

INVESTORS TITLE CO  
Form DEF 14A  
April 11, 2012

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934 (Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant   
]

Check the appropriate box:

- |                                     |   |                          |                                       |
|-------------------------------------|---|--------------------------|---------------------------------------|
| <input type="checkbox"/>            | Preliminary Proxy Statement   | <input type="checkbox"/> | Soliciting Material Under Rule 14a-12 |
| <input type="checkbox"/>            | Confidential, For Use of the<br>Commission Only (as permitted<br>by Rule 14a-6(e)(2)) |                          |                                       |
| <input checked="" type="checkbox"/> | Definitive Proxy Statement  |                          |                                       |
| <input type="checkbox"/>            | Definitive Additional Materials   |                          |                                       |

INVESTORS TITLE COMPANY

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

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

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to  
Exchange Act Rule 0-11 (set forth the amount on which the filing fee is  
calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

5) Total fee paid:

Fee paid previously with preliminary materials:

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which  
the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or  
schedule and the date of its filing.

1) Amount previously paid:

2) Form, Schedule or Registration Statement No.:

Edgar Filing: INVESTORS TITLE CO - Form DEF 14A

- 3) Filing Party:
  - 4) Date Filed:
-

Edgar Filing: INVESTORS TITLE CO - Form DEF 14A

121 North Columbia Street, Chapel Hill, North Carolina 27514  
(919) 968-2200

April 13, 2012

Dear Shareholders:

You are cordially invited to attend the Annual Meeting of Shareholders of Investors Title Company to be held at The Siena Hotel, 1505 East Franklin Street, Chapel Hill, North Carolina on Wednesday, May 16, 2012, at 11:00 a.m. EDT.

The Annual Meeting will begin with a review of the activities of the Company for the past year and a report on current operations during the first quarter of 2012, followed by discussion and voting on the matters set forth in the accompanying Notice of Annual Meeting and Proxy Statement.

**The Board of Directors of the Company unanimously recommends that you vote FOR the election of the directors nominated to serve until the Annual Meeting of Shareholders in 2015 and for the ratification of the appointment of Dixon Hughes Goodman LLP as the Company's independent registered public accounting firm for 2012.**

I urge you to review the Proxy Statement, sign and date the enclosed proxy card, and return it promptly in the enclosed postage-paid envelope.

Cordially,  
J. Allen Fine  
Chief Executive Officer

---

121 North Columbia Street, Chapel Hill, North Carolina 27514  
(919) 968-2200

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS  
TO BE HELD ON MAY 16, 2012**

The Annual Meeting of the Shareholders of Investors Title Company will be held at The Siena Hotel, 1505 East Franklin Street, Chapel Hill, North Carolina, on Wednesday, May 16, 2012 at 11:00 a.m. EDT, for the following purposes:

- (1) To elect the three directors nominated by the Board of Directors for three-year terms or until their successors are elected and qualified;
- (2) To ratify the appointment of Dixon Hughes Goodman LLP as the Company's independent registered public accounting firm for 2012; and
- (3) To consider any other business that may properly come before the meeting.

Shareholders of record of Common Stock of the Company at the close of business on April 2, 2012 are entitled to notice of and to vote at the meeting and any adjournments thereof.

By Order of the Board of Directors:

W. Morris Fine  
Secretary  
April 13, 2012

**IMPORTANT - Your proxy card is enclosed. You can vote your shares by completing and returning your proxy card in the enclosed postage-paid envelope. Whether or not you expect to be present at the meeting, please review the Proxy Statement and promptly vote in order to assist the Company in keeping down the expenses of the meeting. You can revoke your proxy at any time prior to its exercise at the meeting by following the instructions in the accompanying Proxy Statement.**

---

## TABLE OF CONTENTS

	<b>Page</b>
<b>GENERAL INFORMATION</b>	<b>1</b>
Proxy Solicitation by the Board of Directors	1
Submitting and Revoking a Proxy	1
Voting Securities	1
Annual Report to Shareholders	1
Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting Of Shareholders to be Held on May 16, 2012	2
Section 16(a) Beneficial Ownership Reporting Compliance General Information	2
<b>CORPORATE GOVERNANCE</b>	<b>2</b>
Code of Business Conduct and Ethics	2
Shareholder Communications with Directors	2
Independent Directors	3
Executive Sessions	3
Board of Directors and Committees	3
Board Leadership Structure	5
The Board's Role in Risk Oversight	6
<b>COMPENSATION OF DIRECTORS</b>	<b>6</b>
<b>STOCK OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</b>	<b>8</b>
<b>PROPOSALS REQUIRING YOUR VOTE</b>	<b>10</b>
<b>Proposal 1 - Election of Directors</b>	<b>10</b>
Information Regarding Nominees for Election as Directors	11
Information Regarding Directors Continuing in Office	12
<b>Proposal 2 - Ratification of Appointment of Independent Registered Public Accounting Firm</b>	<b>13</b>
Audit and Non-Audit Fees	14
Audit and Non-Audit Services Pre-Approval Policy	14
<b>AUDIT COMMITTEE REPORT</b>	<b>15</b>
<b>EXECUTIVE COMPENSATION</b>	<b>16</b>
<b>CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS</b>	<b>21</b>
<b>SHAREHOLDER PROPOSALS FOR 2013 ANNUAL MEETING</b>	<b>22</b>

**PROXY STATEMENT**

**ANNUAL MEETING OF SHAREHOLDERS OF  
INVESTORS TITLE COMPANY  
To Be Held on May 16, 2012**

This Proxy Statement is furnished in connection with the solicitation by the Board of Directors of Investors Title Company (the Company) of proxies to be voted at the Annual Shareholders Meeting to be held at The Siena Hotel, 1505 East Franklin Street, Chapel Hill, North Carolina, on May 16, 2012 at 11:00 a.m. EDT, and at all adjournments thereof. Shareholders of record at the close of business on April 2, 2012 are entitled to notice of and to vote at the meeting and any adjournments thereof.

**GENERAL INFORMATION**

**Proxy Solicitation by the Board of Directors.** The solicitation of proxies is made on behalf of the Company's Board of Directors and will be made either by mail or, as described below, by electronic delivery. The cost of solicitation of proxies will be borne by the Company. Copies of proxy materials and the Annual Report for 2011 will be provided to brokers, dealers, banks and voting trustees or their nominees for the purpose of soliciting proxies from the beneficial owners, and the Company will reimburse these record holders for their out-of-pocket expenses.

**Submitting and Revoking a Proxy.** If you complete and submit your proxy, the persons named as proxies will vote the shares represented by your proxy in accordance with your instructions. If you submit a proxy card but do not fill out the voting instructions on the proxy card, the persons named as proxies will vote the shares represented by your proxy **FOR** the election of the director nominees set forth herein and **FOR** the ratification of the appointment of Dixon Hughes Goodman LLP as the Company's independent registered public accounting firm. In addition, if other matters are properly presented for voting at the meeting, the persons named as proxies will vote on such matters in accordance with their best judgment. The Company has not received notice of other matters that may be properly presented for voting at the meeting.

To ensure that your vote is recorded properly, please vote your shares as soon as possible, even if you plan to attend the meeting in person. Each proxy executed and returned by a shareholder may be revoked at any time thereafter except as to any matter or matters upon which, prior to such revocation, a vote shall have been cast pursuant to the authority conferred by such proxy. Shareholders with shares registered directly in their names may revoke their proxy by (1) sending written notice of revocation to the Corporate Secretary, P.O. Box 2687, Chapel Hill, North Carolina 27515-2687, (2) submitting a subsequent proxy or (3) voting in person at the meeting. Attendance at the meeting will not by itself revoke a proxy. A shareholder wishing to change his or her vote who holds shares through a bank, brokerage firm or other nominee must contact the record holder.

**Voting Securities.** On April 2, 2012, the Company had a total of 2,389,240 shares of Common Stock outstanding, its only class of issued and outstanding capital stock. Of these shares, 2,097,564 shares are entitled to one vote per share and 291,676 shares are held by a subsidiary of the Company and, pursuant to North Carolina law, are not entitled to vote. A majority of the shares entitled to vote at the meeting, represented at the meeting in person or by proxy, will constitute a quorum.

**Annual Report to Shareholders.** An Annual Report of the Company for the calendar year 2011 including financial statements and the independent registered public accounting firms' opinions, along with the Notice of Annual Meeting, Proxy Statement and proxy card, are being first mailed to the Company's shareholders on or about April 13, 2012.

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to be Held on May 16, 2012.** The Notice of Annual Meeting and Proxy Statement and the Company's 2011 Annual Report (the Proxy Materials) are available on the Company's website at [www.invttitle.com/investor-rel/proxy-materials](http://www.invttitle.com/investor-rel/proxy-materials) as well as online to certain shareholders that have arranged through their broker to receive the Proxy Materials electronically. Shareholders that hold their shares in a brokerage account may have the opportunity to receive future Proxy Materials electronically. Please contact your broker for information regarding the availability of this service.

**Section 16(a) Beneficial Ownership Reporting Compliance.** Section 16(a) of the Securities Exchange Act of 1934 requires directors, executive officers and all persons who beneficially own more than 10% of the Company's securities to file reports with the Securities and Exchange Commission with respect to beneficial ownership of Company securities. Based solely upon a review of copies of the filings that the Company received with respect to the fiscal year ended December 31, 2011, or written representations from certain reporting persons, the Company believes that all reporting persons filed all reports required by Section 16(a) in a timely manner during 2011.

**General Information.** A copy of the Company's 2011 Annual Report on Form 10-K filed with the Securities and Exchange Commission, or copies of the exhibits to the Form 10-K, can be obtained without charge by contacting Investor Relations at [investorrelations@invttitle.com](mailto:investorrelations@invttitle.com) or P.O. Box 2687, Chapel Hill, North Carolina 27515-2687.

## CORPORATE GOVERNANCE

### Code of Business Conduct and Ethics

The Company has a Code of Business Conduct and Ethics that is applicable to all of the Company's employees, officers and directors, including its Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer. This Code addresses a variety of issues, including conflicts of interest, the protection of confidential information, insider trading, and employment practices. It also requires strict compliance with all laws, rules and regulations governing the conduct of the Company's business.

The Code of Business Conduct and Ethics is posted in the Corporate Governance area of the Investor Relations section of the Company's website at [www.invttitle.com](http://www.invttitle.com). The Company intends to disclose future substantive amendments to or waivers from the Code of Business Conduct and Ethics on its website within two business days after such amendment or waiver.

### Shareholder Communications with Directors

Shareholders can communicate with members of the Company's Board of Directors in one of two ways. Shareholders may mail correspondence to the attention of the Corporate Secretary, P.O. Box 2687, Chapel Hill, North Carolina 27515-2687. Any correspondence sent via mail should clearly indicate that it is a communication intended for the Board of Directors. Shareholders may also use electronic mail to contact the Board of Directors at [boardofdirectors@invttitle.com](mailto:boardofdirectors@invttitle.com). The Corporate Secretary regularly monitors this email account. Any communication that is intended for a particular Board member or committee should clearly state the intended recipient.

The Corporate Secretary will review all communications sent to the Board of Directors via mail and email and will forward all communications concerning Company or Board matters to the Board members within five business days of receipt. If a communication is directed to a particular Board member or committee, it will be passed on only to that member or the members of that committee. Otherwise, relevant communications will be forwarded to all Board members.

### **Independent Directors**

The Board of Directors has determined that the following directors and nominees for director are independent directors within the meaning of the applicable listing standards of The NASDAQ Stock Market LLC ( "NASDAQ" ) and the Company's Board of Directors Independence Standards: David L. Francis, Richard M. Hutson II, R. Horace Johnson, H. Joe King, Jr., James R. Morton, and James H. Speed, Jr. The Board of Directors Independence Standards can be found on the Company's website at [www.invttitle.com/investor-rel/corp-gov/committees](http://www.invttitle.com/investor-rel/corp-gov/committees).

### **Executive Sessions**

Executive sessions that include only the independent members of the Board of Directors are held periodically.

### **Board of Directors and Committees**

During the year ended December 31, 2011, the Board of Directors held four meetings. All incumbent directors and nominees attended 75% or more of the aggregate number of meetings of the Board of Directors and committees of the Board on which they served. The Company expects each of its directors to attend the Annual Meeting of Shareholders unless an emergency prevents them from attending. All of the Board members were present at the 2011 Annual Meeting.

The Company's Board of Directors has a standing Audit Committee, Compensation Committee, and Nominating Committee.

**The Audit Committee.** In 2011 the Audit Committee was composed of Mr. Francis, Mr. Johnson and Mr. King. The Audit Committee met nine times in 2011.

The Audit Committee is directly responsible for overseeing the Company's accounting and financial reporting processes and appointing, retaining, compensating and overseeing the Company's independent registered public accounting firm and reviewing the scope of the annual audit proposed by the independent registered public accounting firm. In addition, the Committee reviews and approves related party transactions and periodically consults with the independent registered public accounting firm on matters relating to internal financial controls and procedures. The Committee is responsible for establishing and administering complaint procedures related to accounting and auditing matters.

The Audit Committee operates under a written charter adopted by the Board of Directors, a copy of which is posted on the Company's website at [www.invttitle.com/investor-rel/corp-gov/committees](http://www.invttitle.com/investor-rel/corp-gov/committees). The Committee reviews and assesses the adequacy of the charter on an annual basis.

The Board of Directors has determined that each member of the Company's Audit Committee is independent as defined under applicable NASDAQ listing standards and SEC rules. The Board of Directors has also determined that all of the current Audit Committee members Mr. Francis, Mr. Johnson and Mr. King are audit committee financial experts as defined under applicable SEC rules. See *Audit Committee Report* below for the formal report of the Audit Committee for 2011.

**The Compensation Committee.** In 2011, the Compensation Committee was composed of Mr. Hutson, Mr. Morton and Mr. Speed. The Compensation Committee met two times in 2011. The Board of Directors has determined that each member of the Compensation Committee is independent as defined under applicable NASDAQ listing standards.

The Compensation Committee operates under a written charter that can be found on the Company's website at [www.invttitle.com/investor-rel/corp-gov/committees](http://www.invttitle.com/investor-rel/corp-gov/committees). The Compensation Committee reviews and assesses the adequacy of the charter on an annual basis.



## Edgar Filing: INVESTORS TITLE CO - Form DEF 14A

The Compensation Committee makes all compensation decisions for the named executive officers and approves recommendations regarding equity awards for all of the Company's elected officers. The Compensation Committee may not delegate these responsibilities. Decisions regarding non-equity compensation of all other officers and employees are made by the Company's named executive officers.

The Chief Executive Officer annually reviews the performance of each of the other named executive officers with respect to achievement of established performance standards and attainment of the Company's objectives. Based on those reviews, the Chief Executive Officer makes recommendations with respect to compensation to the Committee. The Committee then can exercise its discretion in modifying any recommended adjustments or awards to the other named executive officers based upon its evaluation of their performance as well as other aspects of our compensation philosophy.

The Committee's review of the Chief Executive Officer's compensation is subject to separate procedures. The Committee evaluates the Chief Executive Officer's performance, reviews the Committee's evaluation with him, and based on that evaluation and review, determines the amount of salary adjustment and incentive award. Consistent with the requirements of the listing standards of The NASDAQ Stock Market LLC, the Chief Executive Officer is excused from meetings of the Committee during voting deliberations regarding his compensation.

The Committee does not currently retain executive compensation consultants.

***The Nominating Committee.*** In 2011, the Nominating Committee was composed of Mr. Francis, Mr. King and Mr. Morton. The Nominating Committee met two times in 2011.

The Nominating Committee operates under a written charter that can be found on the Company's website at [www.invttitle.com/investor-rel/corp-gov/committees](http://www.invttitle.com/investor-rel/corp-gov/committees). The Nominating Committee reviews and assesses the adequacy of the charter on an annual basis.

The Board of Directors has determined that each member of the Company's Nominating Committee is independent as defined under applicable NASDAQ listing standards.

The Nominating Committee is responsible for identifying, evaluating and recommending to the Board of Directors candidates for election to the Board of Directors as well as appropriate members for the Audit and Compensation Committees. A slate of nominees for director to present to the shareholders is recommended to the Board of Directors by the Nominating Committee and determined by at least a majority vote of the members of the Board of Directors whose terms do not expire during the year in which the election of directors will occur.

The Nominating Committee considers a variety of factors before recommending a new director nominee or the continued service of existing Board members. At a minimum, the Nominating Committee believes that a director nominee must demonstrate character and integrity, have an inquiring mind, possess substantial experience at a strategy or policy setting level, demonstrate an ability to work effectively with others, possess either high-level managerial experience in a relatively complex organization or experience dealing with complex problems, have sufficient time to devote to the affairs of the Company and be free from conflicts of interest with the Company and its subsidiaries.

Other factors the Nominating Committee considers when evaluating a potential director nominee are:

1. Whether the candidate would assist in achieving a diverse mix of Board members, including a diversity of viewpoints, backgrounds, experiences or other demographics;
2. The extent of the candidate's business experience, technical expertise, and specialized skills or experience;

3. Whether the candidate, by virtue of particular experience relevant to the Company's current or future business, will add specific value as a Board member; and
4. Any other factors related to the ability and willingness of a candidate to serve, or an incumbent director to continue his or her service to, the Company.

The Nominating Committee believes that a majority of the members of the Company's Board of Directors should be independent as defined under applicable NASDAQ listing standards and, as a result, it also considers whether a potential director nominee is independent under such standards. The Committee also requires that all members of the Audit Committee be financially literate pursuant to applicable NASDAQ listing standards and that at least one member of the Audit Committee be an audit committee financial expert as defined under SEC rules. Therefore, the Nominating Committee considers whether a potential director nominee meets these criteria when evaluating his or her qualifications. The Nominating Committee does not have a formal policy regarding diversity, but diversity is one of the various factors the Nominating Committee may consider when considering director candidates.

It is the policy of the Nominating Committee to consider all director candidates recommended by shareholders, provided that such recommendations are made in accordance with the procedures outlined below. The Nominating Committee evaluates such candidates in accordance with the same criteria it uses to evaluate all other director candidates.

Any shareholder that wishes to recommend a director candidate to be considered for the 2013 Annual Meeting of Shareholders should send his or her recommendation to the attention of the Corporate Secretary, Investors Title Company, P.O. Box 2687, Chapel Hill, North Carolina 27515-2687, no later than December 14, 2012. The candidate's name, age, business address, residential address, principal occupation, qualifications and the number of shares of Common Stock beneficially owned by the candidate must be provided with the recommendation. The shareholder must also provide a signed consent of the candidate to serve, if elected, as a director of the Company, and shall include all other information that would be required under the rules of the SEC in the proxy statement soliciting proxies for election of the director candidate.

The Company's Bylaws provide that nominations for election to the Board of Directors may be made at any annual meeting by any shareholder of record entitled to vote on such election. Such nominations must be submitted in writing to our Corporate Secretary at our principal office not later than the close of business on the 90th day nor earlier than the close of business on the 120th day prior to the first anniversary of the preceding year's annual meeting, and in accordance with the procedures specified in our Bylaws. The Company or the presiding officer at the annual meeting of shareholders may refuse to accept the nomination of any person that is not submitted in compliance with such procedures.

#### **Board Leadership Structure**

J. Allen Fine serves as both the Chairman of the Board of Directors and the CEO of Investors Title Company, and Richard M. Hutson II serves as the Lead Independent Director.

The Board of Directors does not have a general policy regarding the separation of the roles of Chairman and CEO. Our bylaws permit these positions to be held by the same person, and the Board of Directors believes that it is in the best interests of the Company to retain flexibility in determining whether to separate or combine the roles of Chairman and CEO based on our circumstances.

The Board has determined that it is appropriate for Mr. Fine to serve as both Chairman and CEO (1) in recognition of his status as the founder of the Company and (2) because it provides an efficient structure that permits us to present a unified vision to our constituencies.

The Board of Directors has elected Mr. Hutson to serve as its Lead Independent Director. The duties of the Lead Independent Director include presiding at the executive sessions of the independent directors, serving as liaison between the chairman and the independent directors, approving information, meeting agendas and schedules for the board of directors, and calling meetings of the independent directors.

### **The Board's Role in Risk Oversight**

Management is responsible for managing the risks that Investors Title Company faces. The Board of Directors is responsible for overseeing management's approach to risk management. Management identifies material risks facing Investors Title Company on an ongoing basis and discusses those risks and the management of those risks with the Board of Directors or its committees, as appropriate. While the Board of Directors has ultimate responsibility for overseeing management's approach to risk management, various committees of the Board assist it in fulfilling that responsibility. In particular, the Audit Committee assists the board in its oversight of risk management in the areas of financial reporting, internal controls and compliance with regulatory requirements.

### **COMPENSATION OF DIRECTORS**

Directors who are not employees of the Company receive an annual retainer for Board services of \$3,000 and an attendance fee of \$2,500 for each meeting of the Board of Directors attended, in addition to actual travel expenses related to the meetings. Directors receive a \$500 fee for participating in a committee meeting provided that the committee meeting is held on a day other than the regularly scheduled board meeting date. The Audit Committee Chairperson receives an additional annual retainer of \$500. Directors who are employees of the Company are paid no fees or other remuneration for service on the Board or on any Board committee.

On May 18, 2011, the date of the Company's 2011 Annual Meeting of Shareholders, each non-employee director was granted 500 Stock Appreciation Rights (SARs) under the Company's 2009 Stock Appreciation Rights Plan with an exercise price of \$41.50. Upon exercise of each SAR, a director is entitled to receive an amount (payable in shares of the Company's common stock) equal to the difference between the closing price of the Company's common stock on the business day immediately preceding the date of exercise and the exercise price. The number of shares paid on exercise is determined by dividing this amount by the closing price of the Company's common stock on the business day immediately preceding the date of exercise. These SARs vest in four quarterly installments and became exercisable, to the extent vested, as of June 30, 2011 and will expire on May 18, 2018.

The Board of Directors makes all decisions regarding the compensation of the members of the Board of Directors. The Chief Executive Officer makes periodic recommendations regarding director compensation, and the Board of Directors may exercise its discretion in modifying any recommended compensation adjustments or awards to the directors.

**2011 Director Compensation**

<b>Name</b> <sup>(1)</sup>	<b>Fees Earned or Paid</b>			<b>Total</b>
	<b>In Cash</b>	<b>Stock Awards</b>	<b>Option Awards</b>	
	<b>(\$)</b>	<b>(\$)<sup>(2)</sup></b>	<b>(\$)<sup>(3)</sup></b>	<b>(\$)</b>
David L. Francis	13,000	-	7,36820,368	
Richard M. Hutson II	11,500	-	7,36818,868	
R. Horace Johnson	13,000	-	7,36820,368	
H. Joe King, Jr.	13,500	-	7,36820,868	
James R. Morton	11,500	-	7,36818,868	
James H. Speed, Jr	11,500	-	7,36818,868	

- (1) J. Allen Fine, Chief Executive Officer and Chairman of the Board, James A. Fine, Jr., President, Chief Financial Officer and Treasurer, and W. Morris Fine, Executive Vice President and Secretary, are not included in this table as they are employees of the Company and do not receive additional compensation for their services as directors. The compensation received by Messrs. Fine, Fine, Jr. and Fine as employees of the Company is shown in the Summary Compensation Table on page 16.
- (2) The Company did not grant any stock awards in 2011. There were no stock awards outstanding at December 31, 2011 held by the directors.
- (3) The amounts shown in this column indicate the grant date fair value of SARs computed in accordance with FASB ASC Topic 718. For additional information regarding the assumptions made in calculating these amounts, see Note 7 to the consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2011. The aggregate number of SARs outstanding at December 31, 2011 held by directors was as follows:

<b>Name</b>	<b>Outstanding SARs at Fiscal Year End</b>
David L. Francis	2,875
Richard M. Hutson II	1,875
R. Horace Johnson	2,875
H. Joe King, Jr.	2,875
James R. Morton	2,875
James H. Speed, Jr.	875

The Company did not grant any options in 2011. The aggregate number of option awards outstanding at December 31, 2011 held by directors was as follows:

Name	Outstanding Option Awards at Fiscal Year End
David L. Francis	2,000
Richard M. Hutson II	0
R. Horace Johnson	500
H. Joe King, Jr.	2,000
James R. Morton	500
James H. Speed, Jr.	0

#### STOCK OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table indicates the persons known to the Company to be the beneficial owners of more than five percent (5%) of the Company's outstanding Common Stock as of April 2, 2012.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class (1)
Markel Corporation 4521 Highwoods Parkway, Glen Allen, Virginia 23060	228,850 (2)	10.9%
J. Allen Fine 121 N. Columbia Street, Chapel Hill, North Carolina 27514	221,475 (3)	10.4%
James A. Fine, Jr. 121 N. Columbia Street, Chapel Hill, North Carolina 27514	204,295 (4)	9.6%
W. Morris Fine 121 N. Columbia Street, Chapel Hill, North Carolina 27514	204,064 (5)	9.6%
Dimensional Fund Advisors LP Palisades West, Building One, 6300 Bee Cave Road, Austin, Texas 78746	147,754 (6)	7.0%
Fairville Funding Investment Trust 4 Hillman Drive, Suite 104, Chadds Ford, PA 19317	110,226 (7)	5.3%

- (1) The percentages are calculated based on 2,097,564 shares outstanding as of April 2, 2012 which excludes 291,676 shares held by a wholly-owned subsidiary of the Company. The shares held by the subsidiary are not entitled to vote at the Annual Shareholders' Meeting.
- (2) The information included in the above table is based solely on Amendment No. 6 to Schedule 13G filed with the SEC on November 5, 2009. Of these shares, Markel Corporation has sole voting and investment power with respect to 213,300 shares and shared investment power with respect to 15,550 shares.

Edgar Filing: INVESTORS TITLE CO - Form DEF 14A

- (3) This includes 151,099 shares held by a limited liability company of which Mr. Fine is the manager and possesses sole voting and investment power with respect to such shares. Additionally, this includes 25,000 stock appreciation rights that are presently exercisable or are exercisable within 60 days of April 2, 2012.
- (4) This includes 95,000 shares held by a limited partnership of which Mr. Fine is a general partner and shares joint voting power over such shares with W. Morris Fine, and such shares are also reflected in W. Morris Fine's beneficially owned shares. Additionally, this includes 2,844 shares held by family members and 25,000 stock appreciation rights that are presently exercisable or are exercisable within 60 days of April 2, 2012.
- (5) This includes 95,000 shares held by a limited partnership of which Mr. Fine is a general partner and shares joint voting power over such shares with James A. Fine, Jr., and such shares are also reflected in James A. Fine, Jr.'s beneficially owned shares. Additionally, this includes 4,052 shares held by family members and 25,000 stock appreciation rights that are presently exercisable or are exercisable within 60 days of April 2, 2012.
- (6) The information included in the above table is based solely on Amendment No. 3 to Schedule 13G filed with the SEC on February 13, 2012. Dimensional Fund Advisors LP has sole voting and investment power over these shares.
- (7) The information included in the above table is based solely on Schedule 13G filed with the SEC on March 14, 2012. Fairville Funding Investment Trust has sole voting and investment power over these shares.

The table below sets forth the shares of the Company's Common Stock beneficially owned as of April 2, 2012 by each director and nominee for director, the executive officers named in the Summary Compensation Table, and all directors and executive officers as a group.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class (1)
J. Allen Fine	221,475 (2)	10.4%
James A. Fine, Jr.	204,295 (3)	9.6%
W. Morris Fine	204,064 (4)	9.6%
David L. Francis	51,166 (5)	2.4%
H. Joe King, Jr.	22,850 (6)	1.1%
James R. Morton	14,415 (7)	*
R. Horace Johnson	4,400 (8)	*
Richard M. Hutson II	3,135 (9)	*
James H. Speed, Jr.	1,000 (10)	*
All Directors, Nominees for Director, and Executive Officers as a Group (9 persons)	726,800 (11)	33.2%

\*Represents less than 1%

- (1) The percentages are calculated based on 2,097,564 shares outstanding as of April 2, 2012, which excludes 291,676 outstanding shares held by a subsidiary of the Company. The shares held by the subsidiary are not entitled to vote at the Annual Shareholders Meeting.
- (2) This includes 151,099 shares held by a limited liability company of which Mr. Fine is the manager and possesses sole voting and investment power with respect to such shares. Additionally, this includes 25,000 stock appreciation rights that are presently exercisable or are exercisable within 60 days of April 2, 2012.

(3)

This includes 95,000 shares held by a limited partnership of which Mr. Fine is a general partner and shares joint voting power over such shares with W. Morris Fine, and such shares are also reflected in W. Morris Fine's beneficially owned shares. Additionally, this includes 2,844 shares held by family members and 25,000 stock appreciation rights that are presently exercisable or are exercisable within 60 days of April 2, 2012.

9

---

- (4) This includes 95,000 shares held by a limited partnership of which Mr. Fine is a general partner and shares joint voting power over such shares with James A. Fine, Jr., and such shares are also reflected in James A. Fine, Jr.'s beneficially owned shares. Additionally, this includes 4,052 shares held by family members and 25,000 stock appreciation rights that are presently exercisable or are exercisable within 60 days of April 2, 2012.
- (5) This total includes 5,000 shares of Common Stock that Mr. Francis has the right to purchase under stock options and stock appreciation rights that are presently exercisable or are exercisable within 60 days of April 2, 2012.
- (6) This total includes 5,000 shares of Common Stock that Mr. King has the right to purchase under stock options and stock appreciation rights that are presently exercisable or are exercisable within 60 days of April 2, 2012 as well as 1,000 shares held by his wife.
- (7) This total includes 3,500 shares of Common Stock that Mr. Morton has the right to purchase under stock options and stock appreciation rights that are presently exercisable or are exercisable within 60 days of April 2, 2012.
- (8) This total includes 3,500 shares of Common Stock that Mr. Johnson has the right to purchase under stock options and stock appreciation rights that are presently exercisable or are exercisable within 60 days of April 2, 2012.
- (9) This total includes 2,000 shares of Common Stock that Mr. Hutson has the right to purchase under stock appreciation rights that are presently exercisable or exercisable within 60 days of April 2, 2012.
- (10) This total includes 1,000 shares of Common Stock that Mr. Speed has the right to purchase under stock appreciation rights that are presently exercisable or exercisable within 60 days of April 2, 2012.
- (11) This total includes 95,000 shares of Common Stock that all directors, nominees for director and executive officers as a group, have the right to purchase under stock options and stock appreciation rights that are presently exercisable or are exercisable within 60 days of April 2, 2012.

**PROPOSALS REQUIRING YOUR VOTE**

**Proposal 1 - Election of Directors**

The Company's Board of Directors is composed of 9 members divided into three classes with staggered terms of three years for each class. Based on the recommendations of the Nominating Committee, the Board of Directors has nominated James A. Fine, Jr., H. Joe King, Jr. and James R. Morton for election to serve for a three-year period or until their respective successors have been elected and qualified.

The nominees will be elected if they receive a plurality of the votes cast for their election. Broker non-votes and abstentions will be counted for purposes of establishing a quorum, but will not be counted in the election of directors and therefore will not affect the election results if a quorum is present. It is the intention of the persons named as proxies in the accompanying proxy card to vote all shares represented by proxy for the three nominees listed below, unless the authority to vote is withheld. If any of the nominees should withdraw or otherwise become unavailable for reasons not presently known, the shares represented by proxy will be voted for three nominees including such substitutions as shall be designated by the Board of Directors. The shares represented by proxy in no event will be voted for more than three persons.



**The Board unanimously recommends that you vote FOR the election of the directors nominated to serve until the Annual Meeting of Shareholders in 2015.**

The following paragraphs provide information about each director, nominee and continuing director, including information about each nominee's and director's business background and other experience, qualifications, attributes or skills that lead to the conclusion that the nominee or director should serve on the board of directors.

***Information Regarding Nominees for Election as Directors***

<b>Name</b>	<b>Age</b>	<b>Served as Director Since</b>	<b>Term to Expire</b>
James A. Fine, Jr.	49	1997	2012
H. Joe King, Jr.	79	1983	2012
James R. Morton	74	1985	2012

**James A. Fine, Jr.** is President, Chief Financial Officer and Treasurer of the Company, Executive Vice President, Chief Financial Officer and Treasurer of Investors Title Insurance Company, Executive Vice President and Chief Financial Officer of National Investors Title Insurance Company, Executive Vice President of Investors Title Management Services, Inc., President of Investors Title Exchange Corporation and Investors Title Accommodation Corporation, and Chief Executive Officer of Investors Trust Company and Investors Capital Management Company. Investors Title Insurance Company, National Investors Title Insurance Company, Investors Title Management Services, Inc., Investors Title Exchange Corporation, Investors Title Accommodation Corporation, Investors Capital Management Company and Investors Trust Company are all wholly owned subsidiaries of the Company. Mr. Fine 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 and Secretary of the Company. During the past five years, Mr. Fine has served on the board of directors of Investors Title Company, Investors Title Insurance Company, National Investors Title Insurance Company, Investors Title Exchange Corporation, Investors Title Accommodation Corporation (Chairman), Investors Title Management Services, Investors Trust Company and Investors Capital Management Company. Mr. Fine has extensive title insurance industry, operations and marketing experience in addition to a background in investment strategy and executive level management and strategic planning experience.

**H. Joe King, Jr.** retired as President and Chairman of the Board of Home Federal Savings & Loan Association in Charlotte, North Carolina and its parent company, HFNC Financial Corporation, in 1998, where he had been employed since 1962. During the past five years, Mr. King has served on the board of directors of Investors Title Company and on the board of trustees of Wingate University. Mr. King has extensive experience in banking, finance and mortgage lending.

**James R. Morton** was President of J. R. Morton Associates from 1968 until he retired in 1988. He is currently President of TransCarolina Corporation, a real estate investment company. He has been employed by TransCarolina since 1995. During the past five years, Mr. Morton has served on the board of directors of Investors Title Company and TransCarolina Corporation. Mr. Morton has extensive experience in strategic planning, business administration and investments.

*Information Regarding Directors Continuing in Office*

<b>Name</b>	<b>Age</b>	<b>Served as Director Since</b>	<b>Term to Expire</b>
J. Allen Fine	77	1973	2013
David L. Francis	79	1982	2013
James H. Speed, Jr.	58	2010	2013
W. Morris Fine	45	1999	2014
Richard M. Hutson II	71	2008	2014
R. Horace Johnson	67	2005	2014

**J. Allen Fine** was the principal organizer of Investors Title Insurance Company and has been Chairman of the Board of the Company, Investors Title Insurance Company, and National Investors Title Insurance Company since their incorporation. Mr. Fine served as President of Investors Title Insurance Company until February 1997, when he was named Chief Executive Officer. Additionally, Mr. Fine serves as Chief Executive Officer of the Company and National Investors Title Insurance Company, and Chairman of the Board of Investors Title Exchange Corporation, Investors Capital Management Company and Investors Trust Company. Investors Title Insurance Company, National Investors Title Insurance Company, Investors Title Exchange Corporation, Investors Capital Management Company and Investors Trust Company are all wholly owned subsidiaries of the Company. Mr. Fine is the father of James A. Fine, Jr., President, Chief Financial Officer and Treasurer of the Company, and W. Morris Fine, Executive Vice President and Secretary of the Company. During the past five years, Mr. Fine has served on the boards of directors of Investors Title Company, Investors Title Insurance Company, National Investors Title Insurance Company, Investors Title Exchange Corporation, Investors Title Accommodation Corporation, Investors Capital Management Company, and Investors Trust Company. Mr. Fine is the founder of the Company and has extensive title insurance industry, operations and marketing experience as well as a strong executive background in real estate, strategic planning and business administration.

**David L. Francis** retired in 1997 as the President of Marsh Mortgage Company, a mortgage banking firm, and Marsh Associates, Inc., a property management company, where he had been employed since 1963. During the past five years, Mr. Francis has served on the boards of directors of Investors Title Company and First Landmark, a Charlotte real estate and property management firm, and on the Board of Trustees of High Point University. Mr. Francis has extensive experience in mortgage lending, real estate and property management.

**James H. Speed, Jr.** is President and Chief Executive Officer of North Carolina Mutual Life Insurance Company ( NC Mutual ), the oldest and largest insurance company in America with roots in the African-American community. Mr. Speed joined NC Mutual as Senior Vice President and Chief Financial Officer in 2002 and was named President-Elect in 2003. During the past five years, Mr. Speed has served on the Board of Directors of North Carolina Mutual Life Insurance Company, M&F Bancorp, Inc., Mechanics & Farmers Bank, the Federal Reserve Bank of Richmond Charlotte Branch, Hillman Capital Management Investment Trust, New Providence Investment Trust, Nottingham Investment Trust II, Starboard Investment Trust, Tilson Investment Trust, Brown Capital Management Funds, North Carolina Central University School of Business, UNC Healthcare Systems, Communities in Schools of North Carolina and Central Children s Home of North Carolina. He has a strong executive background and extensive experience in finance, public accounting and insurance.

**W. Morris Fine** is Executive Vice President and Secretary of the Company, President and Chief Operating Officer of Investors Title Insurance Company and National Investors Title Insurance Company, President and Chairman of the Board of Investors Title Management Services, Inc., Vice President of Investors Title Exchange Corporation and Investors Title Accommodation Corporation, and Chief Financial Officer and Treasurer of Investors Trust Company and Investors Capital Management Company. Investors Title Insurance Company, National Investors Title Insurance Company, Investors Title Management Services, Inc., Investors Title Exchange Corporation, Investors Title Accommodation Corporation, Investors Capital Management Company and Investors Trust Company are all wholly owned subsidiaries of the Company. Mr. 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, Chief Financial Officer and Treasurer of the Company. During the past five years, Mr. Fine has served on the boards of directors of Investors Title Company, Investors Title Insurance Company, National Investors Title Insurance Company, Investors Title Exchange Corporation, Investors Title Accommodation Corporation, Investors Title Management Services, Investors Trust Company and Investors Capital Management Company. Mr. Fine has extensive title insurance industry, operations and marketing experience in addition to a background in public accounting and executive level management and strategic planning experience.

**Richard M. Hutson II** is a practicing attorney and, since 2006, has been the principal of Hutson Law Office, P.A., the successor firm to Hutson, Hughes and Powell. P.A. in Durham, North Carolina. Mr. Hutson has been engaged in the practice of law since 1965 and served as a principal of Hutson, Hughes and Powell P.A. from 1993 to 2006. Additionally, he has served in leadership roles of local and national professional and civic organizations. Mr. Hutson is a past Chairman of the Durham Chamber of Commerce, and during the past five years, has served on the Board of Directors of Investors Title Company (since 2008) and on the Board of Directors of LC Industries, a non-profit organization and the largest employer of visually handicapped persons in the United States, where he is presently Chairman of the Board. Mr. Hutson has assisted the Company in various matters beginning with its formation in 1972 and has extensive experience in corporate and business law as well as corporate restructuring and governance matters.

**R. Horace Johnson** retired in 2004 as managing partner of the Raleigh, North Carolina office of Ernst and Young, a public accounting firm, where he had been employed since 1967. During this period, Mr. Johnson served in many firm leadership roles including serving as the managing partner for the North Carolina practice for three years, as a member of the operating committee of the Carolinas practice for five years, and as managing partner of the Raleigh office until his retirement. During the past five years, Mr. Johnson has served on the Boards of Directors of Investors Title Company, TrustAtlantic Financial Corporation, a corporation formed to serve as a bank holding company, and on the Board of Directors of Wilmington Pharmaceuticals, LLC, a pharmaceutical development company. He also serves on the Board of the following non-profit corporations: The Council for Entrepreneurial Development, Coral Bay Club and Sphinx Club. Mr. Johnson also serves as a Member/Manager of Lucky 6, LLC, a private equity investment company. Mr. Johnson has extensive experience in public accounting, management and strategic planning.

#### **Proposal 2 Ratification of Appointment of Independent Registered Public Accounting Firm**

The Audit Committee selected Dixon Hughes Goodman LLP as the Company's independent registered public accounting firm for the fiscal year ended December 31, 2012. Dixon Hughes Goodman LLP served as the Company's independent registered public accounting firm for the fiscal year ended December 31, 2011, and its representatives are expected to attend the 2012 Annual Meeting of Shareholders and to be available to respond to appropriate questions. They will have the opportunity to make a statement if they wish to do so. Dixon Hughes PLLC changed its name to Dixon Hughes Goodman LLP in connection with a merger effective April 1, 2011.

The Company is presenting this selection to shareholders for ratification at the annual meeting. If the shareholders fail to ratify the selection, the Audit Committee will reconsider its selection of Dixon Hughes Goodman LLP.

#### **Vote Required**

Approval of the ratification of the appointment of the independent registered public accounting firm will require the affirmative vote of a majority of the votes cast at a meeting at which a majority of the outstanding shares of the Company's common stock entitled to vote are present in person or by proxy. Abstentions and broker non-votes will not be counted as votes cast for the purpose of ratifying the selection of Dixon Hughes Goodman LLP.

**The Board unanimously recommends that you vote FOR the proposal to ratify the appointment of Dixon Hughes Goodman LLP as the Company's independent registered public accounting firm for 2012.**

**Audit and Non-Audit Fees**

Aggregate fees for professional services rendered by our independent registered public accounting firm, Dixon Hughes Goodman LLP, for the years ended December 31, 2011 and 2010 are set forth below.

	<b>2011</b>	<b>2010</b>
Audit Fees (1)	\$ 239,000	\$ 254,000
Audit-Related Fees (2)	500	400
Tax Fees (3)	48,000	63,085
All Other Fees	0	0
<b>Total Fees</b>	<b>\$ 287,500</b>	<b>\$ 317,485</b>

- (1) In 2011 and 2010, audit fees consisted of the audit of the financial statements, reviews of the quarterly financial statements and services rendered in connection with statutory and regulatory filings.
- (2) Audit-related fees consisted of fees related to compliance with regulatory and statutory filings.
- (3) Tax fees consisted primarily of tax compliance services.

**Audit and Non-Audit Services Pre-Approval Policy**

The Audit Committee has adopted an Audit and Non-Audit Services Pre-Approval Policy for pre-approving all audit and permissible non-audit services provided by the independent registered public accounting firm.

Each year, the Audit Committee pre-approves independent registered public accounting firm services and associated fee ranges within the categories of Audit Services, Audit-Related Services, Tax Services and Other Services.

Throughout the year, circumstances may arise that require the engagement of the independent registered public accounting firm for additional services that were not contemplated by the existing pre-approval categories. In that case, the Audit and Non-Audit Services Pre-Approval Policy requires specific approval by the Audit Committee of such services before engaging the independent registered public accounting firm. To ensure the prompt handling of such matters, the Audit Committee has granted pre-approval authority to its Chair. The Chair reports any pre-approval decisions made at the next Audit Committee meeting.

During 2011 and 2010, none of the services provided to the Company by the independent registered public accounting firm under the categories Audit-Related Services, Tax Services and Other Services described above were approved by the Audit Committee after such services were rendered pursuant to the de minimis exception established under SEC regulations.

### AUDIT COMMITTEE REPORT

The Audit Committee is directly responsible for overseeing the accounting and financial reporting processes of the Company and appointing, retaining, compensating and overseeing the work of the independent registered public accounting firm. Management is responsible for the financial reporting process, including the system of internal controls, and for the preparation of consolidated financial statements in accordance with generally accepted accounting principles. The independent registered public accounting firm is responsible for auditing those financial statements and expressing an opinion as to their conformity with accounting principles generally accepted in the United States of America.

The independent registered public accounting firm provided the Audit Committee with the written disclosures and the letter required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent registered public accounting firm's communications with the Audit Committee concerning independence. The Audit Committee discussed with the independent registered public accounting firm any relationships that may have an impact on its objectivity and independence. Finally, the Audit Committee considered whether the independent registered public accounting firm's performance of services, other than audit services, is compatible with maintaining the independence of the independent registered public accounting firm.

The Audit Committee discussed and reviewed with management and the independent registered public accounting firm the audited financial statements as of and for the year ended December 31, 2011. The Audit Committee discussed with the independent registered public accounting firm those matters required to be discussed by Statement on Auditing Standards No. 61, as amended (AICPA, *Professional Standards*, Vol. 1. AU), as adopted by the Public Company Accounting Oversight Board in Rule 3200T. The Audit Committee reviewed with the independent registered public accounting firm its audit plans, audit scope and identification of audit risks.

Based on the reviews and discussion referenced above, the Audit Committee recommended to the Board of Directors that the audited financial statements of the Company be included in its Annual Report on Form 10-K for the year ended December 31, 2011, for filing with the Securities and Exchange Commission.

Submitted by the Audit Committee of the Board of Directors:

H. Joe King, Jr., Chairman  
David L. Francis  
R. Horace Johnson

## EXECUTIVE COMPENSATION

## Summary Compensation Table

The table below summarizes the total compensation for each of the named executive officers for each of the fiscal years ended December 31, 2011 and December 31, 2010.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	All Other Compensation (\$) (1)	Total (\$)
J. Allen Fine	2011	308,060	100,000	22,907	430,967
Chief Executive Officer, Chairman of the Board	2010	303,360	100,000	15,709	419,069
James A. Fine, Jr.	2011	260,093	150,000	30,862	440,955
President, Chief Financial Officer & Treasurer	2010	255,560	150,000	22,391	427,951
W. Morris Fine	2011	260,093	150,000	28,370	438,463
Executive Vice President & Secretary	2010	255,560	150,000	24,140	429,700

(1) The amounts set forth in this column for 2011 consisted of the following:

Name	401(k) Contributions (\$)	Supplemental Retirement Cash Payment (\$)	Life and Health Insurance (\$)	Personal Use of Company Vehicle (\$)	Total (\$)
J. Allen Fine	9,800	6,028	720	6,359	22,907
James A. Fine, Jr.	9,800	5,639	9,160	6,263	30,862
W. Morris Fine	9,800	5,639	9,160	3,771	28,370

Employment Agreements

Under the employment agreements in effect on December 31, 2009, with J. Allen Fine, James A. Fine, Jr., and W. Morris Fine, they were entitled to minimum base salaries of \$303,360, \$255,560, and \$255,560, respectively. Under these agreements, which have five year rolling terms, Messrs. Fine, Fine, Jr., and Fine participate in the Company's benefits programs generally provided to other executives, receive 30 days of paid vacation and unlimited sick leave, and are entitled to reimbursement for reasonably incurred out-of-pocket business expenses. Additionally, under these agreements, Messrs. Fine, Fine, Jr., and Fine receive an annual supplemental retirement cash payment equal to the amount that would have been contributed to their 401(k) plan accounts if the contributions to the 401(k) plan were not limited under federal tax laws. The agreements also provide for minimum payments to each executive officer in the event of (i) disability or retirement, (ii) termination by the Company without cause, or (iii) termination by the officer for good reason or due to a change in control. The agreements also prohibit Messrs. Fine, Fine, Jr., and Fine from engaging in certain activities involving competition with the Company for a two year period following termination of employment.

**Benefits and Perquisites**

The Company provides all eligible employees, including the named executive officers, with a benefit program that the Compensation Committee believes is reasonable, competitive, and consistent with the overall objectives of the compensation program.

The executive officers are eligible to participate in the Company's group insurance program, which during 2011 included group health, dental, vision, life, short-term disability, and long-term disability insurance. Other benefits offered during 2011 included flexible spending accounts and a pretax premium plan, paid sick leave, paid holidays, and paid vacations.

The Company also offers participation in a 401(k) Plan. Under the 401(k) plan, the Company makes contributions amounting to three percent of compensation for each eligible employee. The Company may make additional contributions under the profit share provisions of the plan. For the 2011 plan year, the Company contributed an additional 1% of compensation for eligible employees under the profit share provisions of the plan.

The Company provides Company-owned vehicles to certain officers and employees who hold positions requiring travel. The Company does not prohibit the personal use of Company-owned vehicles, but the value of any personal use is treated as taxable compensation. Each of the executive officers is assigned a Company-owned vehicle, and may use the vehicle for personal use according to the Company's policy covering all Company-owned vehicles.

**Non-Qualified Supplemental Retirement Benefit Plan**

The Compensation Committee maintains a Non-Qualified Supplemental Retirement Benefit Plan of the Company's wholly owned subsidiary, Investors Title Insurance Company (ITIC). This plan is an unfunded defined contribution plan designed to provide additional retirement benefits on a tax-deferred basis for select management or highly compensated employees. The Company did not make any contributions to the plan in 2011. Each participant's account balance was zero at December 31, 2011.

**Non-Qualified Deferred Compensation Plan**

The Compensation Committee maintains a Non-Qualified Deferred Compensation Plan of ITIC. This plan is an unfunded defined contribution plan designed to provide additional retirement benefits on a tax deferred basis for select management or highly compensated employees. The Deferred Compensation Plan permits each participant to elect annually to defer any portion of his cash compensation. The Company did not make any contributions to the Plan in 2011 and each participant's account balance was zero at December 31, 2011.

**Outstanding Equity Awards at 2011 Fiscal Year-End**

The following table sets forth certain information regarding outstanding equity awards at December 31, 2011 with respect to the named executive officers:

**Option Awards**

<b>Name</b>	<b>Number of Securities Underlying Unexercised Options (#) Exercisable (1)</b>	<b>Number of Securities Underlying Unexercised Options (#) Unexercisable</b>	<b>Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)(\$)</b>	<b>Option Exercise Price (\$)</b>	<b>Option Expiration Date</b>
J. Allen Fine	25,000	-	-	\$27.97	3/2/2016
James A. Fine, Jr.	25,000	-	-	\$27.97	3/2/2016
W. Morris Fine	25,000	-	-	\$27.97	3/2/2016

(1) Amounts represent fully vested SARs.

### Potential Payments Upon Termination or Change of Control

Under the employment agreements in effect on December 31, 2011, the executive officers are entitled to severance payments and benefits under their employment agreements as described below.

**J. Allen Fine.** Under Mr. J. Allen Fine's employment agreement, if his employment is terminated due to death, disability or retirement (following his 70<sup>th</sup> birthday), he is entitled to receive the following:

- except in the case of death, a lump sum payment of three times the then current salary, but in no event less than \$910,000;
- except in the case of death, a lump sum payment of three times the average of the bonus compensation paid in the three prior years, but in no event less than \$1,055,000;
- accrued benefits under the Nonqualified Supplemental Retirement Benefit Plan and Nonqualified Deferred Compensation Plan;
- accelerated vesting in full of all his stock options;
- continued participation in the Company's health insurance plans by him and his wife at no expense until his death or, if later, his wife's death; and
- continued participation in the Company's health insurance plans by his dependent children at no expense until any such children are no longer dependent.

Under Mr. Fine's employment agreement, if his employment is terminated by the Company other than for cause or by him due to the Company's materially breaching the agreement (i.e., good reason), he is entitled to receive the following:

- a lump sum payment of five times the then current salary, but in no event less than \$1,516,800
- a lump sum payment of five times the average of the bonus compensation paid in the three prior years, but in no event less than \$1,758,335
- accrued benefits under the Nonqualified Supplemental Retirement Benefit Plan and Nonqualified Deferred Compensation Plan;
- accelerated vesting in full of all his stock options; and
- continued health insurance coverage as described above.

Under Mr. Fine's employment agreement, if he terminates his employment because of a change in control, he is entitled to receive the following:

- a lump sum payment equal to 2.99 times his then current base salary but in no event less than \$907,046;
- a lump sum payment equal to 2.99 times his average bonus compensation during the preceding three years, but in no event less than \$1,051,484;
- accrued benefits under the Nonqualified Supplemental Retirement Benefit Plan and Nonqualified Deferred Compensation Plan;
- accelerated vesting in full of all his stock options; and



- continued health insurance coverage as described above.

If a change in control does not result in a termination of employment, Mr. Fine is entitled to a base salary increase of 100%.

If any portion of these payments and benefits, or payments and benefits under any other plan, agreement or arrangement, would constitute an excess parachute payment for purposes of the Internal Revenue Code, such payments and benefits payable under the agreement will be reduced until no portion thereof would fail to be deductible by reason of being an excess parachute payment.

Under Mr. Fine's employment agreement, if his employment is terminated by the Company for cause, he is entitled to receive the following:

- an amount equal to that amount he would have received as salary had he remained an employee until the later of the date of his termination and 30 days after notice of termination; and
- accrued benefits under the Nonqualified Supplemental Retirement Benefit Plan and Nonqualified Deferred Compensation Plan.

Under Mr. Fine's employment agreement, cause is defined as:

- the executive's conviction of, or plea of guilty or nolo contendere to, any crime involving dishonesty or moral turpitude;
- the commission by executive of a fraud against the Company for which he is convicted;
- gross negligence or willful misconduct by executive with respect to the Company which causes material detriment to the Company;
- the falsification or manipulation of any records of the Company;
- repudiation of the agreement by executive or executive's abandonment of employment with the Company;
- breach by executive of his confidentiality, non-competition or non-solicitation obligations under the agreement; or
- failure or refusal of executive to perform his duties with the Company or to implement or follow the policies or directions of the Board of Directors within 30 days after a written demand for performance is delivered to executive that specifically identifies the manner in which the Board of Directors believes that executive has not performed his duties or failed to implement or follow the policies or directions of the Board of Directors.

Under Mr. Fine's employment agreement, a change in control will occur if:

- any person or group acting in concert, other than the executive or his affiliates or immediate family members, is or becomes the beneficial owner, directly or indirectly, of securities of the Company representing 50% or more of the combined voting power of the Company's outstanding shares entitled to vote for the election of directors;
- the directors serving at the time the agreement was entered into or any successor to any such director (and any additional director) who after such time (i) was nominated or selected by a majority of the directors serving at the time of his or her nomination or selection and (ii) who is not an affiliate or associate (as defined in Regulation 12B under the Securities Exchange Act of 1934) of any person who is the beneficial owner, directly or indirectly, of securities representing 50% or more of the combined voting power of the Company's outstanding shares entitled to vote for the election of directors, cease for any reason to constitute at least a majority of the Company's Board of Directors;

- a sale of more than 50% of the Company's assets (measured in terms of monetary value) is consummated; or
- any merger, consolidation, or like business combination or reorganization of the Company is consummated that results in the occurrence of any event described above.

J. Allen Fine is also party to a Death Benefit Plan Agreement with the Company. The Death Benefit Plan Agreement provides that in the event of his death while employed by the Company, a lump sum amount equal to three (3) times the sum of his current base salary, but in no event to be less than \$910,000, plus the average of his bonus compensation for the past three (3) years, but in no event to be less than \$1,055,000, be paid within 60 days of his death to a beneficiary designated by Mr. Fine.

**James A. Fine, Jr. and W. Morris Fine.** The employment agreements of James A. Fine, Jr. and W. Morris Fine are substantially identical to J. Allen Fine's employment agreement, except that under their agreements the following apply:

- Messrs. Fine, Jr. and Fine are eligible to receive retirement benefits under their agreements after age 50, rather than age 70;
- the minimum lump sum salary payment upon termination for disability or retirement shall be no less than \$766,680 for each;
- the minimum lump sum bonus compensation payment upon termination for disability or retirement shall be no less than \$1,030,000 for James A. Fine, Jr. and no less than \$1,015,000 for W. Morris Fine;
- the minimum lump sum salary payment for termination without cause or by employee for good reason shall be no less than \$1,277,800 for each;
- the minimum lump sum bonus compensation payment for termination without cause or by employee for good reason shall be no less than \$1,716,665 for James A. Fine, Jr. and no less than \$1,691,665 for W. Morris Fine;
- if James A. Fine, Jr. leaves the Company due to a change in control, he will receive a lump sum salary payment in an amount no less than \$764,124 and a lump sum bonus payment in an amount no less than \$1,026,565;
- if W. Morris Fine leaves the Company due to a change in control, he will receive a lump sum salary payment in an amount no less than \$764,124 and a lump sum bonus payment in an amount no less than \$1,011,615, and
- following termination of employment by the Company other than for cause or by the executive due to a material breach by the Company of the agreement (i.e., good reason) or because of a change in control, they are entitled to cause the Company to transfer to them any life insurance policies owned by the Company on their lives.

James A. Fine, Jr. and W. Morris Fine are also each party to a Death Benefit Plan Agreement. Their Death Benefit Plan Agreements provide that in the event of their death while employed by the Company, a lump sum amount equal to three (3) times the sum of their current base salary, but in no event to be less than \$766,680 for each Executive, plus the average of each Executive's bonus compensation for the past three (3) years, but in no event to be less than \$1,030,000 for James A. Fine, Jr. and no less than \$1,015,000 for W. Morris Fine, be paid within 60 days of their individual death to a beneficiary designated by the Executive. Additionally, under each Executive's Death Benefit Plan Agreement, each of Messrs. Fine and their designated beneficiaries would also be paid a lump sum amount equal to \$2,000,000,

- reduced by the following amounts:

- (a) three times the then current base salary but in no event to be less than \$766,680 for each executive;
  - (b) three times the average bonus compensation during the preceding three years but in no event to be less than \$1,030,000 for James A. Fine, Jr. and no less than \$1,015,000 for W. Morris Fine;
  - (c) the cost of continued participation in the Company's health insurance plans by the executive's wife until her death; and
  - (d) the cost of continued participation in the Company's health insurance plans by the executive's dependent children until any such children are no longer dependent.
- increased by the amounts accrued on the Company's books as of the date of death for the payments described in items (a) through (d) above.

**Conditions to Receipt of Severance Benefits.** Under each named executive officer's employment agreement, the Company's obligations to provide the executive with the severance benefits described above are contingent on:

- The executive's compliance with certain covenants with respect to confidential information;
- The executive's compliance with a two year non-competition covenant; and
- The executive's compliance with a two year non-solicitation covenant.

#### **CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

There were no reportable related person transactions for the year 2011 or 2010.

**SHAREHOLDER PROPOSALS FOR 2013 ANNUAL MEETING**

Shareholders who, in accordance with SEC Rule 14a-8, wish to present proposals for inclusion in the proxy materials to be distributed in connection with the 2013 Annual Meeting of Shareholders must submit their proposals so that they are received at the Company's principal executive offices no later than December 14, 2012. Pursuant to SEC rules, submitting a proposal does not guarantee that it will be included in the proxy materials.

In accordance with the Company's Bylaws, in order to be properly brought before the 2013 Annual Meeting of Shareholders, a shareholder's notice of a matter the shareholder wishes to present (other than a matter brought pursuant to SEC Rule 14a-8), or the person or persons the shareholder wishes to nominate as a director, must be delivered to the Corporate Secretary of the Company at its principal executive offices no earlier than the close of business on January 16, 2013 and no later than the close of business on February 15, 2013. To be in proper form, such shareholder's notice must include the specified information concerning the proposal or nominee as described in the Company's Bylaws. The Company or the presiding officer at the annual meeting of shareholders may refuse to accept any such proposal that is not in proper form or submitted in compliance with the procedures specified in the Company's Bylaws.

BY ORDER OF THE BOARD OF DIRECTORS:

W. Morris Fine  
Secretary

April 13, 2012

6 DETACH PROXY CARD HERE 6

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ELECTION OF THE DIRECTOR NOMINEES LISTED BELOW.

Mark X for only one box. Shares will be voted in the manner directed. If no direction is indicated, shares will be voted FOR the following director nominees:

1 James A. Fine, Jr.      2 H. Joe King, Jr.      3 James R. Morton

..      FOR all nominees      ..      WITHHOLD authority for all nominees      ..      Withhold authority to vote for any individual nominee.

To withhold authority to vote for any nominee, write number(s) of nominee(s) below.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE PROPOSAL TO RATIFY THE APPOINTMENT OF DIXON HUGHES GOODMAN LLP AS THE COMPANY S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR 2012.

If no direction is indicated, shares will be voted FOR this proposal.

..      FOR      ..      AGAINST      ..      ABSTAIN

In their discretion, the proxies are authorized to vote in their best judgment with respect to any other business that may properly come before the meeting.

Dated: \_\_\_\_\_, 2012

(Signature)

(Signature if held jointly)

SHAREHOLDER

NUMBER OF SHARES

Note: Please sign above exactly as name appears on this proxy. When shares are held by joint tenants, both should sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such. If a corporation, please sign in full corporate name by President or other authorized officer, giving title as such. If a partnership, please sign in partnership name by authorized person.

6 DETACH PROXY CARD HERE 6

121 North Columbia Street, Chapel Hill, North Carolina 27514

This Proxy is Solicited on Behalf of the Board of Directors for the  
Annual Meeting of Shareholders on May 16, 2012.

The undersigned hereby appoints J. Allen Fine and W. Morris Fine, and each of them, each with power of substitution, as lawful proxies, to vote all shares of common stock of Investors Title Company that the undersigned would be entitled to vote if personally present at the Annual Shareholders Meeting of Investors Title Company to be held at The Siena Hotel located at 1505 East Franklin Street, Chapel Hill, North Carolina on Wednesday, May 16, 2012 at 11:00 a.m. EDT, and at any adjournment thereof, upon such business as may properly come before the meeting. Please sign and date on reverse side and return in the enclosed postage-paid envelope.

PROXY

PLEASE SIGN ON REVERSE SIDE AND RETURN IN THE ENCLOSED POSTAGE-PAID ENVELOPE.