

KANSAS CITY LIFE INSURANCE CO  
Form DEF 14A  
March 23, 2015

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934

Filed by the ☒ [ X ]  
Registrant

Filed by a Party other than the Registrant ☐ [ ]

Check the appropriate box:

- ☐ [ ] Preliminary Proxy Statement  
☐ [ ] Confidential, for Use of the Commission Only (as permitted by  
Rule 14a-6(e)(2))  
☒ [ X ] Definitive Proxy Statement  
☐ [ ] Definitive Additional Materials  
☐ [ ] Soliciting Material Pursuant to §240.14a-12

KANSAS CITY LIFE INSURANCE COMPANY  
(Name of Registrant as Specified In Its Charter)

(Name(s) of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

☒ [ X ] No fee required.

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(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transactions applies:

(3) Per unit price or other underlying value of transaction computed pursuant to  
Exchange Act Rule 0 11:

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

KANSAS CITY LIFE INSURANCE COMPANY

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

April 23, 2015

The Annual Meeting of Stockholders of Kansas City Life Insurance Company will be held at our home office, 3520 Broadway, Kansas City, Missouri 64111 on April 23, 2015 at 9:00 a.m. for the following purposes:

- (1) To elect five (5) directors for a term of three (3) years.
- (2) To transact such other business as may properly come before the meeting.

Stockholders of record at the close of business on March 9, 2015 will receive this notice, and may vote at the meeting or any adjournment thereof. We are making these proxy materials available to you on or about March 23, 2015.

Your vote is important. All stockholders are encouraged to attend the meeting in person. Whether or not you plan to attend the meeting, please vote as soon as possible. You may submit your proxy card for the 2015 Annual Meeting by completing, signing, dating and returning your proxy card. We enclosed a postage-paid envelope for your convenience. For specific instructions on how to vote your shares, please refer to the section entitled "Questions and Answers about the Annual Meeting and Voting" beginning on page 4 of the attached Proxy Statement.

/s/A. Craig Mason, Jr.  
A. Craig Mason, Jr.  
Senior Vice President, General Counsel  
and Secretary

/s/R. Philip Bixby  
R. Philip Bixby  
President, CEO and  
Chairman of the Board

Important Notice Regarding the Availability of Proxy Materials for the  
Stockholder Meeting to be held on April 23, 2015:

Kansas City Life Insurance Company's 2015 Proxy Statement, Proxy Card and Annual Report  
for the year ended December 31, 2014 are available at [http://www.kclife.com/proxy\\_materials](http://www.kclife.com/proxy_materials)

KANSAS CITY LIFE INSURANCE COMPANY  
Kansas City, Missouri

PROXY STATEMENT

The Board of Directors of Kansas City Life Insurance Company (the “Company,” “we,” “us,” “our”) is sending you the enclosed proxy, for use in connection with the Annual Meeting of Stockholders on April 23, 2015, at our principal office, 3520 Broadway, Kansas City, Missouri 64111. We will consider and vote upon the following: (1) election of five directors for a term of three years, and (2) transaction of such other business as may properly come before the meeting or any adjournment thereof. We do not intend to bring any business to the meeting other than the matters set forth above, and we do not know of any other matters that may be brought before the meeting. However, if any other matters properly come before the meeting, or any adjournment or adjournments thereof, including procedural matters arising during the course thereof, the persons named in the enclosed proxy will vote the proxy according to their judgment on such matters unless you limit your proxy to the contrary.

Shares represented at the meeting by properly executed proxies will be voted at the meeting in accordance with the specifications made on the ballot provided in this proxy. If the stockholder does not give direction by ballot, the proxy will be voted in the manner specified on the accompanying form of proxy.

To be eligible for inclusion in our proxy statement for the 2016 Annual Meeting of Stockholders, we must receive any stockholder proposals submitted under Rule 14a-8 of the Securities Exchange Act of 1934 no later than December 1, 2015. You should address any proposal to Kansas City Life Insurance Company, 3520 Broadway, Kansas City, Missouri 64111, Attn: Secretary. Such proposals must comply with applicable SEC and NASDAQ Capital Market rules and our Bylaws. You may request a copy of our Bylaws by contacting our Secretary in writing at the foregoing address.

Under our Bylaws, nominations for a director may be made only by (1) the Board of Directors, (2) the Nominating Committee, or (3) a stockholder entitled to vote who has delivered a written Notice of Intent to Nominate Director to the Chairman of the Board at our home office (containing certain information specified in the Bylaws) (i) not less than 60 days prior to the annual meeting, or for a special meeting.

Under our Bylaws, if you wish to bring other business before the stockholders at our 2015 Annual Meeting without including your proposal in our Proxy Statement, you must notify our secretary in writing on or before March 23, 2015 and your notice must contain the specific information required in our Bylaws. These two requirements relate only to matters you wish to bring before the stockholders at an annual meeting. They do not apply to proposals that you want us to include in our Proxy Statement.

We have 36,000,000 authorized shares of \$1.25 par value common stock. As of January 31, 2015, 10,814,833 were outstanding. Each outstanding share of stock is entitled to one vote, and stockholders of record as of the close of business on March 9, 2015 (the “Record Date”) may vote at the meeting.

ANNUAL REPORT

We have enclosed the Annual Report for 2014 and the Form 10-K, as amended, with this Proxy Statement.



## QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING AND VOTING

Why did I receive these proxy materials?

We are making these proxy materials available to you on or about March 23, 2015 by delivering printed versions of these materials to you by mail, in connection with the 2015 Annual Meeting of Stockholders of Kansas City Life Insurance Company. The Notice of the Annual Meeting of Stockholders sets forth the matters we will vote on at the Annual Meeting.

We invite you to attend the Annual Meeting on April 23, 2015, beginning at 9:00 a.m., CST, at Kansas City Life Insurance Company's home office, 3520 Broadway, Kansas City, Missouri 64111.

What is included in these proxy materials?

We included the following documents in these proxy materials, and you can also find them on our website at [http://www.kclife.com/proxy\\_materials](http://www.kclife.com/proxy_materials):

- Our Notice of Annual Meeting;
- Our Proxy Statement; and
- Our Annual Report on Form 10-K, as amended, for 2014

If you received printed versions of these materials by mail, these materials also include a proxy card.

How can I access the proxy materials and vote my shares?

You can find the instructions for accessing proxy materials and voting in the information we sent you by mail.

You may vote your shares by following the instructions provided on the proxy card or voting instruction form. If you vote by mail, please complete, sign and date the proxy card and mail it in the accompanying pre-addressed envelope.

Who may vote at the Annual Meeting?

If you owned our common stock at the close of business on March 9, 2015 (the "Record Date"), then you may vote at the Annual Meeting. At the close of business on the Record Date, we had 10,809,753 shares of common stock outstanding and entitled to vote. In the election of directors, stockholders have cumulative voting rights under Missouri law. This means each stockholder has a number of votes determined by multiplying the number of shares he or she may vote by the number of directors to be elected. Stockholders may vote their total number of votes for one nominee or may distribute them among several nominees. Each share of common stock has one vote for all other matters properly brought before the Annual Meeting. Discretionary authority to cumulate votes is hereby solicited by the Board of Directors.

How can I vote my shares in person at the Annual Meeting?

If you are a stockholder on the Record Date, you will receive a ballot when you arrive at the Annual Meeting. Even if you plan to attend the Annual Meeting, we recommend that you also vote by proxy as described above so that we may count your vote if you later decide not to attend the meeting.

Can I change my vote after I have voted?

Yes. You have the right to revoke your proxy at any time before the vote occurs at the Annual Meeting, subject to the proxy voting deadlines described above. You may vote again on a later date by signing and returning a new proxy card with a later date or by attending the meeting and voting in person. But your attendance at the Annual Meeting will not automatically revoke your proxy unless you vote again at the meeting or file a written instrument with the Secretary requesting revocation of your prior proxy.

What happens if I do not give specific voting instructions when I deliver my proxy?

If you sign and return a proxy card without giving specific voting instructions, then the proxy holders will vote your shares in the manner recommended by our Board of Directors on all matters presented in this Proxy Statement and as the proxy holders may determine in their discretion regarding any other matters properly presented for a vote at the meeting.

What is the “quorum” requirement for the Annual Meeting?

To conduct any business at the Annual Meeting, a majority of our outstanding shares on the Record Date entitled to vote at the meeting must be present in person or represented by valid proxies. This is called a quorum. We will count your shares for purposes of determining if there is a quorum, whether representing votes for, against, or abstained, if you are present and vote in person at the meeting or if you voted [by Internet, telephone or] by properly submitting a proxy card by mail.

How are abstentions treated?

We consider abstentions present for purposes of determining a quorum. We do not consider abstentions votes properly cast at the Annual Meeting. Because the approval of proposal 1 is based on the votes properly cast at the Annual Meeting, we will not include abstentions in the calculation of the stockholder vote on these proposals. Therefore, it is important that you vote. We strongly encourage you to vote - every vote is important.

Assuming there is a proper quorum of shares represented at the Annual Meeting, how many shares are required to approve the proposals being voted upon at the Annual Meeting?

Proposal  
Election of directors

Vote Required  
Plurality of votes cast

Could other matters be decided at the Annual Meeting?

As of the date of this Proxy Statement, we have no knowledge of any business other than that described in the Notice of the Annual Meeting of Stockholders that will be presented for consideration at the Annual Meeting. The deadline under our Bylaws for stockholders to notify us of any proposals or director nominations to be presented at the Annual Meeting has passed. If any other business should properly come before the Annual Meeting as directed by the Board of Directors, the proxy holders have discretionary authority to vote all such proxies as they decide.

Who counts the votes cast at the Annual Meeting?

Employees of the Company will tabulate the votes cast at the Annual Meeting and act as inspectors of election.

Where can I find the voting results of the Annual Meeting?

We will announce the preliminary voting results at the Annual Meeting. We will report the final voting results in a Current Report on Form 8-K filed with the SEC within four business days after the Annual Meeting and post the



results on our website.

Who is paying for the cost of this proxy solicitation?

We are paying the expenses of preparing, printing and assembling the materials used in the solicitation of proxies on behalf of the Board. We may use the services of certain of our officers and employees (who will receive no compensation for such services in addition to their regular salaries) to solicit proxies personally and by mail, telephone and electronic means from stockholders. We also engaged Broadridge, Inc. to help us solicit proxies from stockholders for an estimated cost of \$9,000.

Where are Kansas City Life Insurance's principal executive offices located, and what is the main telephone number?

Our headquarters are located at 3520 Broadway, Kansas City, Missouri, 64111. Our main telephone number is (816) 753-7000.

PROPOSAL NUMBER 1  
ELECTION OF DIRECTORS

THE BOARD OF DIRECTORS RECOMMENDS A VOTE “FOR” THE ELECTION OF  
EACH OF THE NOMINEES LISTED BELOW

There are currently 14 directors on our Board. We divided the directors into three classes serving staggered terms of three years. On the recommendation of the Nominating Committee, the Board nominated the persons named below for election as director at this Annual Meeting, each to serve a three year term, or until the director’s successor is elected and qualified. The affirmative vote of a plurality of votes properly cast on this proposal at the Annual Meeting is required for the election of each director.

Director and Nominee Experience and Qualifications

The Board believes that its members should possess a variety of experiences and skills to effectively oversee our business. Our Company and subsidiaries engage primarily in the insurance and financial services industry. Our industry is highly regulated. We have a large asset base with a significant investment portfolio. We also have a voting group that controls a majority of our shares. We seek Board candidates who will strengthen our Company with experiences or perspectives that fit the business and structure in which we operate. Our Nominating Committee evaluates candidates for nomination to the Board.

In evaluating the candidates, the Nominating Committee complies with the applicable requirements for directors under the standards promulgated by the Securities and Exchange Commission and the listing standards of the NASDAQ Capital Market. The Nominating Committee may also take other factors and criteria into consideration, as it deems appropriate, including the candidate’s knowledge, expertise, skills, integrity, diversity, judgment, business or other experience, and reputation in the business community. The Nominating Committee also considers the interplay of the nominee’s experience with the experience of other Board members, the extent to which the nominee would be desirable as a member of any committees of the Board, and the candidate’s willingness to devote substantial time and effort to Board responsibilities.

At least once a year, the Nominating Committee evaluates the size and composition of the Board to assess the skills and experiences of Board members, and compares them with those skills that might prove valuable in the future, giving consideration to our changing circumstances and the then current Board membership. This assessment allows us to consider whether the skills and experiences present on our current Board continue to be appropriate as our needs evolve over time.

The Nominating Committee identifies Board candidates through numerous sources. The Nominating Committee may, but is not required to, consider candidates suggested by management, other members of the Board, or stockholders. The Nominating Committee seeks to identify those individuals most qualified to serve as Board members and considers many factors with regard to each candidate, including those described above. New candidates are interviewed by members of the Nominating Committee and other Board members.

When considering incumbent directors for re-nomination and evaluating director candidates, the Board and the Nominating Committee consider a variety of factors. These include each director’s independence, personal and professional accomplishments, and experience in light of our needs. For incumbent directors, the factors also include contributions to the Board. The Board believes that all the current nominees are highly qualified and have the skills and experience required for effective service on our Board. The directors’ individual biographies below contain information about each nominee’s experiences, qualifications, and skills that led the Board to nominate them. All of

the directors nominated for election this year are incumbents.

Each nominee agreed to be named in this Proxy Statement and to serve if elected. If any nominee is unable to serve as a director, the proxy holders will vote for such other person as the Board recommends.

While the Nominating Committee includes diversity among the factors and criteria it considers in nominating a candidate, we do not maintain a formal policy with regard to diversity of directors serving on its Board.

CANDIDATES NOMINATED BY THE BOARD FOR A THREE YEAR TERM

<p>R. Philip Bixby (Age 61) Member of the:</p> <ul style="list-style-type: none"><li>• Executive Committee (Chairman)</li><li>• Nominating Committee (Chairman)</li></ul>	<p>Director Since: 1985</p> <p>Other Current Board Positions: Chairman and President of Sunset Life Insurance Company of America, Chairman of Old American Insurance Company and Chairman of Sunset Financial Services, Inc. (all subsidiaries).</p> <p>Business Experience: Mr. Bixby is President, CEO and 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.</p> <p>Qualifications and Skills: Mr. Bixby has worked his way through the Company in various roles from entry level employee to management. After 37 years as an employee, he has significant industry and company experience to bring to the Board. As Chairman, he also brings a balance of concerns both as a representative of management and a representative of the stockholders.</p> <p>Relationship to Company: Mr. Bixby is the brother of Walter E. Bixby and the cousin of Nancy Bixby Hudson and is part of the current voting group.</p>
<p>Michael Braude (Age 78) Member of the:</p> <ul style="list-style-type: none"><li>• Compensation Committee (Chairman)</li><li>• Nominating Committee</li></ul>	<p>Director Since: 2006</p> <p>Other Current Board Positions: Kansas City Board of Trade, Midwest Trust Co., M.G.P. Ingredients, Inc., and Hodgson Company.</p> <p>Business Experience: 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.</p> <p>Qualifications and Skills: Mr. Braude brings a broad range of experiences and expertise to the Board. His experiences with the Board of Trade, his expertise with other industries, and his journalistic endeavor all provide a unique perspective to the issues addressed by the Board.</p> <p>Relationship to Company: Mr. Braude is an Independent Director.</p>
<p>John C. Cozad (Age 70)</p>	<p>Director Since: 2008</p> <p>Other Current Board Positions: Heartland Christian College and United For Missouri.</p>

**Business Experience:** Mr. Cozad is President of Cozad Company, LLC, a government relations company in Platte City, Missouri. He was previously a partner at Stinson Morrison Hecker, a Kansas City law firm. He appears as an on-air commentator on Kansas City Public Television, has previously served on the Missouri Highways and Transportation Commission as Chairman and as a curator on the University of Missouri Board of Curators.

**Qualifications and Skills:** Mr. Cozad brings an expertise in government relations to the Board, an important element in the highly regulated industry in which the Company operates. His expertise in regulatory issues is complemented by his experiences in both legal and public service arenas.

**Relationship to Company:** Mr. Cozad is an Independent Director.

Tracy W. Knapp  
(Age 52)  
Member of the:  
•Executive Committee

Director Since: 2002  
Other Current Board Positions: Sunset Life Insurance Company of America, Old American Insurance Company, and Sunset Financial Services, Inc. (all subsidiaries).  
Business Experience: Mr. Knapp is Senior Vice President, Finance and Chief Financial Officer. He joined the Company in 1998 and was responsible for developing a banking subsidiary. Mr. Knapp was elected President and CEO of Generations Bank when it was chartered in July 2000. From 1991 to 1998, he held several positions with U.S. Credit Union including Vice President, Finance and Controller.  
Qualifications and Skills: Mr. Knapp brings a blended financial services background to the Board, bringing both insurance industry and other financial industries experience as a resource for the Board.  
Relationship to Company: Mr. Knapp is a current Officer.

Mark A. Milton  
(Age 56)

Director Since: 2009  
Other Current Board Positions: Director of Sunset Life Insurance Company of America, Director of Old American Insurance Company, and Director of Sunset Financial Services, Inc. (all subsidiaries).  
Business Experience: 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.  
Qualifications and Skills: Mr. Milton brings significant actuarial expertise to the Board, providing a knowledge base for corporate products and expertise in analyzing industry trends.  
Relationship to Company: Mr. Milton is a current Officer.

#### Recommendation

The Board of Directors recommends a vote FOR each of the director nominees.

#### DIRECTORS ELECTED APRIL 24, 2014 FOR A THREE YEAR TERM

Walter E. Bixby  
(Age 56)  
Member of the:  
•Executive Committee  
•Nominating Committee

Director Since: 1996  
Other Current Board Positions: Sunset Life Insurance Company of America, Old American Insurance Company and Sunset Financial Services, Inc. (all subsidiaries).  
Business Experience: Mr. Bixby is Executive Vice President 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 and President of Old American Insurance Company, a subsidiary, in 1996.

Qualifications and Skills: Mr. Bixby has worked in various roles at the Company during his 32 years with the Company. He brings significant industry and company experience to the Board, and brings a balance of judgment both as an employee of the Company and as a significant stockholder.

Relationship to Company: Mr. Bixby is the brother of R. Philip Bixby and the cousin of Nancy Bixby Hudson and is a member of the current voting group.



Kevin G. Barth  
(Age 54)

Member of the:

- Compensation Committee

Director Since: 2008

Other Current Board Positions: The Economic Development Corporation of Kansas City, Hodgdon Powder Company, Cereal Food Processors Inc., and the Center For Practical Bio-Ethics.

Business Experience: 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.

Qualifications and Skills: Mr. Barth brings important financial experience to the Board and strong experience in the financial services industry. His broad experience in investments and lending provide him critical skills used to assist the Board to evaluate our investment strategy and its current portfolio.

Relationship to Company: Mr. Barth is an Independent Director.

James T. Carr  
(Age 48)

Director since: 2011

Other Current Board Positions: The Champions of Character Foundation, Missouri Bank and Trust, USA Basketball, Baptist-Trinity Lutheran Legacy Foundation and the Police Athletic League.

Business Experience: 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.

Qualifications and Skills: Mr. Carr brings important management and character-building experience to the Board coupled with strong revenue building experience.

Relationship to Company: Mr. Carr is an Independent Director.

Nancy Bixby Hudson  
(Age 62)

Director Since: 1996

Other Current Board Positions: Sunset Life Insurance Company of America and Old American Insurance Company (both subsidiaries).

Business Experience: Rancher and Investor.

Qualifications and Skills: Ms. Hudson brings a unique perspective and broader balance to the Board. Her experience allows for a strong stockholder voice that respects the history and tradition of the Company.

Relationship to Company: Ms. Hudson is a member of the current voting group, an investor, and is the cousin of R. Philip Bixby and Walter E. Bixby.

William A. Schalekamp  
(Age 70)  
Member of the:  
•Executive Committee

Director Since: 2002

Business Experience: 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.

Qualifications and Skills: Mr. Schalekamp brings both institutional knowledge and strong legal skills to the Board. In his 42 years of service with the Company, he has developed an expertise in employment, real estate, investment, regulatory and litigation matters.

Relationship to the Company: Mr. Schalekamp is an Independent Director

DIRECTORS ELECTED APRIL 18, 2013 FOR A THREE YEAR TERM

William R. Blessing  
(Age 59)

Member of the:

- Compensation Committee
- Executive Committee

Director Since: 2001

Business Experience: Mr. Blessing retired as Senior Vice President, Corporate Strategy and Development, Embarq, a position he held since the company became independent in 2006. He had held similar duties with Sprint and related entities in various capacities since 1981.

Qualifications and Skills: Mr. Blessing's experience in management, strategy, development, and economic forecasting brings valuable management and financial analysis skills to the Board. His experience with mergers and acquisitions also brings analytical abilities for looking at the overall position of the Company and in identifying strengths and areas for improvement. Mr. Blessing is a National Association of Corporate Directors (NACD) Board Leadership Fellow. He has demonstrated his commitment to boardroom excellence by completing NACD's comprehensive program of study for corporate directors. He supplements his skill sets through ongoing engagement with the director community and access to leading practices.

Relationship to Company: Mr. Blessing is an Independent Director.

Richard L. Finn  
(Age 73)

Member of the:

- Audit Committee
- Executive Committee

Director Since: 2004

Business Experience: Mr. Finn was elected Vice President of the Company in 1976, Financial Vice President in 1983, and Senior Vice President, Finance in 1984, a position he held until he retired in January 2002. He previously served as a Director of the Company from 1983 to 2002.

Qualifications and Skills: Mr. Finn brings a wealth of accounting and insurance industry experience to the Board. He also brings significant institutional knowledge regarding the Company.

Relationship to Company: Mr. Finn is an Independent Director.

David S. Kimmel  
(Age 52)

Member of the:

- Audit Committee

Director Since: 2013

Other Current Board Positions: CyberRiskPartners, LLC

Business Experience: Mr. Kimmel is CEO and Board Member of CyberRiskPartners, LLC, a privately held cyber risk analytics and risk management company. Prior to CyberRiskPartners, he was the Founder and Managing Partner of Summit Capital LLC, providing strategic, financial and capital raising advisory services for senior management and boards of directors. Mr. Kimmel previously worked in investment banking for the insurance industry with Deutsche Bank Securities and J.P. Morgan Securities, where he held various senior positions, including Managing Director and Insurance Investment Banking Group Head at both firms.

Qualifications and Skills: Mr. Kimmel's experience in the industry, specifically in financial and analytical evaluation of life insurance companies, brings a valuable perspective to the Board. He adds a specific expertise to the Board in areas of capital management, corporate analysis, strategic planning and development.

Relationship to Company: Mr. Kimmel is an Independent Director.

Cecil R. Miller  
(Age 81)  
Member of the:  
• Audit Committee  
(Chairman)

Director Since: 2001

Business Experience: Mr. Miller is a retired former partner of KPMG LLP (formerly Peat, Marwick, Mitchell & Co.) He joined KPMG LLP in 1957 and became an audit partner in 1967 specializing in insurance and agribusiness. He retired in 1990.

Qualifications and Skills: Mr. Miller brings significant financial and auditing expertise to the Board, which are utilized by the Board generally and through his position as Chair of the Audit Committee and as its Financial Expert.

Relationship to Company: Mr. Miller is an Independent Director.

## CORPORATE GOVERNANCE

### Current Board Structure

Our Board of Directors currently has fourteen members, nine of whom are independent directors, with the Chairman also serving in the role of Principal Executive Officer. We believe that having a single person serve as Chairman and Principal Executive Officer provides unified leadership and direction, and that such a structure facilitates oversight of management and the full engagement of our independent directors.

Our Board does not have a lead independent director, but each of our independent directors has substantial leadership experience in areas relevant to our business. We believe that our independent directors have the necessary power and authority to request and obtain information from management and to retain outside consultants where appropriate. As more specifically discussed below, the Compensation Committee reports on senior management compensation to the Board and considers its input. The Compensation Committee evaluates the performance of the Principal Executive Officer. In addition, the independent directors meet in executive session at least twice a year, and report to the Board and communicate with management through a representative. See “Board Oversight of Risk” on page 34 for more information about the Board’s role in risk oversight of the Company.

### Board Committees

The Board has four standing Committees: Audit, Compensation, Nominating, and Executive. With the exception of the Executive Committee, written charters govern these Committees and are available on our website at [www.kclife.com](http://www.kclife.com) under the link “FINANCIALS”. Our Bylaws and Articles of Incorporation govern the Executive Committee.

### Audit Committee

We have an Audit Committee established in accordance with Section 3(a)(58)(A) of the Exchange Act (15U.S.C. 78c(a)(58)(A)). The primary function of the Audit Committee is to assist the Board in monitoring (1) the integrity of the financial statements of the Company, (2) the qualifications, performance, and independence of the independent registered public accounting firm, (3) the performance of the internal auditors, and (4) our compliance with regulatory requirements. The members of that Audit Committee are Richard L. Finn, David S. Kimmel, and Cecil R. Miller. All directors serving on the Audit Committee are independent in accordance with the listing standards of the NASDAQ Capital Market. Mr. Miller is the current chair of the Audit Committee and he qualifies as an “Audit Committee Financial Expert” as defined by the Securities and Exchange Commission and NASDAQ Capital Market rules. The Audit Committee also reviews and approves the terms of any new related-party agreements. The Audit Committee met five times in 2014.

### Compensation Committee

The functions of the Compensation Committee are to aid the Board in meeting its oversight responsibilities and to determine executive compensation. The Compensation Committee reviews and recommends to the Board base salaries, director compensation, the annual incentive and long-term incentive programs, and reviews and discusses the Compensation Disclosure and Analysis with Management. Based on their review, the Committee may recommend the inclusion of the Compensation Disclosure and Analysis in the annual report on Form 10-K and, as applicable, in our Proxy Statement. The current members of the Compensation Committee are Kevin G. Barth, William R. Blessing, and Michael Braude. Mr. Braude is the current chair of the Compensation Committee. All directors serving on the Compensation Committee are independent in accordance with the listing standards of the NASDAQ Capital Market. The Compensation Committee met five times in 2014.

## Nominating Committee

The members of the Nominating Committee are R. Philip Bixby, Walter E. Bixby, and Michael Braude. Director Braude is an independent director. The Nominating Committee complies with the applicable requirements for directors under the standards promulgated by the Securities and Exchange Commission and the listing standards of the NASDAQ Capital Market. The function of the Nominating Committee is to aid the Board in meeting its responsibilities with regard to the organization and operation of the Board and selection of nominees for election to the Board. The Nominating Committee periodically reviews the appropriate size of the Board, whether any vacancies are expected due to retirement or otherwise, and the need for particular expertise on the Board. The Nominating Committee met once in 2014.

## Executive Committee

The function of the Executive Committee is to exercise all of the authority of the Board of Directors in the management, general control, and supervision of the business of the Company, subject to the general direction of the Board of Directors, as provided for in the Articles and Bylaws of the Company. This authority includes the oversight of operational risk related to our business, risks associated with our investment decisions, and underwriting risk associated with insurance products offered by the Company and its subsidiaries. The Executive Committee met twelve times in 2014.

## Meeting Attendance

During the year ending December 31, 2014, our Board of Directors met four times. All of the members attended 75% or more of the Board meetings and Committee meetings on which they served.

Last year, seven directors attended the Annual Meeting.

## Additional Information

Because more than 50% of stockholder voting power of the Company is held pursuant to a Voting Agreement dated October 31, 2004, we elected to be a “controlled company” under the corporate governance listing standards of the NASDAQ Capital Market. Accordingly, we are exempt from the corporate governance listing standards requiring (1) a board consisting of a majority of directors who have been determined to be independent under the criteria set forth in the listing standards, (2) a nominating committee composed entirely of independent directors and (3) a compensation committee composed entirely of such independent directors.

## Director Independence

The Board affirmatively determines the independence of its directors on an annual basis according to the listing standards of the NASDAQ Capital Market. During the Board meeting on January 26, 2015, the following Directors were determined to be independent:

Director	Matters Considered by Board
Kevin G. Barth	No relationships
William R. Blessing	No relationships
Michael Braude	Former employee of Company
James T. Carr	No relationships
John C. Cozad	No relationships
Richard L. Finn	Former executive officer employee of Company
David S. Kimmel	No relationships
Cecil R. Miller	Former employee of our external audit firm
William A. Schalekamp	Former executive officer employee of Company

## Code of Ethics

We have a Code of Ethics for Officers, Directors, and Employees. Copies are available on our website at <http://www.kclife.com> and you may obtain a free copy by writing our Secretary at 3520 Broadway, Kansas City, Missouri, 64111.

#### Communications with the Board

The Board provides a process for stockholders to send communications to the independent members of the Board, by mailing such communications to Cecil R. Miller, Chairman of the Audit Committee, Kansas City Life Insurance Company, 3520 Broadway, Kansas City, Missouri 64111.

Mr. Miller will forward communications to other directors, members of management or such other persons as deemed appropriate. The committees or, if appropriate, management, will respond in a timely manner to any substantive communications from a stockholder or an interested party. The Board strives to provide clear, candid and timely responses to any substantive communication it receives. To build constructive, informed relationships with stockholders and encourage transparency and accountability, it is the Board's policy to provide a response to any stockholder communication that receives a majority vote.



## COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

During the year ended December 31, 2014, none of our executive officers served on the compensation committee or as a director of another entity where an executive officer of that entity also served on our Compensation Committee or the Board.

## RELATED PERSON TRANSACTIONS

The Audit Committee has a written policy guiding procedures for the review, approval and ratification of transactions involving our Company and “related persons” (directors and executive officers or their immediate family members, or stockholders beneficially owning more than 5% of our common stock). The policy covers all transactions, arrangements or relationships (or any series of similar transactions, arrangements or relationships) in which we or any of our subsidiaries was, is or will be a participant, in which the amount involved exceeds \$120,000, and in which any related person had, has or will have a direct or indirect material interest.

The Audit Committee reviews all related person transactions and, as appropriate, approves or ratifies such transactions, or if time is of the essence, the Chair of the Audit Committee has the authority to authorize the transactions. Any director involved in such a transaction may not participate in any review, approval or ratification. The Audit Committee will only approve a related person transaction if, based on all of the facts and circumstances, the transaction is in, or is not inconsistent with, the best interests of our Company and our stockholders. The Audit Committee takes into account, among other factors it deems appropriate, whether the transaction is on terms generally available to an unaffiliated third-party under the same or similar circumstances and the extent of the related person’s interest in the transaction. The Audit Committee may also impose such conditions as it deems necessary and appropriate on the Company or the related person in connection with the transaction.

In the case of a transaction presented to the Audit Committee for ratification, the Audit Committee may ratify the transaction or determine whether rescission of the transaction is appropriate.

There were no related person transactions in 2014.

## EXECUTIVE OFFICERS

Name, Age and Position	Business Experience During Past 5 Years
R. Philip Bixby, 61 President, CEO and Chairman of the Board (PEO)	See Candidates Nominated by the Board for a Three Year Term
Walter E. Bixby, 56 Executive Vice President and Vice Chairman of the Board	See Directors Elected April 24, 2014 for a Three Year Term
Tracy W. Knapp, 52 Senior Vice President, Finance (PFO)	See Candidates Nominated by the Board for a Three Year Term

Donald E. Krebs, 57  
Senior Vice President,  
Sales and Marketing

Appointed Senior Vice President, Sales and Marketing in April 2004. Served as Vice President, Agency Marketing 2001 until 2004, and Regional Vice President 1996 until 2001. Responsible for Individual sales and marketing efforts for Kansas City Life. Director and Vice President of Sales and Marketing for our subsidiary Sunset Life Insurance Company of America; Director of our subsidiary Sunset Financial Services, Inc.

David A. Laird, 54  
Vice President and  
Controller

Appointed Vice President and Controller in December 2007. Mr. Laird serves as Chief Accounting Officer responsible for all corporate accounting and financial reports. Mr. Laird has been with the Company in various positions since 1982, most recently as Assistant Vice President and Assistant Controller.

A. Craig Mason, Jr., 49 Senior Vice President, General Counsel and Secretary	Appointed Vice President, General Counsel and Secretary effective November 1, 2010, and Senior Vice President, General Counsel and Secretary on February 1, 2013. As General Counsel, Mr. Mason is responsible for all legal matters involving the Company. Mr. Mason has been with the Company since 2006 and has extensive experience in the insurance industry. Serves as Secretary and Director of Sunset Financial Services, Inc., a subsidiary.
Mark A. Milton, 56 Senior Vice President and Actuary	See Candidates Nominated by the Board for a Three Year Term
Steve Ropp, 55 Senior Vice President, Operations	Appointed Vice President, Operations Services in 2005; Vice President, Insurance Services in 2011; and to present position in 2015. Responsible for our Computer Operations, Customer Services, Claims, Agency Administration, New Business, Underwriting, Facility Services, Distribution Services, Printing and Office Services. Director of Old American Insurance Company, a subsidiary.

SECURITY OWNERSHIP BY DIRECTORS, OFFICERS AND CERTAIN  
BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information as of December 31, 2014 concerning each director and director nominee, each named executive officer listed in the Summary Compensation Table and each person or group owning more than five percent of the outstanding shares of our \$1.25 par value common stock. The common stock is our only class of voting securities. As described in the notes to the table set forth below, certain named persons share the power of voting and disposition with respect to certain shares of common stock. Consequently, we show such shares as being beneficially owned by more than one person.

Name and Addresses	Shares Beneficially Owned		Percent of Class
5% Beneficial Owners:	2,358,340	(3)(7)(10)	
Angeline I. Bixby	357,311	(7)(13)	28.4
141 Triple Creek Pass	353,688	(7)(17)	
Pine Mountain, GA 31822			
JRB Interests, LLC	2,966,312	(4)(7)	27.4
3520 Broadway			
Kansas City, MO 64111			
Lee M. Vogel	7,081,892	(4)(5)(7)	65.4
3810 N. Mulberry Dr. #202			
Kansas City, MO 64116			
Mark A. Milton, Donald E. Krebs, and Stephen E. Ropp	545,470	(1)	5.0
Trustees of the Kansas City Life Insurance Company Savings and Profit Sharing Plan and the Kansas City Life Employee Stock Plan			
3520 Broadway			
Kansas City, MO 64111			
The Midwest Trust Company of Missouri	3,396,821	(6)(7)	31.4
4520 Main St. Ste. 175			
Kansas City, MO 64111			
Nancy Bixby Hudson	2,966,312	(4)(7)(14)	29.5
425 Baldwin Creek Rd.	223,696	(8)	
Lander, WY 82520			
WEB Interest, Ltd.	2,358,340	(2)(7)	21.8

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3520 Broadway  
Kansas City, MO 64111

R. Philip Bixby	2,358,340	(7)(10)(15)	28.4
3520 Broadway	35,281	(9)	
Kansas City, MO 64111	357,311	(7)(13)	
	320,854	(7)(16)	

Walter E. Bixby	2,358,340	(7)(10)(11)	28.7
3520 Broadway	22,363	(9)	
Kansas City, MO 64111	357,311	(7)(13)	
	364,601	(7)(12)	

Name and Addresses	Shares Beneficially Owned	Percent of Class
Directors, Director Nominees and Executive Officers:		
Kevin G. Barth	--	*
William R. Blessing	100	*
Michael Braude	1,100	*
James T. Carr	100	*
John C. Cozad	100	*
Richard L. Finn	24	