

KANSAS CITY LIFE INSURANCE CO

Form DEFA14A

March 02, 2007

KANSAS CITY LIFE INSURANCE COMPANY

3520 Broadway

Kansas City, Missouri

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

April 19, 2007

The Annual Meeting of Stockholders of Kansas City Life Insurance Company will be held at the Company's Home Office, 3520 Broadway, Kansas City, Missouri on April 19, 2007 at 9 a.m. for the following purposes:

- (1) To elect four (4) directors for a term of three (3) years.
- (2) To transact such other business as may properly come before the meeting.

The close of business at 4:15 p.m., March 12, 2007 has been fixed as the date of record for determining stockholders entitled to vote at the meeting, or any adjournment thereof, and only stockholders of record on said date are entitled to vote at the meeting. The stock transfer books of the Company will remain open. All stockholders are urged to attend the meeting in person or by proxy. If you do not expect to attend the meeting, you are requested by Management to date, fill in, sign and return the enclosed proxy promptly. A postage-paid envelope is enclosed for your convenience. Your attention is directed to the Proxy Statement printed on the following pages, which were first sent to shareholders on March 30, 2007.

/s/William A. Schalekamp
William A. Schalekamp
Senior Vice President,
General Counsel and Secretary

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

KANSAS CITY LIFE INSURANCE COMPANY

Kansas City, Missouri

PROXY STATEMENT

The enclosed proxy is solicited by and on behalf of the Board of Directors of Kansas City Life Insurance Company (hereinafter called the Company), for use in connection with the Annual Meeting of Stockholders on April 19, 2007, at the principal office of the Company, 3520 Broadway, Kansas City, Missouri. The matters to be considered and acted upon at such meeting are (1) to elect four directors for a term of three years, and (2) to transact such other business as may properly come before the meeting or any adjournment thereof. Management does not intend to bring before the meeting any business other than the matters set forth above and knows of no 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, to the extent such proxies are not limited to the contrary.

Shares represented at the meeting by properly executed proxies in the accompanying form will be voted at the meeting and, where the stockholder giving the proxy specifies a choice by means of the ballot space provided in the form of proxy, the shares will be voted in accordance with the specification so made. If no direction is given by the stockholder, the proxy will be voted in the manner specified on the accompanying form of proxy. Any proxy delivered pursuant to this solicitation is revocable by the person executing the proxy at any time before it is exercised.

If you wish to submit a proposal for inclusion in our next Proxy Statement, we must receive the proposal on or before December 1, 2007 and you must comply with applicable SEC and NASDAQ rules and our Bylaws.

Under our Bylaws, if you wish to bring other business before the stockholders at our 2007 Annual Meeting without including your proposal in our proxy statement, you must notify the Corporate Secretary of Kansas City Life Insurance Company in writing on or before March 20, 2007 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 wish to have included in our Proxy Statement.

The Company has authorized 36,000,000 shares of \$1.25 Par Value Common Stock. As of March 1, 2007, 6,654,927 shares are held as Treasury Stock and 11,841,753 are issued and outstanding. Each outstanding share of stock is entitled to one vote, and stockholders of record as of the close of business on March 12, 2007 shall be the stockholders entitled to vote at the meeting. In 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 is entitled to vote by the number of directors to be elected. This total number of votes may be voted for one nominee or distributed among several nominees.

ANNUAL REPORT

The Annual Report for 2006 and the Form 10-K are enclosed with this Proxy Statement.

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

The following table sets forth information as of December 31, 2006 concerning each director and director nominee, each executive officer listed in the summary compensation table and each person or group owning more than five percent of the outstanding shares on the date indicated certain beneficial owners of voting securities of the Company's \$1.25 par value common stock (common stock). The common stock is the Company's 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, such shares are shown as being beneficially owned by more than one person.

<u>Name and Address</u>	<u>Shares</u>		<u>Percent of Class</u>
5% Beneficial Owners:	<u>Beneficially Owned</u>		
Angeline I. Bixby	3,105,563	(3)(8)(11)	26.2
10453 S. Oakcrest Lane			
Olathe, KS 66061			
JRB Interests, Ltd.	2,966,312	(4)(8)	25.0
3520 Broadway			
Kansas City, MO 64111-2565			
Lee M. Vogel	2,973,410	(4)(5)(8)	25.0
4701 N.W. 59 th Court			
Kansas City, MO 64151			
Mark A. Milton, Tracy W. Knapp, and Charles R. Duffy, Jr.	704,290	(1)	5.9
Trustees of the Kansas City Life Insurance Company Savings and Profit Sharing Plan and the Kansas City Life Employee Stock Plan and the Kansas City Life Agents Stock Bonus Plan			
3520 Broadway			
Kansas City, MO 64111-2565			
Nancy Bixby Hudson	2,966,312	(8)(15)	27.8
425 Baldwin Creek Rd.	331,568	(8)(9)	
Lander, WY			
Richard L. Finn	2,957,291	(6)(8)	25.0
10106 N.W. 74 th St.			
Kansas City, MO 64152			

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WEB Interest, Ltd.	2,358,340	(2)(8)	19.9
3520 Broadway			
Kansas City, MO 64111-2565			
Webb R. Gilmore	2,957,767	(7)(8)	25.0
833 W. 53 rd St.			
Kansas City, MO 64112			

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<u>Name and Address</u>	<u>Shares Beneficially Owned</u>		<u>Percent of Class</u>
R. Philip Bixby	2,358,340	(8)(11)(16)	26.3
3520 Broadway	21,816	(8)(10)	
Kansas City, MO 64111-2565	393,535	(8)(14)	
	345,286	(8)(17)	
Walter E. Bixby	2,358,340	(8)(11)(12)	26.4
3520 Broadway	11,015	(8)(10)	
Kansas City, MO 64111-2565	393,535	(8)(14)	
	370,176	(8)(13)	
Directors and Executive Officers:			
William R. Blessing	100		*
Michael Braude	100		*
Charles R. Duffy	3,211	(10)	*
Warren J. Hunzicker, M.D.	300		*
Daryl D. Jensen	939		*
Tracy W. Knapp	976	(10)	*
Donald E. Krebs	2,531	(10)	*
Cecil R. Miller	100		*
Mark A. Milton	9,673	(10)	*
Bradford T. Nordholm	250		*
William A. Schalekamp	6		*
	14,086	(10)	
E. Larry Winn, Jr.	332		*
All Directors, Director Nominees, executive officers as a group (17 Persons)	6,815,761		57.5

*Less than 1%.

- (1) Trustees have the power to sell plan assets. Participants may instruct the Trustees how to vote their shares.
- (2) The WEB Interests, Ltd. is a Texas limited partnership (the WEB Partnership). Each partner of the WEB Partnership has the power to vote that number of shares of Common Stock owned by the WEB Partnership which equals such partner's proportionate interest in the

WEB Partnership.

- (3) Includes 2,358,340 shares for which Angeline I. Bixby(Ms. Bixby) shares the power of disposition as a general partner of the WEB Partnership. Of these shares, Ms. Bixby: (a) as a general partner of the WEB Partnership, in her capacity as a co-trustee of the Walter E. Bixby, Jr. Revocable Trust, shares the power to vote 1,950,536 shares; (b) as the sole trustee of the Angeline I. Bixby GST Trust and the Issue Trust for Angeline I. Bixby, which trusts are limited partners of the WEB Partnership, has the power to vote 135,740 shares; and (c) as an individual general partner of the WEB Partnership, has the sole power to vote 195 shares. Also includes: (a) 393,535 shares for which Ms. Bixby, as a co-trustee (with R. Philip Bixby and Walter E. Bixby) of the Walter E. Bixby Descendants Trust, shares the power to vote and the power of disposition; and (b) 353,688

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shares which Ms. Bixby owns directly and has the sole power to vote and the sole power of disposition.

- (4) The JRB Interests, Ltd. is a Texas limited partnership (the JRB Partnership). Each partner of the JRB Partnership has the power to vote that number of shares of Common Stock owned by the JRB Partnership which equals such partner's proportionate interest in the JRB Partnership.
- (5) Includes 2,966,312 shares for which Lee M. Vogel (Mr. Vogel), as a general partner of the JRB Partnership, shares the power of disposition. Of these shares, Mr. Vogel: (a) as a general partner of the JRB Partnership, in his individual capacity, has the sole power to vote 232 shares; and (b) as a co-trustee (with Richard L. Finn and Webb R. Gilmore) of the Issue Trust for Lee M. Vogel, a limited partner of the JRB Partnership, shares the power to vote 1,006,201 shares. Also includes 1,300 shares for which Mr. Vogel, as a joint tenant with right of survivorship with MM Bixby, shares the power to vote and the power of disposition. Mr. Vogel disclaims pecuniary interest in 1,960,715 shares owned by the partnership. Also includes 5,798 shares beneficially owned by Mr. Vogel as sole trustee of the Lee M. Vogel Revocable Trust dated March 15, 2005.
- (6) Richard L. Finn and Webb R. Gilmore share the power to vote (a) 1,951,067 shares with Nancy Hudson, as co-trustees of the Nancy Bixby Hudson GST Trust and the Issue Trust for Nancy Bixby Hudson, which trusts are limited partners of the JRB Partnership; (b) 1,006,201 shares with Lee M. Vogel, as co-trustees of the Issue Trust for Lee M. Vogel, a limited partner of the JRB Partnership, and (c) also includes 24 shares which Mr. Finn owns directly and has the sole power to vote and the sole power of disposition, that are not in the voting agreement.
- (7) Richard L. Finn and Webb R. Gilmore share the power to vote (a) 1,951,067 shares with Nancy Hudson, as co-trustees of the Nancy Bixby Hudson GST Trust and the Issue Trust for Nancy Bixby Hudson, which trusts are limited partners of the JRB Partnership; (b) 1,006,201 shares with Lee M. Vogel, as co-trustees of the Issue Trust for Lee M. Vogel, a limited partner of the JRB Partnership, and (c) also includes 500 shares which Mr. Gilmore owns directly and has the sole power to vote and the sole power of disposition, that are not in the voting agreement.
- (8) As reported on a Schedule 13D filed by the Bixby Family Group with the Securities and Exchange Commission on November 2, 2004, the sole voting power for all shares described herein is held by Mr. Lee M. Vogel pursuant to a voting agreement dated October 31, 2004. He has the sole voting power for 7,167,006 shares.
- (9) Ms. Hudson, as sole trustee of the Nancy Bixby Hudson Trust dated December 11, 1997, has the sole power to vote and the sole power to dispose of these shares.
- (10) Approximate beneficial interest in shares held by the Trustees of Kansas City Life Insurance Company employee benefit plans. Participants have the power to vote the shares held in their account.
- (11) As general partners of the WEB Interests, Ltd., a Texas limited partnership (the WEB Partnership), Walter E. Bixby, R. Philip Bixby and Angeline I. Bixby, share the power to dispose of these shares, which are owned by the WEB Partnership. As general partners, in their capacity as co-trustees of the WEB Trust, Walter E. Bixby, R. Philip Bixby and Angeline I. Bixby share the power to vote 2,358,340 of these shares.
- (12) Includes (a) 195 shares for which Walter E. Bixby, as an individual general partner of the WEB Partnership, has the sole power to vote; and (b) 135,740 shares for which Walter E. Bixby, as the sole trustee of the Walter E. Bixby, III GST Trust and the Issue Trust for Walter E. Bixby, III, which trusts are limited partners of the WEB Partnership, has the power to vote.
- (13) Includes (a) 348,380 shares which Walter E. Bixby owns directly and has the sole power to vote and the sole power of disposition; and (b) 21,796 shares for which Walter E. Bixby, as custodian for certain of his minor nieces and nephews, has the sole power to vote and the sole power of disposition.

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- (14) These shares are held in the Walter E. Bixby Descendants Trust. R. Philip Bixby, Walter E. Bixby and Ms. Angeline I. Bixby are the co-trustees of this trust and share the power to vote and the power to dispose of these shares. The terms of the trust restrict the transfer of these shares.
- (15) Includes 2,966,312 shares for which Ms. Hudson, as a general partner of JRB Interests, Ltd., a Texas limited partnership (the JRB Partnership), shares with the other general partners of the JRB Partnership, the power of

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disposition of these shares, which are owned by the JRB Partnership. Ms. Hudson (a) as a general partner of the JRB Partnership, has sole power to vote 232 of these shares; and (b) as a co-trustee (with Richard L. Finn and Webb R. Gilmore) of the Nancy Bixby Hudson GST Trust and the Issue Trust for Nancy Bixby Hudson, which trusts are limited partners of the JRB Partnership, shares the power to vote 1,951,067 of these shares. Ms. Hudson disclaims pecuniary interest in 1,014,549 shares owned by the partnership.

- (16) Includes (a) 195 shares for which R. Philip Bixby as an individual general partner of the WEB Partnership, has the sole power to vote; and (b) 135,740 shares for which R. Philip Bixby, as sole trustee of the R. Philip Bixby GST Trust and the Issue Trust for R. Philip Bixby, which trusts are limited partners of the WEB Partnership, has the power to vote.
- (17) Includes: (a) 337,114 shares which R. Philip Bixby owns directly and has the sole power to vote and the sole power of disposition; and (b) 8,172 shares for which R. Philip Bixby, as custodian for certain of his minor nieces and nephews, has the sole power to vote and the sole power of disposition.

ELECTION OF DIRECTORS

It is the intention of the persons named in the enclosed proxy form to vote such proxy for the election of nominees for directors, listed hereafter, for the term indicated. If for any reason the nominee shall become unavailable for election, the persons named in the enclosed proxy will vote for such substituted nominee or nominees as are selected by the Board of Directors pursuant to the Company's Bylaws.

INFORMATION CONCERNING DIRECTORS

Our Board is authorized for 15 persons divided into three classes serving staggered terms of three years. The names of the Company's Directors and information about them are set forth below.

CANDIDATES NOMINATED BY THE BOARD FOR A THREE YEAR TERM

William R. Blessing

(Age 51)

Member of the:
Compensation Committee

Mr. Blessing has been a Director of the Company since 2001. Mr. Blessing is currently Senior Vice President, Corporate Strategy and Development, Embarq, a position he has held since the company became independent in 2006. He has held similar duties with Sprint and related entities in various capacities since 1981. He also serves on the Board of various charitable groups.

Richard L. Finn

(Age 65)

Member of the:
Executive Committee

Mr. Finn has been a Director of the Company since 2004. He was elected Vice President in 1976; Financial Vice President in 1983; and to Senior Vice President, Finance in 1984. He previously served as a Director of the Company from 1983 to 2002 when he retired from the Company.

Cecil M. Miller

(Age 73)

Mr. Miller has been a Director of the Company since 2001. Mr. Miller is a retired partner of KPMG LLP (formerly Peat,

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Member of the:
Audit Committee
(Chairman)

Marwick, Mitchell & Co.) He joined KPMG in 1957 and became an audit partner specializing in insurance and agribusiness. He retired in 1990.

Bradford T. Nordholm
(Age 50)

Member of the:
Audit Committee

Mr. Nordholm has been a Director of the Company since 2004. Mr. Nordholm is CEO of Starwood Energy Group Global LLC. He had previously been CEO of TYR Energy, Inc. and TYR Capital, LLC. He also served as Senior Vice President/General Manager Capacity Services for Aquila, Inc.

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DIRECTORS ELECTED APRIL 21, 2005 FOR A THREE YEAR TERM

Walter E. Bixby

(Age 48)

Member of the:
Nominating Committee

Mr. Bixby has been a Director of the Company since 1996. Mr. Bixby was elected Assistant Vice President of the Company in 1985; Vice President, Marketing in 1990; Vice President Marketing Operations in 1992; Vice Chairman of the Board in 2005 and President of Old American, a subsidiary, in 1996. Mr. Bixby is the brother of R. Philip Bixby and the cousin of Nancy Bixby Hudson. He also serves as a Director of Sunset Life, Old American and Sunset Financial Services, subsidiaries.

Webb R. Gilmore

(Age 62)

Member of the:
Executive Committee

Nominating Committee

Mr. Gilmore has been a Director of the Company since 1990. Mr. Gilmore is Chairman and Shareholder of the law firm of Gilmore & Bell.

Nancy Bixby Hudson

(Age 54)

She has served as a Director of Sunset Life since 1986 and as a Director of Old American since 2005. She is an investor.

Ms. Hudson has been a Director of the Company since 1996. Ms. Hudson is the cousin of R. Philip Bixby and Walter E. Bixby.

Daryl D. Jensen

(Age 67)

Member of the:
Audit Committee

Compensation Committee
(Chairman)

Mr. Jensen has been a Director of the Company since 1978. Mr. Jensen served as President of Sunset Life, a subsidiary of Registrant, from 1973 until his retirement in 1999. Mr. Jensen serves as a Director of Sunset Life. He also is on the Board of Directors of Central Valley Bank, Heritage Financial Corporation, Panorama City Corporation, and is Vice President, Finance of Western Institutional Review Board.

William A. Schalekamp

(Age 62)

Member of the:
Executive Committee

Mr. Schalekamp has been a Director of the Company since 2002. He joined the Company in 1971. 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 present position in April 2002. He is responsible for the Legal Department, Office of the Secretary, Stock Transfer Department, and Market Compliance.

DIRECTORS ELECTED APRIL 20, 2006 FOR A THREE YEAR TERM

R. Philip Bixby

(Age 53)

Member of the:
Executive Committee

(Chairman)

Mr. Bixby has been a Director of the Company since 1985. 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

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Nominating Committee

Chairman of the Board in 2005. Mr. Bixby is the brother of Walter E. Bixby and the cousin of Nancy Bixby Hudson. He is also Chairman and President of Sunset Life, Chairman of Old American and Director of Sunset Financial Services, subsidiaries.

Warren J. Hunzicker, M.D.

(Age 86)

1987 to 1989. He formerly served as a member of the Company's Board of Directors from 1977 to 1980.

Dr. Hunzicker has been a Director of the Company since 1989.

Dr. Hunzicker served as the Company's Medical Director from