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INVESTORS TITLE CO
Form 10-K405
April 02, 2001

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

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2000

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

For the transition period from _____ to _____.

Commission file number 0-11774

INVESTORS TITLE COMPANY
(Exact name of registrant as specified in its charter)

North Carolina 56-1110199
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

121 North Columbia Street, Chapel Hill, North Carolina 27514
(Address of principal executive offices)

Registrant's telephone number, including area code: (919) 968-2200

Securities registered pursuant to section 12(g) of the Act:

Common Stock, no par value None
(Title of each class) (Name of the exchange on which registered)

Indicate by check mark whether the registrant (1) has filed all reports
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of
1934 during the preceding 12 months (or for such shorter period that the
registrant was required to file such reports), and (2) has been subject to such
filing requirements for the past 90 days. Yes X No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405
of Regulation S-K is not contained herein, and will not be contained, to the
best of registrant's knowledge, in definitive proxy or information statements
incorporated by reference in Part III of the Form 10-K or any amendment to this
Form 10-K. Yes X No

On March 7, 2001 the aggregate market value of the voting and nonvoting common
equity held by nonaffiliates of the registrant was \$29,659,355.

On March 7, 2001 the number of common shares outstanding was 2,570,583.

DOCUMENTS INCORPORATED BY REFERENCE

Documents

Form 10-K Reference

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| | |
|---|---|
| Portions of Annual Report to Shareholders for fiscal year ended December 31, 2000 | Part I, Items 1 and 2 Part II, Items 5 - 8 Part IV, Item 14 |
| Portions of Proxy Statement (in connection with Annual Meeting to be held on May 16, 2001) | Part III, Items 10 - 13 |

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PART I

ITEM 1. BUSINESS

GENERAL

Investors Title Company ("the Company") is a holding company which was incorporated in the State of North Carolina on February 13, 1973. The Company became operational June 24, 1976 when it acquired as a wholly owned subsidiary Investors Title Insurance Company, a North Carolina corporation ("ITIC"), under a plan of exchange of shares of common stock. On September 30, 1983, the Company acquired as a wholly owned subsidiary Northeast Investors Title Insurance Company ("NE-ITIC"), formerly Investors Title Insurance Company of South Carolina, a South Carolina corporation, under a plan of exchange of shares of common stock. In 1988, the Company established Investors Title Exchange Corporation, a wholly owned subsidiary ("ITEC.") In 1994, the Company established South Carolina Document Preparation Company, a wholly owned subsidiary ("SCDP.") In the first quarter of 2001, SCDP was renamed Investors Title Accommodation Corporation ("ITAC.") The Company's executive offices are at 121 North Columbia Street, Chapel Hill, North Carolina 27514. The Company's telephone number is (919) 968-2200.

The Company engages primarily in two segments of business. The main business activity is the issuance of title insurance through two title insurance subsidiaries, ITIC and NE-ITIC. The second segment provides tax-free exchange services through the Company's two subsidiaries, ITEC and ITAC. See Management's Discussion and Analysis of Financial Condition and Results of Operations and Note 13 of Notes to Consolidated Financial Statements in the 2000 Annual Report to Shareholders incorporated by reference in this Form 10-K Annual Report for additional information related to the Company's operating segments.

Title Insurance

Through its two wholly owned title insurance subsidiaries, ITIC and NE-ITIC, the Company underwrites land title insurance for owners and mortgagees as a primary insurer and as a reinsurer for other title insurance companies.

ITIC was incorporated in the State of North Carolina on January 28, 1972, and became licensed to write title insurance in the State of North Carolina on February 1, 1972. Since that date it has primarily written land title insurance as a primary insurer and as a reinsurer in the States of North Carolina and South Carolina. ITIC is the leading title insurer of North Carolina property and has held this position for seventeen years. In addition, the Company writes title insurance through issuing agents or branch offices in the States of Alabama, Arkansas, Florida, Georgia, Indiana, Kentucky, Maryland, Michigan, Minnesota, Mississippi, Nebraska, Ohio, Pennsylvania, Tennessee, Virginia, West Virginia and Wisconsin. Agents issue policies for ITIC and may also perform other services such as acting as escrow agents.

ITIC is also licensed to write title insurance in the District of Columbia and the States of Arizona, Colorado, Connecticut, Delaware, Idaho, Illinois, Kansas, Louisiana, Maine, Massachusetts, Missouri, Montana, Nevada, New Jersey,

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North Dakota, Oklahoma, Rhode Island, Texas, Utah, Vermont and Wyoming.

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NE-ITIC was incorporated in the State of South Carolina on February 23, 1973, and became licensed to write title insurance in that State on November 1, 1973. It currently writes title insurance as a primary insurer and as a reinsurer in the State of New York.

Title insurance guarantees owners, mortgagees, and others with a lawful interest in real property against loss by reason of encumbrances and defective title to such property. The commitments and policies issued are the standard American Land Title Association approved forms. Title insurance policies do not insure against future risks. Most other types of insurance protect against losses and events in the future.

In the State of North Carolina, title insurance commitments and policies are issued by the home office and branch offices. ITIC has 28 branch offices in North Carolina.

In the ordinary course of business, ITIC and NE-ITIC reinsure certain risks with other title insurers for the purpose of limiting their exposure and also assume reinsurance for certain risks of other title insurers for which they receive additional income. For the last three years, reinsurance activities accounted for less than 1% of total premium volume.

ITIC currently assumes primary risks up to \$1,500,000, reinsures the next \$250,000 of risk with NE-ITIC, and all risks above \$1,750,000 are then reinsured with a non-related reinsurer.

NE-ITIC currently assumes primary risks up to \$250,000, reinsures the next \$1,500,000 of risk with ITIC, and reinsures all amounts above \$1,750,000 with a non-related reinsurer.

Both ITIC and NE-ITIC have self-imposed risk retention limits that are more conservative than state insurance regulations require. ITIC's self-imposed retention of \$1,500,000 is only 14.7% of its statutorily permitted retention of \$10,191,492. NE-ITIC's self-imposed retention of \$250,000 is only 17.2% of its statutorily permitted retention of \$1,455,844.

ITIC's financial stability has been recognized by two Fannie Mae approved actuarial firms with rating categories of "A Double Prime - unsurpassed financial stability" and "A - strong overall financial condition."

NE-ITIC's financial stability has been recognized by two Fannie Mae approved actuarial firms with rating categories of "A Prime - unsurpassed financial stability" and "A - strong overall financial condition."

Exchange Services

In 1988, the Company established Investors Title Exchange Corporation, a wholly owned subsidiary ("ITEC"), to provide services in connection with tax-free exchanges of like-

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kind property. ITEC acts as an intermediary in tax-free exchanges of property held for productive use in a trade or business or for investments, and its income is derived from fees for handling exchange transactions.

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In the first quarter of 2001, South Carolina Document Preparation Company, a wholly owned subsidiary, changed its name to Investors Title Accommodation Corporation ("ITAC"). ITAC serves as exchange accommodation titleholder, offering a vehicle for accomplishing a reverse exchange when a taxpayer must acquire replacement property before selling the relinquished property.

OPERATIONS OF SUBSIDIARIES

For a description of Net Premiums Written geographically, refer to the Management's Discussion and Analysis of Financial Condition and Results of Operations in the 2000 Annual Report to Shareholders incorporated by reference in this Form 10-K Annual Report.

Title Insurance

ITIC and NE-ITIC offer primary title insurance coverage to owners and mortgagees of real estate and reinsurance of title insurance risks to other title insurance companies. Title insurance premiums written are for a one-time initial payment, with no recurring premiums. See Note 13 of Notes to Consolidated Financial Statements in the 2000 Annual Report to Shareholders incorporated by reference in this Form 10-K Annual Report for additional information related to the Company's operating segments.

Exchange Services

ITEC and ITAC offer services in connection with tax-free exchanges. See Note 13 of Notes to Consolidated Financial Statements in the 2000 Annual Report to Shareholders incorporated by reference in this Form 10-K Annual Report for additional information related to the Company's operating segments.

SEASONALITY

Title Insurance

Title insurance premiums are closely related to the level of real estate activity and the average price of real estate sales. The availability of funds to finance purchases directly affects real estate sales. Other factors include consumer confidence, economic conditions, supply and demand, mortgage interest rates and family income levels. Historically, the first quarter has the least real estate activity, while the remaining quarters are more active. Fluctuations in mortgage interest rates can cause shifts in real estate activity outside of the normal seasonal pattern.

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Exchange Services

Seasonal factors affecting the level of real estate activity and the volume of title premiums written will also affect the demand for exchange services.

MARKETING

Title Insurance

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ITIC's marketing plan is based upon providing fast and efficient service in the delivery of title insurance coverage through a home office, branch offices, and issuing agents. In North Carolina, ITIC operates through a home office and 28 branch offices. In South Carolina, ITIC operates through a branch office and issuing agents located conveniently to customers throughout the State. ITIC also writes title insurance policies through issuing agents in Alabama, Arkansas, Florida, Georgia, Indiana, Kentucky, Maryland, Michigan, Minnesota, Mississippi, Nebraska, Ohio, Pennsylvania, Tennessee, Virginia, West Virginia and Wisconsin.

NE-ITIC currently operates through agency offices in the State of New York.

ITIC and NE-ITIC strive to provide superior service to their customers and consider this an important factor in attracting and retaining customers. Branch and corporate personnel strive to develop new business relationships to increase market share. The Company's marketing efforts are also enhanced through advertising.

Exchange Services

Marketing of exchange services offered by ITEC and ITAC has been increasingly incorporated into the marketing of the core title products offered by ITIC and NE-ITIC. A Commercial Services Division was established in the first quarter of 2001 in order to better service commercial clients. ITEC and ITAC are also promoted through the marketing efforts of this division.

CUSTOMERS

The segments are not dependent upon any single customer, the loss of which could have a material effect on the Company.

RESERVES

The reserves for claims for financial reporting purposes are established based on criteria discussed in Notes 1 and 6 of Notes to Consolidated Financial Statements in the 2000 Annual

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Report to Shareholders incorporated by reference in this Form 10-K Annual Report.

REGULATIONS

Title insurance companies are extensively regulated under applicable state laws. The regulatory authorities possess broad powers with respect to the licensing of title insurers and agents, rates, investments, policy forms, financial reporting, reserve requirements, dividend restrictions as well as examinations and audits of title insurers. The Company's two insurance subsidiaries are subject to examination at any time by the insurance regulators in the states where they are licensed.

ITIC is domiciled in North Carolina and subject to North Carolina state insurance regulations. Financial examinations are scheduled every five years by the North Carolina Department of Insurance. ITIC is currently being examined for the period January 1, 1995 through December 31, 1999. Typically, a report is

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issued six months following the completion of an examination.

NE-ITIC is domiciled in South Carolina and subject to South Carolina state insurance regulations. Financial examinations are scheduled periodically by the South Carolina Department of Insurance. NE-ITIC was last examined by the South Carolina Department of Insurance commencing on June 22, 1998 for the period January 1, 1994 through December 31, 1997 with no material deficiencies noted.

In addition to financial examinations, both ITIC and NE-ITIC are subject to market conduct examinations. These audits examine domiciled state activity. ITIC's last market conduct examination commenced on April 19, 1999 for the period January 1, 1996 through December 31, 1998 with no material deficiencies noted. NE-ITIC's last market conduct examination coincided with the financial examination, which commenced on June 22, 1998 for the period January 1, 1994 through December 31, 1997. No material deficiencies were noted for NE-ITIC by the market conduct examiners.

In accordance with the insurance laws and regulations applicable to title insurance in the State of North Carolina, ITIC has established and maintains a statutory premium reserve for the protection of policyholders. For years prior to 1999, ITIC reserved an amount equal to 10% of current year premiums written and reduced such amounts annually by 5%. For years after 1998, 10% of direct premiums written plus premiums for reinsurance assumed less premiums for reinsurance ceded is reserved and reduced annually, over a period of 20 years, as follows: 20% the first year, 10% the second and third year, 5% for years four through ten, 3% for years eleven through fifteen, and 2% for years sixteen through twenty.

NE-ITIC has established and maintains a statutory premium reserve as required by the insurance laws and regulations of the State of New York. A \$1.50 for each risk assumed under a

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policy or commitment plus one-eightieth of one percent of the face amount of each commitment or policy, reduced by that portion of the reserve established 15 years earlier are accumulated in a statutory premium reserve for years up to 1985. In subsequent years, the addition to the reserve is calculated in the same manner but is reduced annually by 5%.

These statutory premium reserve additions are not charged to operations for financial reporting purposes and changes in the statutory premium reserve have no effect on net income of the Company or its subsidiaries for financial reporting purposes.

The Company is an insurance holding company, and is also subject to regulation in the states in which its insurance subsidiaries do business. These regulations, among other things, require insurance holding companies to register and file certain reports and require prior regulatory approval of intercorporate transfers including, in some instances, the payment of shareholders' dividends by the insurance subsidiaries. All states set requirements for admission to do business, including minimum levels of capital and surplus. State insurance departments have broad administrative powers and monitor the stability and service of insurance companies.

In addition to the financial statements which are required to be filed as part of this report and are prepared on the basis of generally accepted accounting principles, the Company's insurance subsidiaries also prepare financial statements in accordance with statutory accounting principles prescribed or permitted by state regulations. Based upon the latter principles, as of December 31, 2000, ITIC reported \$25,478,730 of capital and surplus, and

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net income of \$3,195,801; and NE-ITIC reported \$2,911,687 of capital and surplus, and net income of \$9,589.

ITIC and NE-ITIC both meet the minimum capital and surplus requirements of the states in which they are licensed.

COMPETITION

Title Insurance

ITIC currently operates primarily in Michigan, North Carolina, South Carolina and Virginia. ITIC's major competitors are Chicago Title Insurance Company, Commonwealth Land Title Insurance Company, Fidelity National Title Insurance Company, First American Title Insurance Company, Lawyers Title Insurance Corporation, Old Republic National Title Insurance Company and Stewart Title Guaranty Company. Key elements that affect competition are price, expertise, timeliness and quality of service and the financial strength and size of the insurer.

Exchange Services

Competition for ITEC and ITAC comes from other title insurance companies as well as

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some major banks that offer exchange services.

INVESTMENTS

The Company and its subsidiaries derive a substantial portion of their income from investments in bonds (municipal and corporate) and equity securities. The investment policy is designed to maintain a high quality portfolio and maximize income. Some state laws impose certain restrictions upon the types and amounts of investments that can be made by the Company's insurance subsidiaries.

See Note 3 of Notes to Consolidated Financial Statements in the 2000 Annual Report to Shareholders incorporated by reference in this Form 10-K Annual Report for the major categories of investments, earnings by investment categories, scheduled maturities, amortized cost, and market values of investment securities.

EMPLOYEES

The Company has no paid employees. NE-ITIC had two full-time paid employees as of December 31, 2000. Officers of the Company are full-time paid employees of ITIC, which had 165 full-time employees and 14 part-time employees as of December 31, 2000.

TRADEMARK

The Company's subsidiary, ITIC, registered its logo with the U.S. Patent-Trademark Office in February, 1987. The loss of said registration, in the Company's opinion, would not materially affect its business.

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ITEM 2. PROPERTIES

The Company owns the office building and property located on the corner of North Columbia and West Rosemary Streets in Chapel Hill, North Carolina, which serves as the Company's corporate headquarters. The building contains approximately 23,000 square feet. The Company's principal subsidiary, ITIC, leases office space in 31 locations throughout North Carolina, South Carolina, Michigan and Virginia. NE-ITIC leases office space in 2 locations in New York. These properties are used by the title insurance and exchange services segments.

The Company also owns several parcels and one building adjacent to the Company's facility.

See Note 9 of Notes to Consolidated Financial Statements in the 2000 Annual Report to Shareholders incorporated by reference in this Form 10-K Annual Report for the amounts of

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future minimum lease payments. Each of the office facilities occupied by the Company and its subsidiaries are in good condition and adequate for present operations.

ITEM 3. LEGAL PROCEEDINGS

The Company and its subsidiaries are involved in litigation on a number of claims which arise in the normal course of business, none of which, in the opinion of management are expected to have a material adverse effect on the Company's consolidated financial position.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders during the fourth quarter of the fiscal year ended December 31, 2000.

ITEM 4A. EXECUTIVE OFFICERS OF THE COMPANY

IDENTIFICATION OF EXECUTIVE OFFICERS

The following table sets forth the executive officers of the Company as of December 31, 2000. Each officer is appointed at the annual meeting of the Board of Directors to serve until the next annual meeting of the board or until his or her respective successor has been elected.

| Name | Age | Position with Registrant | Officer Since |
|--------------------|-----|--------------------------------------|---------------|
| ---- | --- | ----- | ----- |
| J. Allen Fine | 66 | Chairman, Director and CEO | 1973 |
| James A. Fine, Jr. | 38 | President, Director and Treasurer | 1987 |
| W. Morris Fine | 34 | Executive Vice | 1992 |

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| | | | |
|--------------------|----|---|------|
| | | President, Director and Secretary | |
| Elizabeth P. Bryan | 40 | Vice President and Assistant Secretary | 1987 |
| L. Dawn Martin | 35 | Vice President and Assistant Secretary | 1993 |

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J. Allen Fine, Chief Executive Officer and Chairman of the Board of Directors, is the father of James A. Fine, Jr., President, Treasurer and Director of the Company, and W. Morris Fine, Executive Vice President, Secretary and Director of the Company.

The business experience of the Executive Officers of the Company is set forth below:

J. Allen Fine has been Chief Executive Officer and Chairman of the Board of the

Company since its incorporation. Mr. Fine also served as President of the Company until May 1997. Mr. Fine is the father of James A. Fine, Jr., President, Treasurer and Director of the Company, and W. Morris Fine, Executive Vice President, Secretary and Director of the Company.

James A. Fine, Jr. was named Vice President of the Company in 1987. In 1997, Mr.

Fine was named President and Treasurer and appointed a Director of the Company. James A. Fine, Jr. is the son of J. Allen Fine, Chief Executive Officer and Chairman of the Board of the Company, and brother of W. Morris Fine, Executive Vice President, Secretary and Director of the Company.

W. Morris Fine was named Vice President of the Company in 1992. In 1993, Mr.

Fine was named Treasurer of the Company and served in that capacity until 1997. In 1997, Mr. Fine was named Executive Vice President and Secretary of the Company. In 1999, he was appointed Director of the Company. Morris Fine is the son of J. Allen Fine, Chief Executive Officer and Chairman of the Board of the Company, and brother of James A. Fine, Jr., President, Treasurer and Director of the Company.

Elizabeth P. Bryan joined the Company in 1985 as Controller and in 1987, she was

named Vice President of the Company.

L. Dawn Martin joined the Company in 1991 and in 1993, she was named Vice

President of the Company.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The high and low sales prices for the common stock on NASDAQ and the dividends paid per common share for each quarter in the last two fiscal years are indicated under "Shareholder Information" in the 2000 Annual Report to Shareholders incorporated by reference in this Form 10-K Annual Report.

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ITEM 6. SELECTED FINANCIAL DATA

The selected financial data for the five years ended December 31, 2000 under the caption "Financial Highlights" is in the 2000 Annual Report to Shareholders incorporated by reference in this Form 10-K Annual Report. The information should be read in conjunction with the Consolidated Financial Statements and Notes to Consolidated Financial Statements and the Management's Discussion and Analysis of Financial Condition and Results of Operations in the 2000 Annual Report to Shareholders incorporated by reference in this Form 10-K Annual Report.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's Discussion and Analysis of Financial Condition and Results of Operations in the 2000 Annual Report to Shareholders is incorporated by reference in this Form 10-K Annual Report.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Management's Discussion and Analysis of Quantitative and Qualitative Disclosures about Market Risk in the 2000 Annual Report to Shareholders is incorporated by reference in this Form 10-K Annual Report.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements and supplementary data in the 2000 Annual Report to Shareholders are incorporated by reference in this Form 10-K Annual Report.

The financial statement schedules meeting the requirements of Regulation S-X are shown as Schedules I, II, III, IV and V.

The supplementary financial information (Selected Quarterly Financial Data) in the 2000 Annual Report to Shareholders is incorporated by reference in this Form 10-K Annual Report.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There were no changes in, nor disagreements with, accountants on accounting and financial disclosure.

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PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

IDENTIFICATION OF DIRECTORS

Information pertaining to Directors of the Company under the heading "Election of Directors" in the Company's definitive Proxy Statement for the Annual Meeting of Shareholders to be held on May 16, 2001 is incorporated by reference in this Form 10-K Annual Report. Other information with respect to executive officers is contained in Part I - Item 4(a) under the caption "Executive Officers of the Company".

ITEM 11. EXECUTIVE COMPENSATION

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Information pertaining to executive compensation under the heading "Executive Compensation" in the Company's definitive Proxy Statement relating to the Annual Meeting of Shareholders to be held on May 16, 2001 is incorporated by reference in this Form 10-K Annual Report.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Information pertaining to securities ownership of certain beneficial owners and management under the heading "Ownership of Stock by Executive Officers and Certain Beneficial Owners" in the Company's definitive Proxy Statement relating to the Annual Meeting of Shareholders to be held on May 16, 2001 is incorporated by reference in this Form 10-K Annual Report.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information pertaining to certain relationships and related transactions under the heading "Compensation Committee Interlocks and Insider Participation" in the Company's definitive Proxy Statement relating to the Annual Meeting of Shareholders to be held on May 16, 2001 is incorporated by reference in this Form 10-K Annual Report.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(A) The following documents are filed as part of this report:

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1. Financial Statements

The following financial statements in the 2000 Annual Report to Shareholders are hereby incorporated by reference in this Form 10-K Annual Report:

Report of Independent Accountants
Consolidated Balance Sheets as of December 31, 2000 and 1999
Consolidated Statements of Income for the Years Ended December 31, 2000,
1999 and 1998
Consolidated Statements of Stockholders' Equity for the Years Ended
December 31, 2000, 1999 and 1998
Consolidated Statements of Comprehensive Income for the Years Ended
December 31, 2000, 1999 and 1998
Consolidated Statements of Cash Flows for the Years Ended December 31,
2000, 1999 and 1998
Notes to Consolidated Financial Statements

2. Financial Statement Schedules

The following is a list of financial statement schedules filed as part of this report on Form 10-K Annual Report:

Investors Title Company and Subsidiaries:

| Schedule Number | Description |
|-----------------|---|
| ----- | ----- |
| I | Summary of Investments - Other Than Investments in Related Parties |

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| | |
|-----|---|
| II | Condensed Financial Information of Registrant |
| III | Supplementary Insurance Information |
| IV | Reinsurance |
| V | Valuation and Qualifying Accounts |

All other schedules are omitted, as the required information is not applicable or required, or the information is presented in the consolidated financial statements or the notes thereto.

3. Exhibits

| Exhibit Number ----- | Description ----- | Incorporation by Reference to ----- |
|--|---|---|
| (3) (i) | Articles of Incorporation | Exhibit 1 to Form 10, dated June 12, 1984 |
| 13 | | |
| Exhibit Number ----- | Description ----- | Incorporation by Reference to ----- |
| (3) (ii) | Bylaws - Restated and Amended through February 12, 2001 | Included herewith |
| Management contract of compensatory plan or arrangement (Exhibits (10) (i) - (10) (xiii)) | | |
| (10) (i) | 1988 Incentive Stock Option Plan | Exhibit 10 to Form 10-K for the year ended December 31, 1989 |
| (10) (ii) | 1993 Incentive Stock Option Plan | Exhibit 10 to Form 10-K for the year ended December 31, 1993 |
| (10) (iii) | 1993 Incentive Stock Option Plan- W. Morris Fine | Exhibit 10 to Form 10-K for the year ended December 31, 1993 |
| (10) (iv) | Employment Agreement dated February 9, 1984 with J. Allen Fine, Chairman | Exhibit 10 to Form 10-K for the year ended December 31, 1985 |
| (10) (v) | Form of Incentive Stock Option Agreement under 1993 Incentive Stock Option Plans | Exhibit 10(v) to Form 10-K for the year ended December 31, 1994 |
| (10) (vi) | Form of Amendment dated November 8, 1994 to Stock Option Agreement dated as of November 13, 1989 | Exhibit 10(vi) to Form 10-Q for the quarter ended March 31, 1995 |
| (10) (vii) | Form of Stock Option Agreement dated November 13, 1989 | Exhibit 10(vii) to Form 10-Q for the quarter ended March 31, 1995 |

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|-------------|---|--|
| (10) (viii) | 1997 Stock Option and Restricted Stock Plan | Exhibit 10(viii) to Form 10-K for the year ended December 31, 1996 |
|-------------|---|--|

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| Exhibit Number ----- | Description ----- | Incorporation by Reference to ----- |
|----------------------------|--|--|
| (10) (ix) | Form of Nonqualified Stock Option Agreement to Non-employee Directors dated May 13, 1997 under the 1997 Stock Option and Restricted Stock Plan | Exhibit 10(ix) to Form 10-Q for the quarter ended June 30, 1997 |
| (10) (x) | Form of Nonqualified Stock Option Agreement under 1997 Stock Option and Restricted Stock Plan | Exhibit 10(x) to Form 10-K for the year ended December 31, 1997 |
| (10) (xi) | Form of Incentive Stock Option Agreement under 1997 Stock Option and Restricted Stock Plan | Exhibit 10(xi) to Form 10-K for the year ended December 31, 1997 |
| (10) (xii) | Form of Amendment to Incentive Stock Option Agreement between Investors Title Company and James Allen Fine, James Allen Fine, Jr., William Morris Fine, George Abbitt Snead, Ralph Nichols Strayhorn, III and Raeford Wilder Wall, Jr., respectively | Exhibit 10(xii) to Form 10-Q for the quarter ended June 30, 2000 |
| (10) (xiii) | 2001 Stock Option and Restricted Stock Plan | Included herewith |
| (13) | Portions of 2000 Annual Report to Shareholders incorporated by reference in this report as set forth in Parts I and II hereof. | Included herewith |
| (21) | Subsidiaries of Registrant | Included herewith |
| (23) | Consent of Independent Auditors | Included herewith |
| (B) | Reports on Form 8-K No reports were filed on Form 8-K for the fourth quarter of 2000. | |

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

INVESTORS TITLE COMPANY

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By: /s/J. Allen Fine

J. Allen Fine
Chairman and Chief Executive Officer
Date: April 2, 2001

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities on the 2nd day of April, 2001.

/s/ J. Allen Fine

J. Allen Fine, Chairman and Chief
Executive Officer

/s/ James A. Fine, Jr.

James A. Fine, Jr., President, Treasurer and
Director (Principal Financial Officer)

/s/ Elizabeth P. Bryan

Elizabeth P. Bryan, Vice President and Asst.
Secretary (Principal Accounting Officer)

/s/ W. Morris Fine

W. Morris Fine, Executive Vice President
Secretary and Director

/s/ David L. Francis

David L. Francis, Director

Loren B. Harrell, Jr., Director

/s/ William J. Kennedy III

William J. Kennedy III, Director

/s/ H. Joe King, Jr.

H. Joe King, Jr., Director

/s/ James R. Morton

James R. Morton, Director

/s/ Lillard H. Mount

Lillard H. Mount, Director

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/s/ A. Scott Parker III

A. Scott Parker III, Director

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SCHEDULE I

INVESTORS TITLE COMPANY AND SUBSIDIARIES
SUMMARY OF INVESTMENTS - OTHER THAN INVESTMENTS IN RELATED PARTIES
As of December 31, 2000

| Type of Investment | Cost (1) | Market Value |
|--|--------------|--------------|
| ----- | | |
| Fixed Maturities: | | |
| Bonds: | | |
| States, municipalities and political subdivisions | \$23,508,874 | \$24,26 |
| Public utilities | 199,246 | 19 |
| All other corporate bonds | 11,528,439 | 11,63 |
| Certificates of deposit | 98,982 | 9 |
| | ----- | ----- |
| Total fixed maturities | 35,335,541 | 36,19 |
| | ----- | ----- |
| Equity Securities: | | |
| Common Stocks: | | |
| Public utilities | 385,373 | 75 |
| Banks, trust and insurance companies | 317,190 | 1,19 |
| Industrial, miscellaneous and all other | 1,078,687 | 2,29 |
| Nonredeemable preferred stocks | 653,117 | 72 |
| | ----- | ----- |
| Total equity securities | 2,434,367 | 4,97 |
| | ----- | ----- |
| Total investments per the consolidated balance sheet | 37,769,908 | |
| | ----- | |
| Cash equivalents | 7,645,313 | |
| | ----- | |
| Total investments | \$45,415,221 | |
| | ===== | |

- (1) Fixed maturities are shown at amortized cost and equity securities are shown at original cost.
- (2) Bonds of states, municipalities and political subdivisions are shown at amortized cost for held-to-maturity bonds and fair value for available-for-sale bonds. Equity securities are shown at fair value.

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| | | | |
|---|--------------|--------------|--------------|
| Revenues: | | | |
| Investment income-interest and dividends | \$ 74,105 | \$ 103,349 | \$ 76,390 |
| Rental income | 482,267 | 445,440 | 435,821 |
| Miscellaneous income | 45 | 70 | 23,014 |
| | ----- | ----- | ----- |
| Total | 556,417 | 548,859 | 535,225 |
| | ----- | ----- | ----- |
| Operating Expenses: | | | |
| Office occupancy and operations | 148,750 | 161,061 | 138,475 |
| Business development | 14,116 | 13,886 | 13,234 |
| Taxes-other than payroll and income | 66,948 | 46,117 | 48,569 |
| Professional fees | 40,311 | 30,398 | 22,269 |
| Other expenses | 48,939 | 44,599 | 105,857 |
| | ----- | ----- | ----- |
| Total | 319,064 | 296,061 | 328,404 |
| | ----- | ----- | ----- |
| Equity in Net Income of Affiliated Cos.* | 2,988,984 | 4,241,630 | 5,311,677 |
| | ----- | ----- | ----- |
| Income Before Income Taxes | 3,226,337 | 4,494,428 | 5,518,498 |
| | ----- | ----- | ----- |
| Provision for Income Taxes | 85,874 | 74,034 | 58,989 |
| | ----- | ----- | ----- |
| Net Income | \$ 3,140,463 | \$ 4,420,394 | \$ 5,459,509 |
| | ===== | ===== | ===== |
| Basic Earnings per Common Share | \$ 1.21 | \$ 1.59 | \$ 1.95 |
| | ===== | ===== | ===== |
| Weighted Average Shares Outstanding-Basic | 2,594,891 | 2,776,878 | 2,806,267 |
| | ===== | ===== | ===== |
| Diluted Earnings Per Common Share | \$ 1.21 | \$ 1.59 | \$ 1.92 |
| | ===== | ===== | ===== |
| Weighted Average Shares Outstanding-Diluted | 2,601,283 | 2,786,282 | 2,841,035 |
| | ===== | ===== | ===== |

* Eliminated in consolidation

See notes to condensed financial statements.

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SCHEDULE II

| | | |
|---|--------------|--------------|
| INVESTORS TITLE COMPANY (PARENT COMPANY) | | |
| CONDENSED FINANCIAL INFORMATION OF REGISTRANT | | |
| STATEMENTS OF CASH FLOWS | | |
| FOR THE YEARS ENDED DECEMBER 31, 2000, 1999 AND 1998 | | |
| | 2000 | 1999 |
| Operating Activities: | | |
| Net income | \$ 3,140,463 | \$ 4,420,394 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Equity in net earnings of subsidiaries less dividends received of \$625,000, \$700,000 and \$575,000 in 2000, | | |

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| | | |
|--|-------------|--------------|
| 1999 and 1998, respectively, plus \$600,000 and \$50,000 investment in subsidiary in 2000 and 1999, respectively | (2,963,984) | (3,591,630) |
| Gain on disposal of property | - | - |
| Depreciation | 72,517 | 60,608 |
| Provision (benefit) for deferred income taxes | (1,081) | 72,498 |
| (Increase) decrease in receivables | (8,465) | (8,878) |
| (Increase) decrease in income taxes receivable-current | 442,536 | 324,464 |
| (Increase) decrease in prepaid expenses | 8,270 | (17,774) |
| Increase (decrease) in accounts payable and accrued liabilities | (5,310) | 28,750 |
| | ----- | ----- |
| Net cash provided by operating activities | 684,946 | 1,288,432 |
| | ----- | ----- |
| Investing Activities: | | |
| Purchase of land | - | (325,000) |
| Purchases of furniture and equipment and building | (34,387) | (250,000) |
| Proceeds from the disposal of property | - | - |
| | ----- | ----- |
| Net cash used in investing activities | (34,387) | (575,000) |
| | ----- | ----- |
| Financing Activities: | | |
| Dividends paid | (342,689) | (342,689) |
| | ----- | ----- |
| Net cash used in financing activities | (342,689) | (342,689) |
| | ----- | ----- |
| Net Increase (Decrease) in Cash and Cash Equivalents | 307,870 | 370,743 |
| Cash and Cash Equivalents, Beginning of Year | 579,058 | 208,315 |
| | ----- | ----- |
| Cash and Cash Equivalents, End of Year | \$ 886,928 | \$ 579,058 |
| | ===== | ===== |
| Supplemental Disclosures: | | |
| Cash Paid (Refunded) During the Year For: | | |
| Income Taxes | \$ 490,592 | \$ (308,503) |
| | ===== | ===== |

See notes to condensed financial statements.

INVESTORS TITLE COMPANY (PARENT COMPANY)
 CONDENSED FINANCIAL INFORMATION OF REGISTRANT
 NOTES TO CONDENSED FINANCIAL STATEMENTS

1. The accompanying condensed financial statements should be read in conjunction with the consolidated financial statements and notes thereto of Investors Title Company and Subsidiaries.
2. Cash dividends paid to Investors Title Company by its wholly owned

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subsidiary, Investors Title Insurance Company, were \$350,000, \$350,000 and \$350,000 in 2000, 1999 and 1998, respectively. Cash dividends paid to Investors Title Company by its wholly owned subsidiary, Investors Title Exchange Corporation, were \$275,000 \$350,000 and \$225,000 in 2000, 1999 and 1998, respectively.

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SCHEDULE III

INVESTORS TITLE COMPANY AND SUBSIDIARIES
SUPPLEMENTARY INSURANCE INFORMATION
For the Years Ended December 31, 2000, 1999 and 1998

| Segment | Deferred Policy Acquisition Cost | Future Policy Benefits, Losses, Claims and Loss Expenses | Unearned Premiums | Other Policy Claims and Benefits Payable | Net Premium Revenue | Net Investme Income |
|---------------------------------|---|--|----------------------|---|---------------------------|---------------------------|
| Year Ended December 31, 2000 | | | | | | |
| Title Insurance | --- | \$17,944,665 | --- | \$222,748 | \$37,690,752 | \$2,436, |
| Exchange Services | --- | --- | --- | --- | --- | 17, |
| All Other | --- | --- | --- | --- | --- | 74, |
| | --- | \$17,944,665 | --- | \$222,748 | \$37,690,752 | \$2,528, |
| Year Ended December 31, 1999 | | | | | | |
| Title Insurance | --- | \$15,864,665 | --- | \$208,605 | \$43,819,565 | \$2,061, |
| Exchange Services | --- | --- | --- | --- | --- | 10, |
| All Other | --- | --- | --- | --- | --- | 103, |
| | --- | \$15,864,665 | --- | \$208,605 | \$43,819,565 | \$2,175, |
| Year Ended December 31, 1998 | | | | | | |
| Title Insurance | --- | \$13,362,665 | --- | \$ 84,598 | \$45,379,696 | \$1,746, |
| Exchange Services | --- | --- | --- | --- | --- | 12, |
| All Other | --- | --- | --- | --- | --- | 76, |
| | --- | \$13,362,665 | --- | \$ 84,598 | \$45,379,696 | \$1,834, |

Amortization
of Deferred
Policy

Other

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| Segment | Acquisition Costs | Operating Expenses | Premiums Written |
|--|----------------------|-----------------------|---------------------|
| ----- | | | |
| Year Ended December 31, 2000 ----- | | | |
| Title Insurance | --- | \$31,060,289 | N/A |
| Exchange Services | --- | 225,330 | N/A |
| All Other | --- | 818,331 | N/A |
| | ----- | | |
| | --- | \$32,103,950 | |
| | ===== | | |
| Year Ended December 31, 1999 ----- | | | |
| Title Insurance | --- | \$34,342,012 | N/A |
| Exchange Services | --- | 178,627 | N/A |
| All Other | --- | 358,462 | N/A |
| | ----- | | |
| | --- | \$34,879,101 | |
| | ===== | | |
| Year Ended December 31, 1998 ----- | | | |
| Title Insurance | --- | \$32,219,955 | N/A |
| Exchange Services | --- | 137,444 | N/A |
| All Other | --- | 328,405 | N/A |
| | ----- | | |
| | --- | \$32,685,804 | |
| | ===== | | |

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SCHEDULE IV

INVESTORS TITLE COMPANY AND SUBSIDIARIES
REINSURANCE
For the Years Ended December 31, 2000, 1999, and 1998

| | Gross Amount | Ceded to Other Companies | Assumed from Other Companies | Net Amount | Pe Ass |
|--|-----------------|--------------------------------|------------------------------------|---------------|-----------|
| ----- | | | | | |
| YEAR ENDED DECEMBER 31, 2000 ----- | | | | | |
| Title Insurance | \$38,020,917 | \$362,528 | \$32,363 | \$37,690,752 | |
| YEAR ENDED DECEMBER 31, 1999 ----- | | | | | |

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| | | | | |
|-------------------|--------------|-----------|----------|--------------|
| Title Insurance | \$44,098,045 | \$325,212 | \$46,732 | \$43,819,565 |
| YEAR ENDED | | | | |
| DECEMBER 31, 1998 | | | | |
| ----- | | | | |
| Title Insurance | \$45,618,518 | \$312,627 | \$73,805 | \$45,379,696 |

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INVESTORS TITLE COMPANY AND SUBSIDIARIES
VALUATION AND QUALIFYING ACCOUNTS
For the Years Ended December 31, 2000, 1999 and 1998

| Description | Balance at Beginning of Period | Additions Charged to Costs and Expenses | Additions Charged to Other Accounts - Describe | Deduct deduct |
|--|--------------------------------------|---|--|------------------|
| ----- | | | | |
| 2000 | | | | |
| ---- | | | | |
| Premiums Receivable Valuation Provision | \$ 775,000 | \$2,269,190 | \$- | \$ (2,319,000) |
| Reserves for Claims | \$15,864,665 | \$5,865,355 | \$- | \$ (3,785,000) |
| 1999 | | | | |
| ---- | | | | |
| Premiums Receivable Valuation Provision | \$ 775,000 | \$2,793,975 | \$- | \$ (2,793,000) |
| Impairment of Building Plans | \$ 218,122 | \$ - | \$- | \$ (218,000) |
| Reserves for Claims | \$13,362,665 | \$6,026,064 | \$- | \$ (3,524,000) |
| Provision for Equipment Disposal | \$ 280,000 | \$ - | \$- | \$ (280,000) |
| 1998 | | | | |
| ---- | | | | |
| Premiums Receivable Valuation Provision | \$ 350,000 | \$2,106,316 | \$- | \$ (1,681,000) |
| Impairment of Building Plans | \$ 150,000 | \$ 68,122 | \$- | \$ - |
| Reserves for Claims | \$ 7,622,140 | \$8,094,950 | \$- | \$ (2,354,000) |
| Provision for Equipment Disposal | \$ - | \$ 280,000 | \$- | \$ - |

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- *Cancelled premiums and reduction to allowance for bad debts
- *Wrote off building plans
- *Payments of claims
- *Disposed of impaired equipment