periodic benefit cost for years ended December 31:				
Discount rate	5.34 %	4.70 %	5.42 %	4.76 %
Expected return on plan assets	6.44 %	6.75 %	— %	—

The following table presents the fair value of each major category of pension plan assets at December 31.

	2025	2024
Fixed maturity securities:		
U.S. Government	\$ —	\$ 18
Industrial and public utility	—	3,175
Investment funds:		
Mutual funds	66,210	49,912
Collective trust	90,136	89,344
Limited partnerships	—	1,427
Other invested assets	84	10
Cash and cash equivalents	51	38
Receivables	155	268
Fair value of assets at end of year	<u>\$ 156,636</u>	<u>\$ 144,192</u>

Kansas City Life Insurance Company
Notes to Consolidated Financial Statements – (Continued)

The following tables provide the fair value hierarchy, as described in Note 5 - Fair Value Measurements, for pension plan assets at December 31.

	2025			
	Level 1	Level 2	Level 3	Total
Fixed maturity securities:				
U.S. Government	\$ —	\$ —	\$ —	\$ —
Industrial and public utility	—	—	—	—
Mutual funds	66,210	—	—	66,210
Other invested assets	—	—	84	84
Total assets in the fair value hierarchy	66,210	—	84	66,294
Investments measured at net asset value: ¹				
Collective trust				90,136
Limited partnerships				—
Investments at fair value				\$ 156,430

	2024			
	Level 1	Level 2	Level 3	Total
Fixed maturity securities:				
U.S. Government	\$ —	\$ 18	\$ —	\$ 18
Industrial and public utility	—	3,175	—	3,175
Mutual funds	49,912	—	—	49,912
Other invested assets	—	—	10	10
Total assets in the fair value hierarchy	<u>49,912</u>	<u>3,193</u>	<u>10</u>	<u>53,115</u>
Investments measured at net asset value: ¹				
Collective trust				89,344
Limited partnerships				<u>1,427</u>
Investments at fair value				\$ 143,886

¹ These investments are valued based on net asset value per unit. These values are provided by the fund as a practical expedient and have not been classified in the fair value hierarchy.

The following table discloses the changes in Level 3 pension plan assets measured at fair value on a recurring basis for the years ended December 31.

	2025	2024
Beginning balance	\$ 10	\$ 15
Gains (losses) realized and unrealized	74	(5)
Ending balance	<u>\$ 84</u>	<u>\$ 10</u>

Kansas City Life Insurance Company
Notes to Consolidated Financial Statements – (Continued)

The following table provides the components of net periodic benefit cost (credit) for the years ended December 31.

	Pension Benefits			OPEB		
	2025	2024	2023	2025	2024	2023
Service cost	\$ —	\$ —	\$ —	\$ 35	\$ 59	\$ 67
Interest cost	4,262	4,225	4,537	518	580	622
Expected return on plan assets	(8,989)	(9,351)	(8,938)	—	—	—
Amortization of:						
Unrecognized actuarial net loss (gain)	2,193	2,563	2,991	(1,806)	(1,591)	(1,626)
Unrecognized prior service credit	(66)	(66)	(66)	—	—	—
Net periodic benefit credit	(2,600)	(2,629)	(1,476)	(1,253)	(952)	(937)
Total recognized in other comprehensive income (loss)	(10,053)	(8,352)	(8,757)	2,432	(840)	1,360
Total recognized in net periodic benefit cost (credit) and other comprehensive income (loss)	<u>\$ (12,653)</u>	<u>\$ (10,981)</u>	<u>\$ (10,233)</u>	<u>\$ 1,179</u>	<u>\$ (1,792)</u>	<u>\$ 423</u>

For measurement purposes at December 31, 2025, the annual increase in the per capita cost of covered health care benefits was assumed to be 8.00%, decreasing gradually to 5.00% in 2031 and thereafter. For measurement purposes at December 31, 2024, the annual increase in the per capita cost of covered health care benefits was assumed to be 6.80%, decreasing gradually to 5.0% in 2030 and thereafter.

Other Retirement Plans

Non-contributory defined contribution retirement plans for eligible general agents and sales agents provide supplemental payments based upon earned first year individual life and annuity commissions. Contributions to these plans were \$0.1 million in each of 2025, 2024, and 2023. Non-contributory deferred compensation plans for eligible agents based upon earned first year commissions are also offered. Contributions to these plans were \$0.2 million in each of 2025, 2024, and 2023.

Savings plans for eligible employees and agents match employee and agent contributions up to 8.00% of salary and 2.50% of agents' prior year paid commissions. Contributions to the savings plans were \$2.4 million in each of 2025, 2024, and 2023. We may contribute an additional profit sharing amount up to 4% of salary for eligible employees, depending upon corporate profits. The Company did not make an additional profit sharing contribution 2025. The Company made an additional profit sharing contribution of \$1.5 million in 2024. The Company did not make an additional profit sharing contribution in 2023.

Kansas City Life Insurance Company
Notes to Consolidated Financial Statements – (Continued)

17. 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 Compensation Committee of the Board of Directors. The cash award is calculated over a three-year interval on a calendar year basis. At the conclusion of each three-year interval, participants will receive a cash award based on the increase in the share price, multiplied by the number of units attributable to each participant. Amounts are accrued and paid at the end of each three-year interval if the stock price appreciates. Plan payments are contingent on the continued employment of the participant unless termination is due to a qualifying event such as death, disability, or retirement. In addition, all payments are lump sum with no deferrals allowed. The Company does not make payments in shares, warrants, or options.

The following table provides information about the outstanding three-year intervals at December 31, 2025.

Defined Measurement Period	Number of Units	Grant Price
2023-2025	179,314	\$27.60
2024-2026	161,947	\$31.47
2025-2027	102,868	\$36.23

The Company did not make a cash payment under the long-term incentive plan during 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 2024 for the three-year interval ended December 31, 2023. The change in accrual that reduced operating expense during 2025 was \$0.1 million, net of tax. The cost of share-based compensation accrued as an operating expense during 2024 was \$0.8 million, net of tax. The cost of share-based compensation accrued as an operating expense during 2023 was \$0.3 million, net of tax.

Kansas City Life Insurance Company
Notes to Consolidated Financial Statements – (Continued)

18. Reinsurance

We enter into traditional indemnity and financial reinsurance agreements with other insurance companies to support sales of selected new products, the profitability of in force business, and manage our statutory capital. We cede reinsurance in force on all of the following bases: automatic and facultative; yearly renewable term (YRT) and coinsurance; and excess and quota share basis.

The following table provides information about reinsurance for the years ended December 31.

	2025	2024 ¹	2023 ¹
Life insurance in force (in millions):			
Direct	\$ 47,316	\$ 48,054	\$ 49,365
Ceded	(29,138)	(29,796)	(30,719)
Assumed	3,413	3,670	3,962
Net	<u>\$ 21,591</u>	<u>\$ 21,928</u>	<u>\$ 22,608</u>
Premiums:			
Life insurance:			
Direct	\$ 245,024	\$ 250,367	\$ 260,816
Ceded	(115,329)	(113,540)	(108,714)
Assumed	5,111	5,292	6,183
Net	<u>\$ 134,806</u>	<u>\$ 142,119</u>	<u>\$ 158,285</u>
Accident and health:			
Direct	\$ 64,281	\$ 64,168	\$ 61,546
Ceded	(10,133)	(10,257)	(10,239)
Net	<u>\$ 54,148</u>	<u>\$ 53,911</u>	<u>\$ 51,307</u>

¹ Certain prior period amounts have been recast. See Note 2 - New Accounting Pronouncements for more information.

Ceded Reinsurance Arrangements

Old American has a coinsurance agreement that cedes certain whole life policies issued by Old American prior to December 1, 1986. These policies had a face value of \$6.7 million at December 31, 2025 and \$7.5 million at December 31, 2024. The reserve for future policy benefits ceded under this agreement was \$4.2 million at December 31, 2025 and \$4.7 million at December 31, 2024.

Ibexis Life & Annuity Insurance Company, a former subsidiary, entered into a yearly renewable term reinsurance agreement January 1, 2002, whereby it ceded 80% of its retained mortality risk on traditional and universal life policies. In June 2012, Ibexis Life & Annuity Insurance Company recaptured approximately 9% of the outstanding bulk reinsurance agreement. Effective with the sale of Ibexis Life & Annuity Insurance Company on November 1, 2021, Kansas City Life assumed the responsibility for this agreement. The insurance in force ceded approximated \$386.5 million at December 31, 2025 and \$420.7 million at December 31, 2024. Ceded premiums totaled \$4.5 million during 2025, \$4.9 million during 2024, and \$5.1 million during 2023.

On January 1, 2022, Old American entered into a reinsurance agreement whereby it began ceding 50% of new business on selected products. This agreement was modified effective October 1, 2022, to cede 75% of new business on selected products and was subsequently modified to cede 50% on August 1, 2024. The insurance in force ceded approximated \$218.7 million at December 31, 2025 and \$181.0 million at December 31, 2024. Ceded premiums totaled \$15.5 million during 2025, \$13.3 million during 2024, and \$10.4 million during 2023.

In 2022, we ceded a block of fixed annuity business to a certified domestic reinsurer. The agreement requires Kansas City Life to administer this business on an ongoing basis, and we will receive an expense allowance associated with these efforts. At inception, Kansas City Life recorded a deferred revenue liability that is included in Other Liabilities in the Consolidated

Kansas City Life Insurance Company
Notes to Consolidated Financial Statements – (Continued)

Balances Sheets. This liability is being amortized over future periods consistent with the Deposit Asset on Reinsurance. We determined that the reinsurance agreement does not expose the reinsurer to a significant loss from insurance risk. Therefore, we recognized the reinsurance agreement using the deposit-type method of accounting. The reserve credit transferred to the reinsurer is reported as Deposit Asset on Reinsurance in the Consolidated Balance Sheets. As amounts are received or paid, consistent with the underlying reinsured contracts, the Deposit Asset on Reinsurance is similarly impacted. 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. In 2025, investment income recognized was \$13.0 million and interest credited on the block was \$13.0 million. In 2024, investment income recognized was \$14.7 million and interest credited on the block was \$14.6 million. In 2023, investment income recognized was \$16.5 million and the interest credited on the block was \$16.4 million. The Deposit Asset on Reinsurance balance was \$329.5 million at December 31, 2025 and \$377.5 million at December 31, 2024.

Old American reinsured 90% of a block of whole life business, issued on or before December 31, 2024, to a certified reinsurer effective June 30, 2025 through a modified coinsurance/coinsurance agreement. We recognized the reinsurance agreement using the deposit method of accounting. In addition, under the right of offset, we 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 \$29.2 million, net of tax, as of December 31, 2025.

Reinsurance recoverables were \$407.8 million at year-end 2025, consisting of reserves ceded of \$375.6 million and claims ceded of \$32.2 million. Reinsurance recoverables were \$381.4 million at year-end 2024, consisting of reserves ceded of \$348.5 million and claims ceded of \$32.9 million.

The maximum retention on any one life during 2025 and 2024 was \$0.5 million for ordinary life plans and \$0.1 million for group coverage.

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 have a deposit asset of \$329.5 million and approximately 60% of our total reinsurance recoverables with RGA. We believe that all of our reinsurance recoverables from RGA are collectible as of December 31, 2025. In the event of a failure of RGA to perform its obligations under its reinsurance treaties, there could be a material impact on our financial position and results of operations. RGA had an A+ (Superior) financial strength rating from A.M. Best and an AA- (Very Strong) financial strength rating from S&P Global Ratings as of December 31, 2025. Our other reinsurance partners, with the exception of Scottish Re, are all authorized reinsurers.

A contingent liability exists with respect to reinsurance, which may become a liability of the Company in the unlikely event that the reinsurers should be unable to meet obligations assumed under reinsurance contracts. The solvency of reinsurers is reviewed annually.

We monitor several factors that we consider relevant as to the ongoing ability of a reinsurer to meet the obligations of the reinsurance agreements. These factors include the credit rating as well as significant changes or events of the reinsurer. In addition, we review the credit rating and financial statements of a reinsurer before entering into any new agreements. If we believe it is probable that any reinsurer would not be able to satisfy its obligations with us, an allowance for credit losses may be established. At year-end 2025 and year-end 2024, one reinsurer met these conditions, as described below.

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 December 31, 2025 and December 31, 2024. On March 6, 2019, Scottish Re was ordered into receivership for the purposes of rehabilitation by the Court of Chancery of the State of Delaware. The Receiver filed a Motion for Entry of a Liquidation and Injunction Order on July 18, 2023. We 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 December 31, 2025 and December 31, 2024. This receivable is recorded in Other Assets in the Consolidated Balance Sheets. The allowance for credit losses on this receivable was \$0.7 million at both December 31, 2025 and December 31, 2024.

Assumed Reinsurance Arrangements

We acquired a block of traditional life and universal life products from Security Benefit Life Insurance Company in 1997 through a 100% coinsurance and servicing arrangement. These assumed policies and contracts are accounted for in a manner

Kansas City Life Insurance Company
Notes to Consolidated Financial Statements – (Continued)

similar to that used for direct business. Investments equal to the statutory policy reserves are held in a trust to secure payment of the estimated liabilities relating to the policies. This block had \$399.4 million of life insurance in force at December 31, 2025 and \$437.5 million of life insurance in force at December 31, 2024. This block generated life insurance premiums of \$1.4 million in 2025, \$1.5 million in 2024, and \$1.7 million in 2023.

We acquired a block of variable universal life insurance policies and variable annuity contracts from American Family Life Insurance Company in 2013. The transfer was comprised of a 100% modified coinsurance transaction on the separate account business and a 100% coinsurance transaction for the corresponding fixed account business. Included in the transaction are ongoing servicing arrangements for this business. We receive fees based upon both specific transactions and the fund value of the block of policies, as provided under modified coinsurance transactions. Also, as required under modified coinsurance transaction accounting, the separate account fund balances are not recorded as separate accounts on our financial statements. We record fixed fund accounts as a separate block under our general accounts. We receive fees on both the separate accounts and the fixed fund accounts. This block consisted of \$397.3 million of separate account balances at December 31, 2025, which are included in the financial statements of American Family, compared to \$361.7 million at December 31, 2024. This block consisted of \$0.5 million of future policy benefits and \$32.7 million in fixed fund balances that are included in Policyholder Account Balances in the Company's Consolidated Balance Sheets at December 31, 2025. This block consisted of \$0.5 million of liability for future policy benefits and \$33.5 million in fixed fund balances at December 31, 2024.

Effective December 31, 2020, we entered into a 100% assumption reinsurance agreement with Ibexis Life & Annuity Insurance Company, a former subsidiary, for all of its direct policyholder liabilities. Effective November 1, 2021, with the sale of Ibexis Life & Annuity Insurance Company, we recognized 100% of the future policy benefits and policyholder account balances as well as other related liabilities in the reinsurance assumption that occurred December 31, 2020. The treaty is accounted for as an assumption reinsurance agreement from an unaffiliated third party. The Company pursued a novation plan, whereby policies under this agreement were converted to direct business of Kansas City Life. In order to novate, certain conditions must be met as identified under state regulations. As these conditions are met, a policy is converted to a direct policy and the reinsurance aspect is eliminated. As of December 31, 2025, approximately three-fourths of the reserves for these policies had been converted. This block had \$751.3 million of life insurance in force at December 31, 2025 and generated life insurance premiums of \$0.9 million in 2025. This block had \$827.8 million of life insurance in force at December 31, 2024 and generated life insurance premiums of \$1.1 million in 2024. This block consisted of approximately \$26.9 million of liability for future policy benefits and \$157.3 million of policyholder account balances at December 31, 2025. This block consisted of approximately \$28.0 million of liability for future policy benefits and \$178.6 million of policyholder account balances at December 31, 2024.

Kansas City Life Insurance Company
Notes to Consolidated Financial Statements – (Continued)

19. 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). In addition, Other Comprehensive Income (Loss) includes changes in discount rates on the liability for future policy benefits, market risk benefits nonperformance risk gain (loss), and 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).

	Year Ended December 31, 2025		
	Pre-Tax Amount	Tax Expense (Benefit)	Net-of-Tax Amount
Change in unrealized investment gains/losses	\$ 69,682	\$ 14,633	\$ 55,049
Reclassification of unrealized investment gains/losses	2,077	436	1,641
Changes in discount rates on the liability for future policy benefits	(24,652)	(5,177)	(19,475)
Market risk benefits nonperformance risk gain (loss)	(222)	(46)	(176)
Change in benefit plan obligations	7,622	1,600	6,022
Other comprehensive income	<u>\$ 54,507</u>	<u>\$ 11,446</u>	<u>\$ 43,061</u>
Net loss			(20,761)
Comprehensive income			<u>\$ 22,300</u>

	Year Ended December 31, 2024 ¹		
	Pre-Tax Amount	Tax Expense (Benefit)	Net-of-Tax Amount
Change in unrealized investment gains/losses	\$ (41,176)	\$ (8,646)	\$ (32,530)
Reclassification of unrealized investment gains/losses	5,673	1,191	4,482
Changes in discount rates on the liability for future policy benefits	43,511	9,137	34,374
Market risk benefits nonperformance risk gain (loss)	(1,057)	(222)	(835)
Change in benefit plan obligations	9,192	1,930	7,262
Other comprehensive income	<u>\$ 16,143</u>	<u>\$ 3,390</u>	<u>\$ 12,753</u>
Net loss			(9,570)
Comprehensive income			<u>\$ 3,183</u>

	Year Ended December 31, 2023 ¹		
	Pre-Tax Amount	Tax Expense (Benefit)	Net-of-Tax Amount
Change in unrealized investment gains/losses	\$ 80,958	\$ 17,001	\$ 63,957
Reclassification of unrealized investment gains/losses	6,308	1,325	4,983
Changes in discount rates on the liability for future policy benefits	(31,784)	(6,675)	(25,109)
Market risk benefits nonperformance risk gain (loss)	(1,592)	(334)	(1,258)
Change in benefit plan obligations	7,397	1,553	5,844
Other comprehensive income	<u>\$ 61,287</u>	<u>\$ 12,870</u>	<u>\$ 48,417</u>
Net income			42,371
Comprehensive income			<u>\$ 90,788</u>

¹ Certain prior period amounts have been recast. See Note 2 - New Accounting Pronouncements for more information.

Kansas City Life Insurance Company
Notes to Consolidated Financial Statements – (Continued)

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

	Unrealized Gain (Loss) on Securities	Liability for Future Policy Benefits ¹	Market Risk Benefits	Benefit Plan Obligations	Total
Beginning of year	\$ (172,902)	\$ 102,163	\$ 603	\$ (33,446)	\$ (103,582)
Other comprehensive income (loss) before reclassification	55,049	(19,475)	(176)	6,022	41,420
Amounts reclassified from accumulated other comprehensive income (loss)	1,641	—	—	—	1,641
Net current-period other comprehensive income (loss)	56,690	(19,475)	(176)	6,022	43,061
End of year	<u>\$ (116,212)</u>	<u>\$ 82,688</u>	<u>\$ 427</u>	<u>\$ (27,424)</u>	<u>\$ (60,521)</u>

¹ Includes accumulated balances related to ceded reserves that are recorded in Reinsurance Recoverables in the Consolidated Balance Sheets.

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	Liability for Future Policy Benefits ^{1, 2}	Market Risk Benefits ¹	Benefit Plan Obligations	Total
Beginning of year	\$ (144,854)	\$ 67,789	\$ 1,438	\$ (40,708)	\$ (116,335)
Other comprehensive income (loss) before reclassification	(32,530)	34,374	(835)	7,262	8,271
Amounts reclassified from accumulated other comprehensive income (loss)	4,482	—	—	—	4,482
Net current-period other comprehensive income (loss)	(28,048)	34,374	(835)	7,262	12,753
End of year	<u>\$ (172,902)</u>	<u>\$ 102,163</u>	<u>\$ 603</u>	<u>\$ (33,446)</u>	<u>\$ (103,582)</u>

¹ Includes accumulated balances related to ceded reserves that are recorded in Reinsurance Recoverables in the Consolidated Balance Sheets.

² Certain prior period amounts have been recast. See Note 2 - New Accounting Pronouncements for more information.

Kansas City Life Insurance Company
Notes to Consolidated Financial Statements – (Continued)

The following table provides accumulated balances related to each component of Accumulated Other Comprehensive Income (Loss) at December 31, 2023, net of tax.

	Unrealized Gain (Loss) on Securities	DAC/ VOBA/DRL Impact	Liability for Future Policy Benefits ^{1, 2}	Market Risk Benefits ¹	Benefit Plan Obligations	Total
Beginning of year	\$ (213,794)	\$ 18,756	\$ —	\$ —	\$ (46,552)	\$ (241,590)
Other comprehensive income (loss) before reclassification	63,957	—	(25,109)	(1,258)	5,844	43,434
Amounts reclassified from accumulated other comprehensive income (loss)	4,983	—	—	—	—	4,983
Net current-period other comprehensive income (loss)	68,940	—	(25,109)	(1,258)	5,844	48,417
Cumulative effect of adoption of new accounting principle	—	(18,756)	92,898	2,696	—	76,838
End of year	<u>\$ (144,854)</u>	<u>\$ —</u>	<u>\$ 67,789</u>	<u>\$ 1,438</u>	<u>\$ (40,708)</u>	<u>\$ (116,335)</u>

¹ Includes accumulated balances related to ceded reserves that are recorded in Reinsurance Recoverables in the Consolidated Balance Sheets.

² Certain prior period amounts have been recast. See Note 2 - New Accounting Pronouncements for more information.

The following table presents the pre-tax and the related income tax benefit components of the amounts reclassified from Accumulated Other Comprehensive Income (Loss) to the Consolidated Statements of Comprehensive Income for the year ended December 31.

	2025	2024	2023
Net investment losses ¹	\$ (2,077)	\$ (5,673)	\$ (6,308)
Income tax benefit ²	436	1,191	1,325
Net of taxes	<u>\$ (1,641)</u>	<u>\$ (4,482)</u>	<u>\$ (4,983)</u>

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.

Kansas City Life Insurance Company
Notes to Consolidated Financial Statements – (Continued)

20. 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 years reported. The average number of shares outstanding was 9,683,414 shares during 2025, 2024, and 2023. The number of shares outstanding at both December 31, 2025 and December 31, 2024 was 9,683,414.

21. 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 associated 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 accounting policies of all segments are the same as those described in Note 3 - Significant Accounting Policies. The Company's chief operating decision maker (CODM) is the chief executive officer. The CODM 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 CODM 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.

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.

Kansas City Life Insurance Company
Notes to Consolidated Financial Statements – (Continued)

The following tables provide information about segment revenue, measures of segment profit or loss, significant segment expenses, and a measure of segment assets for the years ended December 31.

	2025			
	Individual Insurance	Group Insurance	Old American	Consolidated
Insurance revenues	\$ 165,283	\$ 70,298	\$ 78,570	\$ 314,151
Intersegment revenues	481	—	—	481
Net investment income	147,223	400	14,570	162,193
Net investment gains	3,157	—	45	3,202
Other revenues	5,817	87	—	5,904
Total segment revenues	<u>321,961</u>	<u>70,785</u>	<u>93,185</u>	<u>485,931</u>
Elimination of intersegment revenues				<u>(481)</u>
Total revenues				<u>485,450</u>
Policyholder benefits	147,257	39,720	59,634	246,611
Change in market risk benefits	157	—	—	157
Interest credited to policyholder account balances	78,031	—	—	78,031
Amortization of deferred acquisition costs	18,485	—	16,785	35,270
Operating expenses:				
Salaries and benefits	40,845	5,356	8,592	54,793
Legal settlement accrual	45,000	—	—	45,000
Other segment items ¹	32,914	21,219	3,916	58,049
Operating expenses	<u>118,759</u>	<u>26,575</u>	<u>12,508</u>	<u>157,842</u>
Total segment benefits and expenses	<u>362,689</u>	<u>66,295</u>	<u>88,927</u>	<u>517,911</u>
Elimination of intersegment expense				<u>(481)</u>
Total benefits and expenses				<u>517,430</u>
Income (loss) before income tax expense (benefit)	(40,728)	4,490	4,258	(31,980)
Income tax expense (benefit)	(13,060)	943	898	(11,219)
Net income (loss)	<u>\$ (27,668)</u>	<u>\$ 3,547</u>	<u>\$ 3,360</u>	<u>\$ (20,761)</u>
Assets	<u>\$ 4,469,028</u>	<u>\$ 10,733</u>	<u>\$ 468,947</u>	<u>\$ 4,948,708</u>

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

Kansas City Life Insurance Company
Notes to Consolidated Financial Statements – (Continued)

2024 ¹

	Individual Insurance	Group Insurance	Old American	Consolidated
Insurance revenues	\$ 168,336	\$ 70,126	\$ 82,703	\$ 321,165
Intersegment revenues	466	—	—	466
Net investment income	150,596	451	13,569	164,616
Net investment losses	(366)	—	(310)	(676)
Other revenues	5,598	99	1	5,698
Total segment revenues	<u>324,630</u>	<u>70,676</u>	<u>95,963</u>	<u>491,269</u>
Elimination of intersegment revenues				<u>(466)</u>
Total revenues				<u>490,803</u>
Policyholder benefits	149,540	41,774	63,401	254,715
Change in market risk benefits	(1,807)	—	—	(1,807)
Interest credited to policyholder account balances	78,801	—	—	78,801
Amortization of deferred acquisition costs	19,550	—	17,701	37,251
Operating expenses:				
Salaries and benefits	39,641	4,963	8,161	52,765
Legal settlement accrual	21,140	—	—	21,140
Other segment items ²	34,705	20,887	4,968	60,560
Operating expenses	<u>95,486</u>	<u>25,850</u>	<u>13,129</u>	<u>134,465</u>
Total segment benefits and expenses	<u>341,570</u>	<u>67,624</u>	<u>94,231</u>	<u>503,425</u>
Elimination of intersegment expense				<u>(466)</u>
Total benefits and expenses				<u>502,959</u>
Income (loss) before income tax expense (benefit)	(16,940)	3,052	1,732	(12,156)
Income tax expense (benefit)	<u>(3,589)</u>	<u>641</u>	<u>362</u>	<u>(2,586)</u>
Net income (loss)	<u>\$ (13,351)</u>	<u>\$ 2,411</u>	<u>\$ 1,370</u>	<u>\$ (9,570)</u>
Assets	<u>\$ 4,474,613</u>	<u>\$ 11,247</u>	<u>\$ 448,779</u>	<u>\$ 4,934,639</u>

¹ Certain prior period amounts have been recast. See Note 2 - New Accounting Pronouncements for more information.

² Other segment items includes agency-related expenses, legal fees, depreciation, amortization, commission expenses net of capitalization, marketing expenses, professional services, and overhead expenses.

Kansas City Life Insurance Company
Notes to Consolidated Financial Statements – (Continued)

2023 ¹

	Individual Insurance	Group Insurance	Old American	Consolidated
Insurance revenues	\$ 179,263	\$ 67,272	\$ 87,067	\$ 333,602
Intersegment revenues	450	—	—	450
Net investment income	144,939	266	12,436	157,641
Net investment gains (losses)	62,141	—	(88)	62,053
Other revenues	5,365	107	1	5,473
Total segment revenues	<u>392,158</u>	<u>67,645</u>	<u>99,416</u>	<u>559,219</u>
Elimination of intersegment revenues				<u>(450)</u>
Total revenues				<u>558,769</u>
Policyholder benefits	167,980	40,145	64,242	272,367
Change in market risk benefits	(1,824)	—	—	(1,824)
Interest credited to policyholder account balances	74,311	—	—	74,311
Amortization of deferred acquisition costs	24,303	—	20,089	44,392
Operating expenses:				
Salaries and benefits	41,011	5,146	8,043	54,200
Other segment items ²	37,276	19,898	5,174	62,348
Operating expenses	<u>78,287</u>	<u>25,044</u>	<u>13,217</u>	<u>116,548</u>
Total segment benefits and expenses	<u>343,057</u>	<u>65,189</u>	<u>97,548</u>	<u>505,794</u>
Elimination of intersegment expense				<u>(450)</u>
Total benefits and expenses				<u>505,344</u>
Income before income tax expense	49,101	2,456	1,868	53,425
Income tax expense	10,141	515	398	11,054
Net income	<u>\$ 38,960</u>	<u>\$ 1,941</u>	<u>\$ 1,470</u>	<u>\$ 42,371</u>
Assets	<u>\$ 4,532,321</u>	<u>\$ 10,808</u>	<u>\$ 444,824</u>	<u>\$ 4,987,953</u>

¹ Certain prior period amounts have been recast. See Note 2 - New Accounting Pronouncements for more information.

² Other segment items includes agency-related expenses, legal fees, depreciation, amortization, commission expenses net of capitalization, marketing expenses, professional services, and overhead expenses.

Kansas City Life Insurance Company
Notes to Consolidated Financial Statements – (Continued)

22. Quarterly Consolidated Financial Data (unaudited)

The unaudited quarterly results of operations for the years ended December 31 are summarized in the following table.

	2025			
	First ¹	Second ¹	Third ¹	Fourth
Total revenues	\$ 117,990	\$ 122,410	\$ 123,524	\$ 121,526
Total benefits and expenses	117,408	158,916	119,937	121,169
Net income (loss)	4,160	(28,726)	2,833	972
Per common share, basic and diluted	0.43	(2.96)	0.29	0.10

	2024 ¹			
	First	Second	Third	Fourth
Total revenues	\$ 126,771	\$ 123,025	\$ 124,972	\$ 116,035
Total benefits and expenses	124,914	117,983	126,289	133,773
Net income (loss)	1,470	4,005	(1,038)	(14,007)
Per common share, basic and diluted	0.15	0.41	(0.10)	(1.45)

¹ Certain prior period amounts have been recast. See Note 2 - New Accounting Pronouncements for more information.

23. Statutory Information and Stockholder Dividends Restriction

The following table provides Kansas City Life's net gain (loss) from operations, net income (loss), and capital and surplus (stockholders' equity) on the statutory basis used to report to regulatory authorities for the years ended December 31.

	2025	2024	2023
Net gain (loss) from operations	\$ (20,020)	\$ (13,492)	\$ 495
Net income (loss)	(15,581)	(9,953)	55,355
Capital and surplus	261,829	261,607	277,625

Kansas City Life recognizes its 100% ownership in Old American and Grange Life under the equity method with subsidiary earnings recorded through surplus on a statutory accounting basis. Capital and surplus at December 31, 2025 in the above table includes capital and surplus of \$62.9 million for Old American and \$24.5 million for Grange Life.

Stockholder dividends may not exceed statutory unassigned surplus. Additionally, under Missouri law, a company must have the prior approval of the Missouri Director of Insurance to pay dividends in any consecutive twelve-month period exceeding the greater of statutory net gain from operations for the preceding year or 10% of capital and surplus at the end of the preceding year. Both Kansas City Life and Old American are Missouri-domiciled insurance companies. The maximum stockholder dividends payable by Kansas City Life without prior approval in 2026 is \$26.2 million, 10% of December 31, 2025 capital and surplus. The maximum stockholder dividends payable by Old American without prior approval in 2026 is \$6.3 million, 10% of December 31, 2025 capital and surplus.

Grange Life is subject to the laws in Ohio, its state of domicile. Ohio law limits the Company's payment of dividends to its parent company, Kansas City Life. The maximum dividend that may be paid by an Ohio-domiciled insurance company to its shareholders in any year without the prior approval of the Ohio Director of the Department of Insurance is limited to the greater of the net income of the preceding calendar year or 10% of capital and surplus as of the preceding December 31. Ohio law also requires that any dividend be paid from earned surplus. The maximum dividend payments that can be made in 2026, without obtaining prior approval, are \$2.5 million subject to the amount of earned surplus available at the time of payment.

We believe that the statutory limitations described above impose no practical restrictions on the declaration and subsequent payment of any dividend that may be declared on any of our three insurance companies.

Insurance companies are monitored and evaluated by state insurance departments as to the financial adequacy of statutory capital and surplus in relation to each company's risks. One such measure is through the risk-based capital (RBC) guidelines. RBC requirements are intended to be used by insurance regulators as an early warning tool to identify deteriorating or weakly

Kansas City Life Insurance Company
Notes to Consolidated Financial Statements – (Continued)

capitalized insurance companies for the purpose of initiating regulatory action. RBC guidelines consist of target statutory surplus levels based on the relationship of statutory capital and surplus to the sum of weighted risk exposures. The RBC calculation determines both an authorized control level and a total adjusted capital prepared on the RBC basis. Generally, regulatory action is at 150% of the authorized control level. Each of the insurance companies was within the range of approximately 465% to 2,625%, well in excess of the control level at December 31, 2025.

Concern has been expressed by state legislatures and insurance regulators regarding the use of artificial intelligence (AI) and the potential for discrimination and bias in insurance practices. Certain state legislatures have adopted regulations and guidance regarding this matter. In addition, the National Association of Insurance Commissioners (NAIC) issued the Model Bulletin on the Use of Artificial Intelligence Systems by Insurers (Model Bulletin) in 2023, which has been adopted by many states. The Model Bulletin provides comprehensive guidance for the governance of AI systems that make or contribute to decisions related to regulated insurance practices. We do not expect existing regulations regarding AI to have a material impact on our business. However, there can be no assurance that there will not be any material impacts in the future. In addition, further regulation may be adopted related to the use of AI by state legislatures, insurance regulators, and United States federal agencies.

We are required to deposit a defined amount of assets with state regulatory authorities. Such assets had a statutory carrying value of \$10.0 million at December 31, 2025, \$9.7 million at December 31, 2024, and \$8.5 million at December 31, 2023.

24. 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 \$99.8 million at December 31, 2025 and \$54.9 million at December 31, 2024.

We had purchase commitments to fund mortgage loans of \$17.2 million at December 31, 2025 and \$9.3 million at December 31, 2024. Subsequent to December 31, 2025, we entered into commitments to fund additional mortgage loans of \$2.0 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. In 2025, 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. In 2025, 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 examination findings 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.

25. 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

Kansas City Life Insurance Company
Notes to Consolidated Financial Statements – (Continued)

allowance for credit losses related to these reinsurance receivables in future financial periods. For additional information, please see Note 18 - 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 December 31, 2025. While the potential future liabilities could be material in the particular quarterly or annual periods in which they are recorded, based on information currently known by management, we do not believe any such liabilities are likely to have a material adverse effect on our business and our consolidated financial position, results of operations and cash flows, except for the matters described below under the heading "Cost of Insurance Litigation."

Cost of Insurance Litigation

We previously disclosed the settlement of several putative or certified class action lawsuits and the claims of other similarly situated policyholders under two separate legal proceedings, *Sheldon v. Kansas City Life Insurance Company* ("Sheldon") and *van Zanten and Vittetoe v. Kansas City Life Insurance Company* ("van Zanten"), collectively the "Cost of Insurance Class Action Litigation."

The global settlement provided that we would pay \$45.0 million to a settlement fund to resolve all claims related to policies at issue in the Cost of Insurance Class Action Litigation, including class counsel's fees and the costs of administering the settlement. The settlement resolves 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, LowerMax, 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.

Following fairness hearings in the two cases, the Sheldon court approved the settlement on December 11, 2025, and the van Zanten court approved the settlement on December 12, 2025. Those court approvals became final in January 2026. We paid the settlement amount on February 3, 2026, and consider the matters to be closed.

26. Subsequent Events

We evaluated events that occurred subsequent to December 31, 2025 through March 9, 2026, the date the consolidated financial statements were issued, and have identified the following subsequent event.

On January 26, 2026, the Kansas City Life Board of Directors declared a quarterly dividend of \$0.18 per share, paid on February 11, 2026 to stockholders of record on February 5, 2026.

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 year ended December 31, 2025.

Independent Auditor's Report

***The Audit Committee and Stockholders
Kansas City Life Insurance Company
Kansas City, Missouri***

Opinion

We have audited the consolidated financial statements of Kansas City Life Insurance Company and subsidiaries, which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the related consolidated statements of comprehensive income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2025, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Kansas City Life Insurance Company and subsidiaries as of December 31, 2025 and 2024, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2025 in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 2 to the consolidated financial statements, the Company changed the manner in which it accounts for long-duration insurance contracts due to the adoption of ASU 2018-12, Targeted Improvements to the Accounting for Long-Duration Contracts ("ASU 2018-12"), effective January 1, 2025, with a transition date of January 1, 2023.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are required to be independent of Kansas City Life Insurance Company and subsidiaries to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Kansas City Life Insurance Company and subsidiaries' ability to continue as a going concern within one year after the date that these consolidated financial statements are issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Kansas City Life Insurance Company and subsidiaries' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Kansas City Life Insurance Company and subsidiaries' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the incurred and paid claims development information for the years 2016 through 2024 in Note 12 be presented to supplement the basic consolidated financial statements. Such information is the responsibility of management and, although not a part of the basic consolidated financial statements, is required by the Financial Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic consolidated financial statements, and other knowledge we obtained during our audit of the basic consolidated financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

/s/ Forvis Mazars, LLP

Kansas City, Missouri
March 9, 2026

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.

Effective January 1, 2025, we adopted ASU No. 2018-12, which revises the measurement models and disclosure requirements for long-duration contracts. This guidance was applied with a transition date of January 1, 2023. Accordingly, the results for 2023 and 2024 have been recast throughout this report and are presented under this guidance. For additional information, please see Note 2 - New Accounting Pronouncements and Note 3 - Significant Accounting Policies for our accounting policies as updated subsequent to the adoption of ASU No. 2018-12.

The following is a discussion and analysis of the results of operations for the year ended December 31, 2025 and our financial condition at December 31, 2025. This discussion should be read in conjunction with the consolidated financial statements and accompanying notes included in this document.

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 growing use of artificial intelligence both internally and externally; and
- The ability to identify, adopt, and implement new and emerging technologies.

Policyholder behavior and consumer confidence impact the sales and persistency of our products. These include consumer 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.

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;
- 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.

Consolidated Results of Operations

Summary of Results

We incurred a net loss of \$20.8 million and net loss per share of \$2.14 in 2025. We incurred a net loss of \$9.6 million and net loss per share of \$0.99 in 2024.

The following table presents condensed consolidated results of operations for the years ended December 31.

	2025	2024 ¹	\$ Change	% Change
Revenues:				
Insurance and other revenues	\$ 320,055	\$ 326,863	\$ (6,808)	(2)%
Net investment income	162,193	164,616	(2,423)	(1)%
Net investment gains	3,202	(676)	3,878	574 %
Benefits and expenses:				
Policyholder benefits and interest credited to policyholder account balances	324,642	333,516	(8,874)	(3)%
Change in market risk benefits	157	(1,807)	1,964	109 %
Amortization of deferred acquisition costs	35,270	37,251	(1,981)	(5)%
Operating expenses	157,361	133,999	23,362	17 %
Income tax benefit	(11,219)	(2,586)	(8,633)	(334)%
Net loss	<u>\$ (20,761)</u>	<u>\$ (9,570)</u>	<u>\$ (11,191)</u>	<u>(117)%</u>

¹ Certain prior period amounts have been recast. See Note 2 - New Accounting Pronouncements for more information.

Contributing to the net losses in 2025 and 2024 were increases in operating expenses associated with legal accruals. Expenses associated with legal accruals of \$35.6 million, net of tax, in the second quarter of 2025 and \$16.7 million, net of tax, in the fourth quarter of 2024 were established related to the class action lawsuits. Excluding these accruals, net income would have been \$14.8 million or \$1.53 per share in 2025 and \$7.1 million or \$0.73 per share in 2024.

The following table presents supplemental information for the years ended December 31. Adjusted net income is considered a non-GAAP measure.

	2025	Per Share	2024 ¹	Per Share
Net income (loss) as reported	\$ (20,761)	\$ (2.14)	\$ (9,570)	\$ (0.99)
Legal settlement accrual, net of tax	35,550	3.67	16,701	1.72
Adjusted net income	<u>\$ 14,789</u>	<u>\$ 1.53</u>	<u>\$ 7,131</u>	<u>\$ 0.73</u>

¹ Certain prior period amounts have been recast. See Note 2 - New Accounting Pronouncements for more information.

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, for the years ended December 31. New premiums are also detailed by product.

	2025	2024 ¹	\$ Change	% Change
New premiums:				
Traditional life insurance	\$ 18,405	\$ 15,810	\$ 2,595	16 %
Immediate annuities	6,820	8,463	(1,643)	(19)%
Group life insurance	2,073	2,644	(571)	(22)%
Group accident and health insurance	9,520	11,368	(1,848)	(16)%
Total new premiums	36,818	38,285	(1,467)	(4)%
Renewal premiums	271,025	272,219	(1,194)	— %
Immediate annuities - internal rollovers	6,573	9,323	(2,750)	(29)%
Total premiums	314,416	319,827	(5,411)	(2)%
Reinsurance ceded	(125,462)	(123,797)	(1,665)	(1)%
Net premiums	<u>\$ 188,954</u>	<u>\$ 196,030</u>	<u>\$ (7,076)</u>	(4)%

¹ Certain prior period amounts have been recast. See Note 2 - New Accounting Pronouncements for more information.

Consolidated total premiums decreased \$5.4 million or 2% in 2025 compared to 2024, as new premiums declined \$1.5 million or 4%, renewal premiums declined \$1.2 million or less than 1%, and internal rollovers from various individual annuity products declined \$2.7 million or 29% compared to the prior year. The largest factor in the decline in new premiums was a \$1.6 million or 19% decrease in new immediate annuity premiums compared to one year earlier. Immediate annuity receipts can have sizeable fluctuations, as receipts from policyholders largely result from one-time premiums. New group accident and health premiums decreased \$1.8 million or 16%, primarily from the dental and disability lines of business, and new group life insurance premiums decreased \$0.6 million or 22% versus the prior year. Partially offsetting these, new traditional life insurance premiums increased \$2.6 million or 16% over the prior year, largely from the sale of term products. The decline in renewal premiums was largely due to a \$3.7 million or 2% decrease in renewal traditional life insurance premiums. Partially offsetting this, renewal group accident and health insurance premiums increased \$2.0 million or 4%, reflecting increases in all lines of business, and renewal group life premiums rose \$0.6 million or 3% over the prior year.

Reinsurance ceded premiums increased \$1.7 million or 1% in 2025 compared to 2024. This increase reflected higher reinsurance ceded premiums from 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 for the years ended December 31. New deposits are also detailed by product. While the disclosure of deposits is standard industry practice, it is considered a non-GAAP measure.

	2025	2024	\$ Change	% Change
New deposits:				
Interest sensitive life	\$ 7,089	\$ 6,063	\$ 1,026	17 %
Fixed annuities	57,387	48,178	9,209	19 %
Variable annuities	4,328	5,576	(1,248)	(22)%
Total new deposits	68,804	59,817	8,987	15 %
Renewal deposits	127,834	130,729	(2,895)	(2)%
Total deposits	\$ 196,638	\$ 190,546	6,092	3 %
Reinsurance ceded	(3,551)	(4,777)	1,226	26 %
Net deposits	<u>\$ 193,087</u>	<u>\$ 185,769</u>	<u>\$ 7,318</u>	4 %

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 increased \$9.0 million or 15% in 2025 compared to 2024. This improvement reflected a \$9.2 million or 19% increase in new fixed annuity deposits and a \$1.0 million or 17% 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 \$1.2 million or 22% versus one year earlier. Total renewal deposits decreased \$2.9 million or 2% in 2025 compared with the prior year, reflecting a \$3.0 million or 3% decline in renewal interest sensitive life deposits and a \$1.5 million or 14% decline in renewal fixed annuity deposits. Partially offsetting these, renewal variable annuity deposits increased \$1.6 million or 34% compared to the prior year. The decline in renewal interest sensitive life deposits resulted from decreases in renewal universal life and variable universal life deposits that were partially offset by an increase in renewal indexed universal life deposits.

Reinsurance ceded deposits decreased \$1.2 million or 26% in 2025 compared to 2024. This decrease reflected the runoff of a block of fixed annuity business we ceded to a certified domestic reinsurer in 2022.

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 less than \$0.1 million or less than 1% in 2025 compared to 2024. Contract charges on open blocks increased \$0.3 million compared to the prior year, primarily from higher cost of insurance charges. Contract charges on closed blocks decreased \$0.2 million, reflecting the runoff of the blocks of business. Total contract charges on closed blocks equaled 40% of total consolidated contract charges during 2025 and 2024.

Investment Revenues

The following table provides net investment income classified by income associated with invested assets and income associated with deposit-type reinsurance for the years ended December 31.

	2025	2024	\$ Change	% Change
Gross investment income - invested assets	\$ 161,559	\$ 162,513	\$ (954)	(1)%
Less investment expenses	(12,410)	(12,582)	172	1 %
Net investment income - invested assets	149,149	149,931	(782)	(1)%
Net investment income - deposit-type reinsurance	13,044	14,685	(1,641)	(11)%
Net investment income	<u>\$ 162,193</u>	<u>\$ 164,616</u>	<u>\$ (2,423)</u>	(1)%

Net investment income from invested assets decreased \$0.8 million or 1% in 2025 compared with 2024, as higher overall yields earned were offset by lower average invested assets. Our earned book yield was 4.4% in 2025 compared to 4.3% in 2024.

Fixed maturity securities provide a majority of our investment income. Gross investment income from these investments increased \$0.6 million or less than 1% in 2025 compared to 2024, 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 during 2025, in part related to the class action lawsuits.

Gross investment income from commercial mortgage loans increased \$0.2 million or 1% in 2025 versus one year earlier, as higher yields earned on new mortgage loans were partially offset by lower mortgage loan balances and lower prepayment fees.

Gross investment income from real estate declined \$1.7 million or 15% in 2025 compared to the prior year. This decline largely resulted from lower returns on real estate joint ventures due to pre-stabilization of a recently completed warehouse development.

Net investment income resulting from the runoff of the block of deposit-type reinsurance business was \$13.0 million in 2025 compared to \$14.7 million in 2024.

Investment Gains (Losses)

Net investment gains for 2025 totaled \$3.2 million compared to net investment losses of \$0.7 million for 2024. The largest factor in the increase in 2025 compared to the prior year was an intent-to-sell impairment of \$4.8 million that was recognized as of December 31, 2024. The Company sold fixed maturity securities subsequent to December 31, 2024, but prior to the date the consolidated financial statements were issued. These fixed maturity securities were in an unrealized loss position, with no credit loss recognized. The securities were sold in conjunction with a legal judgment that occurred subsequent to the reporting date that resulted in a change in the Company's intent to sell these securities. In addition, impairment losses on investment securities of \$0.6 million were recognized in 2025. Also contributing to the increase in net investment gains, net realized/unrealized gains on other investments totaled \$5.4 million in 2025 compared to \$5.0 million in 2024. Partially offsetting these, net sales and calls of investment securities resulted in a net loss of \$1.5 million in 2025 compared to a net loss of \$0.9 million in 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 \$8.1 million or 3% in 2025 compared to 2024. The largest factor in this result was a \$7.7 million decrease in benefit and contract reserves. The decline in benefit and contract reserves reflected lower traditional life and annuity premiums and lower supplemental contract considerations. Partially offsetting this, the change in the fair value of the indexed universal life embedded derivatives compared to the prior year increased reserves. 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. The Company's results for actual variances from expected experience produced a \$1.6 million net remeasurement gain for the year ended December 31, 2025 as compared to a \$0.3 million net remeasurement loss for the year ended December 31, 2024. Also contributing to the decrease in policyholder benefits was a \$1.5 million or 1% decline in death benefits, net of reinsurance compared to the prior year.

Change in Market Risk Benefits

The change in market risk benefits increased policyholder benefits \$0.2 million in 2025 compared to a \$1.8 million decrease in the prior year. The primary driver of this change was differences in the risk-free interest rates used for discounting.

Amortization of DAC

The amortization of DAC decreased \$2.0 million or 5% in 2025 compared to 2024, due to higher amortization from terminations in 2024.

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 \$23.4 million or 17% in 2025 compared to 2024. Operating expenses were higher in 2025, largely due to legal settlement accruals in the class action lawsuits. A legal settlement accrual of \$45.0 million was established in 2025 and an accrual of \$21.1 million related to legal judgments was established in 2024 also related to the class action lawsuits. In addition, employee compensation expenses and underwriting costs were higher compared to one year earlier. The increase in underwriting costs resulted from enhancements to our underwriting process that are anticipated to lead to an improvement in mortality experience over time.

Income Taxes

We recorded an income tax benefit of \$11.2 million or 35% of income before tax in 2025. We recorded an income tax benefit of \$2.6 million or 21% of income before tax in 2024. The increased tax benefit in 2025 was related to the payment of a court ordered judgment in the first quarter of 2025, and lower pretax income compared to the prior year due to a legal settlement accrual established in the second quarter of 2025. The increase in the effective tax rate in 2025 was primarily due to the court ordered judgment.

The effective income tax rate was higher than the prevailing corporate federal income tax rate of 21% for 2025. The effective income tax rate was higher than the prevailing corporate federal income tax rate of 21% for 2024. The higher effective income tax rate for 2025 was due to lower pretax income and the court ordered judgment in 2025 relative to 2024.

On July 4, 2025, the "One Big Beautiful Bill Act" (OB3 Act) was enacted, which resulted in changes to the Internal Revenue Code. The Company has analyzed the impact of the OB3 Act and it does not have a material impact on taxes reported in the Company's consolidated financial statements.

Analysis of Invested Assets

This analysis of investments should be read in conjunction with Note 4 - Investments in the Notes to Consolidated Financial Statements.

The following table provides asset class detail of the investment portfolio at December 31.

	2025	% of Total	2024	% of Total
Fixed maturity securities	\$ 2,322,542	71 %	\$ 2,350,032	73 %
Equity securities	514	— %	819	— %
Mortgage loans	548,797	17 %	575,068	18 %
Real estate	94,331	3 %	96,867	3 %
Policy loans	87,742	3 %	84,913	3 %
Short-term investments	132,126	4 %	64,917	2 %
Other investments	63,921	2 %	48,825	1 %
Total	<u>\$ 3,249,973</u>	<u>100 %</u>	<u>\$ 3,221,441</u>	<u>100 %</u>

Fixed maturity securities were the largest component of total investments and represented 71% of total investments at December 31, 2025 and 73% at December 31, 2024. The largest categories of fixed maturity securities at December 31, 2025 consisted of 73% in corporate obligations, 12% in asset-backed securities and collateralized loan obligations, and 11% in municipal securities. As of December 31, 2025, we had 30% 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 were 99% at both December 31, 2025 and December 31, 2024.

The fair value of fixed maturity securities with unrealized losses was \$1.4 billion at December 31, 2025, compared to \$1.8 billion at December 31, 2024. At both December 31, 2025 and December 31, 2024, 99% of security investments with an unrealized loss were investment grade and accounted for 99% of the total unrealized losses.

At December 31, 2025, we had \$26.9 million in gross unrealized gains on fixed maturity securities that were offset by \$174.0 million in gross unrealized losses. 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 December 31, 2025, 38% 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 \$4.4 million and accounted for 10% of the security values in a gross unrealized loss position at December 31, 2025. Gross unrealized losses on fixed maturity securities for less than 12 months totaled \$11.1 million and accounted for 21% of the fair value of securities in a gross unrealized loss position at December 31, 2024. Gross unrealized losses on fixed maturity securities of 12 months or longer decreased from \$220.4 million at December 31, 2024 to \$169.7 million at December 31, 2025.

Investments in mortgage loans totaled \$548.8 million at December 31, 2025, compared to \$575.1 million at December 31, 2024. The commercial mortgage loan portfolio decreased \$26.3 million during 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 \$1.2 million at December 31, 2025 and \$1.4 million at December 31, 2024. For additional information on our mortgage loan portfolio, please see Note 4 - Investments.

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 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 \$130.6 million for the year ended December 31, 2025. The primary sources of cash from operating activities in 2025 were premium receipts and net investment income. The primary uses of cash from operating activities in 2025 were for the payment of policyholder benefits and operating expenses. Net cash provided by investing activities was \$45.0 million for the year ended December 31, 2025. The primary sources of cash were sales, maturities, calls, and principal paydowns of investments totaling \$458.4 million. Partially offsetting these, investment purchases, including new mortgage loans and new policy loans, totaled \$346.2 million. In addition, net purchases of short-term investments totaled \$67.2 million for the year ended December 31, 2025. Net cash provided by financing activities was \$85.9 million for the year ended December 31, 2025, and included a \$61.0 million change in deposit asset on reinsurance, \$20.0 million of receipts from funding agreements, \$15.5 million of deposits, net of withdrawals, on policyholder account balances, and \$1.5 million of net transfers from separate accounts. These were partially offset by a \$6.8 million change in other deposits and the payment of \$5.4 million in stockholder dividends.

Capital Resources

We believe existing capital resources provide adequate support for the current level of business activities, as identified in the following table at December 31.

	2025	2024 ¹
Total assets, excluding separate accounts	\$ 4,531,713	\$ 4,521,213
Total stockholders' equity	665,575	648,698
Ratio of stockholders' equity to assets, excluding separate accounts	15%	14%

¹ Certain prior period amounts have been recast. See Note 2 - New Accounting Pronouncements for more information.

Stockholders' equity increased \$16.9 million from year-end 2024, as lower net unrealized losses on available for sale securities were partially offset by a higher net loss and an increase in the changes in discount rates on the liability for future policy benefits compared to the prior year. Stockholders' equity per share, or book value, equaled \$68.73 at year-end 2025, an increase from \$66.99 at year-end 2024.

Net unrealized losses on available for sale securities, which are included as part of Accumulated Other Comprehensive Income (Loss) and as a component of Stockholders' Equity, net of related taxes, totaled \$116.2 million at December 31, 2025, a \$56.7 million decrease from net unrealized losses of \$172.9 million at December 31, 2024. The decrease in unrealized losses reflected lower interest rates at December 31, 2025 compared to December 31, 2024.

The Company has advance funding agreements with the FHLB. These funds are used in an investment spread arbitrage program. Interest earned from this program was \$8.4 million during 2025 and \$8.1 million during 2024. Interest is credited based on variable rates set by the FHLB. Total obligations outstanding under these agreements, which mature between 2027 and 2030, were \$140.0 million at December 31, 2025 and \$120.0 million at December 31, 2024, and are reported as Policyholder Account Balances in the Consolidated Balance Sheets. Accrued interest totaled \$1.1 million at December 31, 2025 and \$0.8 million at December 31, 2024. Cash interest payments were \$6.5 million during 2025 and 2024.

In the normal course of business, we have open purchase and sale commitments. At December 31, 2025, we had commitments to fund investments in private alternative investment funds of \$99.8 million and mortgage loans of \$17.2 million. Subsequent to December 31, 2025, we entered into commitments to fund additional mortgage loans of \$2.0 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 NAIC. We believe these statutory limitations impose no practical restrictions on future dividend payment plans. See further discussion in Note 23 - Statutory Information and Stockholder Dividends Restriction.

In January 2026, the Board of Directors authorized the purchase of up to one million of our shares on the open market through January 2027. No shares were purchased under this authorization during 2025 or 2024. The timing and amount of any share repurchases will be determined by our management based on market conditions and other factors.

On January 26, 2026, the Board of Directors declared a quarterly dividend of \$0.18 per share that was paid February 11, 2026 to stockholders of record at February 5, 2026.

Minimum Rate Guarantees

Our rate guarantees for those products with minimum crediting rate provisions are identified in the following table. The actual interest rate credited to these products may be greater than the guaranteed rates, particularly for products having been sold more recently and within the lower guaranteed rate categories. Approximately 69% of total policyholder account balances were at the minimum guaranteed rate at December 31, 2025 and 72% at December 31, 2024.

2025					
	Fixed Annuities	Universal Life	Variable Life and Annuities	Supplemental Contracts and Annuities Without Life Contingencies	Total
0% to 1%	\$ 140,336	\$ 141,642	\$ 2,741	\$ 296	\$ 285,015
Greater than 1% to 3%	395,062	306,730	75,328	15,785	792,905
Greater than 3% to 4%	243,588	256,506	6,416	13,347	519,857
Greater than 4%	36,188	310,934	—	18,342	365,464
Total	<u>\$ 815,174</u>	<u>\$ 1,015,812</u>	<u>\$ 84,485</u>	<u>\$ 47,770</u>	<u>\$ 1,963,241</u>
2024 ¹					
	Fixed Annuities	Universal Life	Variable Life and Annuities	Supplemental Contracts and Annuities Without Life Contingencies	Total
0% to 1%	\$ 175,870	\$ 125,450	\$ 2,885	\$ 1,085	\$ 305,290
Greater than 1% to 3%	370,499	311,753	80,672	20,233	783,157
Greater than 3% to 4%	270,329	268,164	7,123	14,622	560,238
Greater than 4%	40,060	325,166	—	14,975	380,201
Total	<u>\$ 856,758</u>	<u>\$ 1,030,533</u>	<u>\$ 90,680</u>	<u>\$ 50,915</u>	<u>\$ 2,028,886</u>

¹ Certain prior period amounts have been recast. See Note 2 - New Accounting Pronouncements for more information.

Effective April 1, 2022, the Company reinsured a block of fixed annuity business with an average crediting rate of 3.75% to a certified domestic reinsurer. The contract reinsured \$516.2 million in policyholder account balance liabilities and created a deposit asset on reinsurance. The above table includes those amounts on a gross basis. The Deposit Asset on Reinsurance balance included in the Consolidated Balances Sheets was \$329.5 million at December 31, 2025 and \$377.5 million at December 31, 2024.

Fixed Annuity Contracts

Fixed annuity contracts accumulate deposits over time with interest credited. Deposits may be flexible or single-premium. The timing and magnitude of outgoing cash flows from these contracts is dependent upon many factors, primarily due to contract owner rights to surrender or annuitize the policy value during the term of the contract and benefit options that are provided upon death. We make estimates and projections of future cash flows on fixed annuities based upon the economic environment, ranges of future economic changes, and historical contract holder behavior.

The term of the contract is dependent upon the individual needs and decisions of contract owners up to and including the time of contractual maturity. The maturity of the contract is typically determined by a combination of the duration of ownership of the contract and the annuity owner's age. Deferred annuity contract owners with upcoming annuity maturities receive communication from us regarding the various maturity settlement options that are available in the contract. The communication can result in extension of the contract maturity date, surrender of the contract prior to maturity, or conversion of the contract to other contract or policy types. Conversions typically involve payment of the contract value over time and often with life contingencies.

The following table provides fixed annuity contract values within maturity date ranges as of December 31. The values and date ranges provided below do not necessarily represent our expected outflow of funds from these contracts, as these cash flows may be significantly impacted by the needs and decisions of the contract owners.

	2025	% of Total	2024	% of Total
One year or less	\$ 93,157	11 %	\$ 97,064	11 %
Two years	84,395	10 %	73,245	9 %
Three years	40,112	5 %	57,054	7 %
Four years	34,155	4 %	47,410	5 %
Five years	37,915	5 %	40,211	5 %
Six years or more	525,440	65 %	541,774	63 %
Total	<u>\$ 815,174</u>	<u>100 %</u>	<u>\$ 856,758</u>	<u>100 %</u>

Fixed annuity contracts typically also contain provisions for charges to be paid by contract holders if the contract is surrendered within a fixed period of time after purchase. The surrender charge typically declines on an annual basis during an initial term of ten or fewer years. The magnitude of any surrender charge applicable to a contract is believed to impact policyholder behavior and the timing of future cash flows. The following table provides the policy values for fixed annuities by summary ranges of applicable surrender charges as of December 31.

	2025	% of Total	2024	% of Total
None	\$ 446,347	55 %	\$ 496,009	58 %
Less than 5%	162,943	20 %	177,261	21 %
5% and greater	205,884	25 %	183,488	21 %
Total	<u>\$ 815,174</u>	<u>100 %</u>	<u>\$ 856,758</u>	<u>100 %</u>

As previously mentioned, the Company reinsured a block of fixed annuity business to a certified domestic reinsurer effective April 1, 2022. The contract reinsured \$516.2 million in policyholder account balance liabilities and created a deposit asset on reinsurance. The Deposit Asset on Reinsurance balance included in the Consolidated Balances Sheets was \$329.5 million at December 31, 2025 and \$377.5 million at December 31, 2024.

Asset/Liability Management

Our asset/liability management programs and procedures involve the monitoring of asset and liability durations for various product lines, cash flow testing under various interest rate scenarios to evaluate the potential sensitivity of assets and liabilities to interest rate movements, and the continuous rebalancing of assets and liabilities with respect to yield, risk, and cash flow characteristics.

We believe our asset/liability management programs and procedures, along with certain product features, provide protection for us against the effects of changes in interest rates under various scenarios.

Cash flows and effective durations of the asset and liability portfolios are measured at points in time and are affected by changes in the level and term structure of interest rates, as well as changes in policyholder behavior. Further, durations are managed on an individual product level, and an aggregate portfolio basis. As a result, differences typically exist between the duration, cash flows, and yields of assets versus liabilities on an individual portfolio and aggregate basis. Our asset/liability management programs and procedures enable management to monitor the changes, which have varying correlations among certain portfolios, and to make adjustments to asset mix, liability crediting rates, and product terms so as to manage risk and profitability over time.

We aggregate similar policyholder liabilities into portfolios and then match specific investments with these liability portfolios. In 2025 and 2024, all of our portfolios had investment yields near or in excess of crediting rates on matched liabilities. We monitor the risk to portfolio investment margins on an ongoing basis.

We perform cash flow scenario testing through models of our in force business. These models reflect specific product characteristics and include assumptions based on current and anticipated experience regarding the relationships between short-term and long-term interest rates (i.e., the slope of the yield curve), credit spreads, market liquidity, and other factors, including policyholder behavior in certain market conditions. In addition, these models include asset cash flow projections, reflecting interest payments, sinking fund payments, scheduled principal payments, and optional bond calls and prepayments.

The risk exists that our asset or liability portfolio performance may differ from forecasted results as a result of unforeseen economic circumstances, estimates or assumptions that prove incorrect, unanticipated policyholder behavior, or other factors. The result of such deviation of actual versus expected performance could include excess or insufficient liquidity in future periods. Excess liquidity, in turn, could result in reduced profitability on one or more product lines. Insufficient liquidity could result in the need to generate liquidity through borrowing, asset sales, or other means. We believe that our asset/liability management programs will provide sufficient liquidity to enable us to fulfill our obligation to pay benefits under our various insurance and deposit contracts. On a historical basis, we have not needed to liquidate assets to ensure sufficient cash flows. We maintain borrowing lines on a secured and unsecured basis to provide additional liquidity, if needed.

Risk Factors

The operating results of life insurance companies have historically been subject to significant fluctuations. The factors which could affect our future results include, but are not limited to, general economic conditions and the known trends and uncertainties which are discussed more fully below.

Strategic and Operational Risks:

We operate in a mature and highly competitive industry, which could limit our ability to grow sales or maintain our position in the industry and negatively affect profitability.

Life insurance is a mature and highly competitive industry. We encounter significant competition in all lines of business from other insurance companies, many of which may have greater financial resources, a greater market share, a broader range of products, lower product prices, better name recognition, greater actual or perceived financial strength, higher claims-paying ratings, the ability to assume a greater level of risk, lower operating or financing costs, or lower profitability expectations.

In recent years, there has been substantial consolidation and convergence among companies in the financial services industry, resulting in increased competition from large, well-capitalized financial services firms. Furthermore, many of these larger competitors may have lower operating costs and an ability to absorb greater risk while maintaining their financial strength ratings, thereby allowing them to price their products more competitively.

Changes in demographics, particularly the aging of the population, and the decline in the number of agents in the industry, may affect the sale of life insurance products. Also, as technology evolves, customers and agents may be able to compare products of any particular company with any other, which could lead to increased competition as well as changes in agent or customer behavior, including persistency, that differs from past behavior.

We may be unable to attract and retain agencies and agents.

We sell insurance and annuity products through independent agents and agencies. These agencies and agents are not captive and may sell products of our competitors. Sales and our financial results could be adversely affected if we are unsuccessful in attracting agencies and agents. Our ability to retain agents and agencies is dependent upon a number of factors, including: our ability to maintain a competitive compensation system while also offering products with competitive features and benefits for policyholders; our ability to maintain a level of service and assistance that effectively supports the needs of agents and agencies; and our ability to approve and monitor sales and business practices of agents and agencies that are consistent with regulatory requirements and our expectations.

We may not be able to attract and retain quality employees.

Our success is, in part, dependent upon our ability to attract, engage, and retain quality employees and to maintain optimal staffing levels. Costs to recruit and retain employees could rise significantly, especially in highly technical and professional areas. The unexpected loss of services of one or more of the Company's key personnel or a significant reduction in key operational or support areas could have a material adverse effect on the Company's operations due to the unique skills, and cumulative knowledge of our business, years of industry experience and the potential difficulty of quickly finding qualified replacements. The Company has historically managed to sustain lower employee turnover levels and has retained valued employees with longer periods of experience in the Company's products, business, and systems. However, as these individuals attain retirement age, the Company is exposed to the loss of proprietary knowledge in many of its key technical and operational areas. In addition, the Company's executive officers are not subject to employee contracts. Our ability to attract and retain employees is dependent on a number of factors such as competitive compensation and benefits, a dynamic culture, a hybrid work environment, and our reputation.

Our results may be negatively affected should actual experience differ from management's assumptions and estimates.

We make certain assumptions and estimates regarding mortality, persistency, expenses, interest rates, tax liability, business mix, policyholder behavior, and other factors appropriate for the type of business results we expect to experience in future periods. These assumptions and estimates are used to estimate various components of our financial statements. They are also used in the operations of our business in making decisions that are crucial to our success, including the pricing of products and expense structures relating to products. Our actual experience and changes in assumptions and estimates are reflected in our financial statements. Our actual experience may vary from period to period and from established assumptions and estimates, potentially resulting in variability in the financial statements.

We establish and carry a reserve liability based on current estimates of how much will be needed to pay for future benefits and claims. The assumptions and estimates used in connection with establishing and carrying reserves are inherently uncertain and

in some cases are required by GAAP, irrespective of a company's actual experience. If actual experience is significantly different from assumptions or estimates or if industry practices or accounting guidance changes, current reserves may prove to be inadequate in relation to estimated future benefits and claims. As a result, a charge to earnings would be incurred in the quarter in which we change reserves.

The calculations we use to estimate various components of our financial statements are complex and involve analyzing and interpreting large quantities of data. We employ various techniques for such calculations and from time to time will develop and implement more sophisticated systems and procedures to facilitate calculations and improve estimates. Accordingly, our financial results may be affected, positively or negatively, by actual results differing from assumptions, by changes in estimates, and by changes resulting from implementing new administrative systems and procedures.

We may face difficult economic conditions that could adversely affect our operations.

Market factors, including inflation, changes in interest rates, consumer spending, government actions, market volatility, recession, and disruptions and strength of the capital markets may result in investment losses, changes in insurance liabilities, increased counterparty risks, impairments, increased valuation allowances, increases in reserves, reduced net investment income and changes in unrealized gain or loss positions.

Inflation risk is the risk that inflation will undermine the performance of an investment, the value of an asset, or the purchasing power of a stream of income. In periods of elevated inflation, the sales and persistency of insurance products may be negatively impacted. In addition, the cost of various selling and general operating expenses may increase during periods of high inflationary pressure.

In addition, higher unemployment, lower personal income, lower corporate earnings, lower consumer spending, elevated incidence of claims, lapses or surrenders of policies, reduced demand for our products, and deferred or canceled payments of insurance premiums may negatively affect our operating results.

Risk management policies and procedures may not be fully effective and could leave us exposed to unidentified or unanticipated risk, which could negatively affect business or result in losses.

We have devoted significant resources to develop risk management policies and procedures and will continue to do so in the future. However, the policies and procedures that we use to identify, monitor, and manage risks may not be fully effective. Many of the methods of managing risk and exposure are based upon the use of observed historical policyholder and market behavior or statistics based on historical models. As a result, these methods may not effectively or fully identify or evaluate the magnitude of existing or future exposure, which could be significantly greater than the historical measures or our evaluation indicate. Other risk management methods depend upon the evaluation of information regarding markets, agents, clients, catastrophe occurrence, or other matters that are publicly available or otherwise accessible. This information may not always be accurate, complete, up-to-date, or properly evaluated. Management of operational, legal, and regulatory risks requires policies and procedures to record properly and verify a large number of transactions and events, and these policies and procedures may not be fully effective. Additional risks and uncertainties not currently known or that we currently deem to be immaterial may adversely affect our business and/or our financial statements.

A downgrade to our financial strength rating could adversely affect our ability to compete and increase the number or value of policies surrendered.

Our financial strength rating, which is intended to measure our ability to meet policyholder obligations, may be an important consideration affecting public confidence in some of our products and, as a result, our competitiveness. A downgrade in our rating could adversely affect our ability to sell products, retain existing business, and compete for attractive acquisition opportunities. Rating organizations assign ratings based upon several factors. While most of the factors relate to the rated company, some of the factors relate to the views of the rating organization, general economic conditions, and circumstances outside the rated company's control. We cannot predict what actions rating organizations may take or what actions we may be required to take in response to the actions of the rating organizations.

Projected operating results for acquisitions may not be achieved and the ability to integrate acquisitions and achieve anticipated operating efficiencies may not be successful.

Actual operating results may vary significantly from projected results of acquired companies and blocks of business. Projected operating results are estimates of future results based on assumptions made by management at the time of the acquisition. General economic, political, and market conditions, as well as policyholder behavior may have a material negative impact on the reliability of these projections. We may not be able to realize the projected value of acquired assets or we may underestimate the value of the liabilities assumed. Our financial position and results of operations could be negatively impacted if the projections are materially inaccurate. This could result in the write-down of acquired assets, impairment to goodwill, impairment to intangible assets, increases to assumed liabilities, and other negative impacts to our financial statements.

We may not achieve efficient operational integration of acquisitions or may not achieve operating efficiencies that were projected at the time of acquisition. Failure to achieve either or both of these could result in increased expenses and negatively impact our financial position and results of operations.

Reinsurance Risks:

Our reinsurers could fail to meet assumed obligations or be subject to adverse developments that could impact us.

We follow the insurance practice of reinsuring portions of the risks under the policies we issue, known as ceding. We cede significant amounts of insurance to other insurance companies through reinsurance. This reinsurance makes the assuming reinsurer liable to us for the reinsured portion of the risk. However, reinsurance does not discharge us from our primary obligation to pay policyholders for losses insured under the policies that are issued. Therefore, we are subject to the credit risk of our reinsurers. The failure of one or more of our reinsurers could negatively impact our current or future financial position or financial statements.

Our ability to compete is dependent on the availability of reinsurance, cost of reinsurance, or other substitute capital market solutions.

The premium rates we charge are based, in part, on the assumption that reinsurance will be available at a certain cost. Under certain reinsurance agreements, the reinsurer may increase the rate it charges us for the reinsurance. Therefore, if the cost of reinsurance were to increase for existing business, if reinsurance were to become unavailable for new business, or if alternatives to reinsurance were not available, we may be exposed to reduced profitability and capital and cash flow strain, or we may not be able to sell or price new business at competitive rates.

In recent years, the number of life reinsurers has decreased as the reinsurance industry has consolidated. The decreased number of participants in the life reinsurance market results in increased concentration risk for insurers. If the reinsurance market further contracts, our ability to continue to offer our products on terms favorable to us could be adversely impacted.

Investment Risks:

Our investments are subject to market, credit, and inflation risks.

We hold a diversified portfolio of investments that primarily includes fixed maturity securities, mortgage loans, and real estate. Each of these investments is subject, in varying degree, to market risks that can affect their return and their fair value.

Our invested assets, primarily including fixed maturity securities, are subject to customary risks of credit defaults and changes in fair value. The value of our mortgage loan and real estate portfolios also depends on the financial condition of the borrowers and tenants occupying the properties which we have financed and changes in the real estate market. Factors that may affect the overall default rate on and fair value of our invested assets include interest rate levels and changes, availability and cost of liquidity, financial market performance, changes in collateral values, state and federal regulations, and general economic conditions, as well as particular circumstances affecting the properties or businesses of individual borrowers and tenants. Our real estate investments are concentrated in commercial real estate, and we may be subject to heightened risks associated with a lack of diversification in our real estate investments.

Our investments are exposed to varying degrees of credit risk. Credit risk is the risk that the value of the investment may decline due to deterioration in the financial strength of the issuer and that the timely or ultimate payment of principal or interest might not occur. A default by an issuer usually involves some loss of principal to the investor. Losses can be mitigated by timely sales of affected securities or by active involvement in a restructuring process. However, there can be no assurance that the efforts of an investor will lead to favorable outcomes in a bankruptcy or restructuring.

We attempt to mitigate credit risk by diversifying the investment portfolio across a broad range of issuers, property types, geographic locations, investment sectors and security types, and by limiting the amount invested in any particular entity. We also invest in securities collateralized or supported by physical assets, guarantees by insurers or other providers of financial strength, and other sources of secondary or contingent payment. These securities can improve the likelihood of payment according to contractual terms and increase recovery amounts in the case of issuer default, bankruptcy, or restructuring.

Inflation erodes the value of fixed rate assets. When inflation increases, the value of the fixed interest payments on bonds decreases. As a result, investors demand higher yields on fixed income bonds to compensate for the risk of inflation eroding the purchasing power of the bond's returns. Increasing rates of inflation could lead to significant increases in unrealized losses on investments.

Interest rate fluctuations could negatively affect our spread income or otherwise impact our business.

Interest rate fluctuations or sustained low interest rate environments could negatively affect earnings because the profitability of certain products depends in part on interest rate spreads. These products include fixed annuities, single premium immediate annuities, interest-sensitive whole life, universal life, and the fixed portion of variable universal life insurance and variable annuity business. In addition, we offer riders, including guaranteed minimum withdrawal benefits and guaranteed minimum death benefits. Changes in interest rates or sustained low interest rate environments may reduce both the profitability and the return on invested capital.

Some of our products, principally fixed annuities, interest-sensitive whole life, universal life, and the fixed portion of variable universal life insurance and variable annuity business, have interest rate guarantees that expose us to the risk that changes in interest rates will reduce the spread, or the difference between the amounts we are required to credit to policyholder contracts and the amounts earned on general account investments. Because many of our policies have guaranteed minimum interest or crediting rates, spreads could decrease and potentially become negative. Declines in spread or instances where the returns on the general account investments are not sufficient to support the interest rate guarantees on these products could have a material adverse effect on our financial statements. In periods of declining interest rates, we may have to reinvest the cash received from interest or return of principal on investments in lower yielding instruments then available. Moreover, issuers of fixed income investment securities and borrowers related to our commercial mortgage investments may prepay these obligations in order to borrow at lower market rates, which may increase our risk to have to reinvest at lower rates.

In periods of increasing interest rates, we may not be able to replace the assets in the general account with higher yielding assets needed to fund the higher crediting rates that may be necessary to keep interest sensitive products competitive. Therefore, we may have to accept a lower spread and profitability or face a decline in sales, loss of existing contracts from non-renewed maturities, early withdrawals, or surrenders. Increases in interest rates may cause increased surrenders of insurance products. In periods of increasing interest rates, policy loans and surrenders and withdrawals of life insurance policies and annuity contracts may increase, as policyholders seek to buy products with higher returns. These outflows may require investment assets to be sold at a time when the prices of those assets are lower because of the increase in market interest rates, which may result in realized investment losses. Increases in interest rates may also negatively affect the value of our real estate investments. Further, higher interest rates may result in significant unrealized losses on investments. These net unrealized losses could have a negative effect on stockholders' equity. This could negatively impact the ability to pay policyholder and stockholder dividends. In addition, higher interest rates may reduce the fair value of policyholders' separate account investments, which may reduce our revenues from asset-based management fees.

While we develop and maintain asset/liability management programs and procedures designed to identify and mitigate the effect on spread income in rising or falling interest rate environments, no assurance can be given that changes in interest rates will not affect such spreads or that our evaluation of fluctuations will be correct or allow for timely modifications. Additionally, our asset/liability management programs incorporate assumptions about the relationship between short-term and long-term interest rates (i.e., the slope of the yield curve) and relationships between risk-adjusted and risk-free interest rates, market liquidity, and policyholder behavior in periods of changing interest rates and other factors. The effectiveness of our asset/liability management programs and procedures may be negatively affected whenever actual results differ from these assumptions.

Prolonged periods of low interest rates can affect policyholder behavior and negatively impact earnings.

As interest rates decline, policyholders may become more likely to extend the retention or duration of fixed-rate products previously purchased and may seek alternatives to fixed-rate products for new purchases. Policyholders may add premiums or deposits to existing policies or contracts with terms upon which we are no longer offering on new products. Many of the products sold in earlier periods may have minimum guaranteed interest crediting rates or other features that are greater than those being offered in a low interest rate environment. Additionally, cash flows from existing investments, including interest and principal payments, may be reinvested at lower interest rates relative to prior periods. As a result, a prolonged low interest rate environment can result in significant changes to cash flows, lower investment income, compressed product spreads, reduced earnings, and statutory surplus strain. In addition, we may change our risk profiles in regards to selecting investment opportunities to reduce the impact on earnings.

The change from a low interest rate environment to an environment of increasing interest rates can affect policyholder behavior and negatively impact earnings.

The change from a period of low interest rates to a period of significantly higher and increasing interest rates may cause policyholders to surrender policies or to make early withdrawals in order to maximize their returns. Accordingly, we may become more susceptible to increased surrenders and withdrawals on policies, as surrender charges and other features that help protect us from increased or unexpected policyholder withdrawals or lapses are ineffective. Increases in policyholder surrenders, withdrawals, or lapses could negatively affect our operating results and liquidity.

Our valuation of fixed maturity and equity securities includes estimations and assumptions and could result in changes to investment valuations that may have a material adverse effect on our financial statements.

Fixed maturity securities, equity securities, and short-term investments are reported at fair value in the Consolidated Balance Sheets and represent the majority of total cash and invested assets. During periods of market disruption, including periods of significantly rising or high interest rates, rapidly widening credit spreads or illiquidity, it may be difficult to value certain securities if trading becomes less frequent and/or market data becomes less observable. There may be certain asset classes that were previously acquired and valued in active markets with significant observable data that will be valued in illiquid markets with little observable data. As such, valuations may include inputs and assumptions that are less observable or require greater estimation as well as valuation methods which are more complex or require increased estimation, thereby resulting in values which may have greater variance from the value at which the investments may or could be ultimately sold. Further, rapidly changing credit and equity market conditions could materially impact the valuation of securities as reported in the consolidated financial statements, and the period to period changes in value could vary significantly. Decreases in value could have a material adverse effect on our financial statements.

Equity market volatility could negatively impact our profitability.

We are exposed to risk arising from equity market volatility in the following ways:

- We have exposure to equity price risk through investments.
- We earn investment management fees and mortality and expense fee income based upon the value of assets held in our separate accounts from both direct and reinsurance arrangements. Revenues from these sources fluctuate with changes in the fair value of the separate accounts.
- Volatility in equity markets may discourage customers from purchasing variable universal life and variable annuity products that have returns linked to the performance of the equity markets. This volatility may also result in existing customers withdrawing cash values or reducing investments in those products.
- We have equity price risk to the extent that it may affect the liability recognized under guaranteed minimum death benefits and guaranteed minimum withdrawal benefit provisions of the variable contracts. Periods of significant and sustained downturns in equity markets, increased equity volatility, or reduced interest rates could result in an increase in the valuation of the liability for future policy benefit or policyholder account balance liabilities associated with such products, which ultimately could result in a reduction to net income.
- The Company has a defined benefit pension plan that is frozen. Declining financial markets could have several impacts on this plan including but not limited to: a decrease in the plan's investment values; additional pension expense; a reduction in comprehensive income; and an increase in contributions. In addition, the funding requirements of our pension plan are sensitive to interest rate changes. Should interest rates decrease, plan liabilities may increase. Should interest rates increase, plan assets may decrease.

The determination of the amount of realized and unrealized impairments and allowances established on our investments is highly subjective and could materially impact our financial position or financial statements.

The determination of the amount of impairments and allowances varies by investment type and is based upon our evaluation and assessment of historical experience, adjusted for known and inherent risks in the current environment that may differ from historical experience associated with the respective asset class. Such evaluations and assessments are revised as conditions change and new information becomes available. There can be no assurance that the assumptions, methodologies, and judgments employed in these evaluations and assessments will be accurate or sufficient in later periods. As a result, additional impairments may need to be realized or allowances provided in future periods. Further, historical trends may not be indicative of future impairments or allowances.

Additionally, we consider a wide range of factors about security issuers and we use our best judgment in evaluating the cause of the decline in the fair value of the security and in assessing the prospects for recovery. Inherent in management's evaluation of the security are assumptions and estimates about the expected future cash flows which include assumptions about the operations of the issuer and its future earnings potential.

We could be forced to sell investments at a loss to meet policyholder withdrawals or other corporate obligations.

Many of our products allow policy and contract holders to withdraw their funds under defined circumstances. We manage liabilities and attempt to align the investment portfolio so as to provide and maintain sufficient liquidity to support anticipated withdrawal demands, contract benefits, maturities, or other corporate obligations. While we own a significant amount of liquid assets, a certain portion of our investment assets are relatively illiquid. If we experience unanticipated withdrawal or surrender activity, we could exhaust other sources of liquidity and be forced to liquidate assets, possibly on unfavorable terms. If we are forced to dispose of assets on unfavorable terms, it could have an adverse effect on our financial statements and financial condition.

Regulatory Risks:

Insurance companies are highly regulated and are subject to numerous legal restrictions and regulations.

We are subject to government regulation in each of the states in which we conduct business. Such regulation is vested in state agencies having broad administrative and, in some instances, discretionary power dealing with many aspects of our business. This may include, among other things, premium rates and increases thereto, reserve requirements, marketing practices, advertising, privacy, policy forms, reinsurance reserve requirements, acquisitions, mergers, and capital adequacy. Government regulation of insurers is concerned primarily with the protection of policyholders and other customers rather than shareholders. Interpretations of regulations by regulators may change, and statutes, regulations, and interpretations may be applied with retroactive impact, particularly in areas such as accounting or reserve requirements.

We cannot predict whether or in what manner regulatory reforms will be enacted and, if so, whether the enacted reforms will positively or negatively affect the Company, or whether any effects will be material. The NAIC generally formulates and promulgates statutory-based insurance regulations. However, each state is independent and must separately enact these financial regulations and guidelines. As such, insurers follow the interpretations and legal approvals of their respective states of domicile.

Other types of regulation that could affect us include insurance company investment laws and regulations, state statutory accounting practices, state escheatment practices, anti-trust laws, minimum solvency requirements, state securities laws, federal privacy laws, insurable interest laws, federal money laundering laws, anti-terrorism laws, and federal income tax regulations. Further, because we own and operate real property, state, federal, and local environmental laws could affect us. We cannot predict what form any future changes in these or other areas of regulation affecting the insurance industry might take or what effect, if any, such proposals might have on us if enacted into law.

We are also subject to various government regulations at the federal level. As a result of economic and market conditions in recent years, the federal government has become increasingly more active in issuing and enforcing regulations. The implementation of these legislative or regulatory requirements may make it more expensive for us to conduct business, may have a material adverse effect on the overall business climate, and could materially affect the profitability of the results of operations and financial condition of financial institutions. We are uncertain as to all of the impacts that new legislation will have and cannot provide assurance that it will not adversely affect our financial statements.

New accounting rules or changes to existing accounting rules could negatively impact our financial results.

We are required to comply with GAAP, as promulgated by the FASB. GAAP is subject to constant review and change in an effort to address emerging accounting issues and develop interpretative accounting guidance on a continual basis. The

implementation of new accounting guidance could result in substantial costs and or changes in assumptions or estimates, which could negatively impact our financial statements. Accordingly, we can give no assurance that future changes to GAAP will not have a negative impact on us.

In addition, we are required to comply with statutory accounting principles (SAP). SAP and various components of SAP, such as statutory actuarial reserving methodology, are subject to constant review by the NAIC, NAIC task forces and committees, as well as state insurance departments to address emerging issues and otherwise improve or modify financial reporting. Various proposals are typically pending before committees and task forces of the NAIC. If enacted, some of these may negatively affect us. The NAIC also typically works to reform state regulation in various areas, including reforms relating to life insurance reserves and the accounting for such reserves. We cannot predict whether or in what manner reforms will be enacted and, if so, whether the enacted reforms will positively or negatively affect us. Although states generally defer to the interpretation of the insurance department of the state of domicile with regards to regulations and guidelines, neither the action of the domiciliary state nor action of the NAIC is binding on any other state. Accordingly, a state could choose to follow a different interpretation. We can give no assurance that future changes to SAP or components of SAP will not have a negative impact on us.

Litigation Risk:

Legal proceedings are unpredictable and could produce one or more unexpected outcomes that could materially and adversely affect our financial results.

We are, from time to time, subject to litigation and other legal proceedings in the ordinary course of business. Some of these proceedings may involve matters particular to our unique business practices, the conduct of our agents, or to matters that pertain to general industry business practices. Some lawsuits may seek class action status that, if granted, could expose the Company to potentially significant liability by virtue of the size of the putative classes. These matters often raise difficult factual and legal issues and are subject to uncertainties and complexities. The outcomes of these matters are difficult to predict, and the amounts or ranges of potential loss at particular stages in the proceedings are in most cases difficult or impossible to ascertain. Judges and juries have substantial discretion in awarding punitive and compensatory damages which creates the potential for material adverse judgments or awards. Given the inherent unpredictability of litigation, there can be no assurance that any current or future litigation will not have a material adverse effect on the Company's results of operations or cash flows in any particular reporting period.

Catastrophic Event Risk:

We are exposed to the risks of climate change, natural disasters, pandemics, terrorism, or other acts that could adversely affect our operations.

While we have implemented risk management and contingency plans and taken preventive measures and other precautions, no predictions of specific scenarios can be made nor can assurance be given that there are not scenarios that could have an adverse effect on us. Climate change, a natural disaster, a pandemic, or an outbreak of an easily communicable disease could adversely affect the mortality or morbidity experience of us or our reinsurers. A pandemic could also have an adverse effect on lapses and surrenders of existing policies, as well as sales of new policies. In addition, a pandemic could result in large areas being subject to quarantine, with the result that economic activity slows or ceases. This could adversely affect the marketing or administration of our business. The possible macroeconomic effects of climate change, natural disasters, pandemics, or terrorism could also adversely affect our financial statements.

Information Technology Risks:

The failure of our cybersecurity controls, other information system security controls, or the controls of our third-party providers may result in the unauthorized disclosure of sensitive or confidential corporate or customer information. Such failures could damage our reputation and hinder our ability to conduct business. Further, our contingency planning and disaster recovery programs may be insufficient to address unanticipated events. In addition, our reputation could be damaged by inaccurate presentations made in social media.

As part of the normal course of business, we use computer systems to collect, process, and retain sensitive and confidential corporate and customer information. In addition, we use third-party vendors and cloud technology for storage, processing, and data support of certain activities. We rely on commercial technologies and third parties to maintain the security of that information. Our information systems are subject to computer viruses, malicious software code, and other unauthorized computer-related actions. Preventive actions taken by the Company to reduce the risk of cyber incidents and to protect our information may be insufficient to prevent cyber attacks or other security breaches. Any security breach involving the misappropriation, loss, or other unauthorized disclosure of confidential information could severely damage our reputation,

expose us to an increase in the risk of litigation, disrupt our operations, incur significant technical, legal, and operating expenses, or otherwise harm our business.

We are highly dependent on our ability to access our computer systems to perform the necessary business functions, such as processing premium payments, processing claim payments, administration of policy data, providing customer support, managing our investment portfolio, and conducting financial reporting and analysis. Events such as natural disasters, pandemics, blackouts, computer viruses, terrorist attacks, or cyber attacks could result in system failures or outages that may cause our computer systems to become inaccessible to our employees and customers for an extended period of time. These risks are further heightened by factors such as developments in artificial intelligence, increased remote working, and geopolitical turmoil, all of which could develop in ways and fashions that exceed our ability to follow suit or create mitigating alternatives to alleviate the pace of change. Our disaster recovery program may be insufficient to deal with such an unanticipated event. This could result in an adverse impact to our ability to conduct business functions in a timely manner and could result in a failure to maintain the security and confidentiality of sensitive data, including personal information of customers. This could also damage our ability to conduct business, damage to our reputation, result in substantial remediation costs, and potentially subject us to regulatory sanctions, legal claims, or other unidentified consequences.

While we have limited social media content, we recognize that social media outlets are independent of us and our security measures. Inaccurate presentations based upon incorrect information or assumptions could be distributed via social media outlets and could harm us and our reputation.

Maintaining modern information technology systems requires significant resources. The use of emerging technologies like artificial intelligence (AI) is being closely monitored by the NAIC and state legislators. The use of AI exposes us to additional risk that planning and execution of its use and the enforcement of new legislation by regulators may require significant costs to maintain.

Our ability to modernize and maintain our information technology systems and infrastructure requires us to commit significant resources, along with effective planning and execution. This modernization may also include the responsible and secure use of emerging technologies like AI. As a result of increased innovation and technology, the NAIC and insurance regulators are focused on the use of “big data” techniques, such as the use of AI, machine learning, and automated decision-making.

Certain states such as Colorado and California have adopted laws specifically targeting the use and development of AI. The NAIC has also issued the Model Bulletin on the Use of Artificial Intelligence Systems by Insurers (Model Bulletin). Many states have adopted the Model Bulletin, which outlines how insurance regulators should govern the development, acquisition, and use of AI technologies, as well as the types of information that regulators may request during an investigation or examination of an insurer in regard to AI systems. Further, the NAIC has also developed a task force that is charged with creating a regulatory framework for the oversight of insurers’ use of third-party data and models. In addition, the NAIC and state insurance regulators have been focused on addressing unfair discrimination in the use of consumer data and technology, and some states have passed laws targeting unfair discrimination practices. We expect “big data” and AI technologies to remain important issues for the NAIC and state regulators. We cannot predict which states will adopt the Model Bulletin, or what, if any, changes to laws or regulations they may enact with regard to “big data” or AI technologies.