

INVESTORS TITLE CO
Form 10-Q
May 06, 2016

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

FORM 10-Q

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

For the quarterly period ended March 31, 2016

OR
 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 of incorporation) (I.R.S. Employer Identification No.)

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

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

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 No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

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(do not check if a smaller reporting
company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

As of April 15, 2016, there were 1,931,334 common shares of the registrant outstanding.

INVESTORS TITLE COMPANY
AND SUBSIDIARIES

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Investors Title Company and Subsidiaries
 Consolidated Balance Sheets
 As of March 31, 2016 and December 31, 2015
 (Unaudited)

	March 31, 2016	December 31, 2015
Assets:		
Investments in securities:		
Fixed maturities, available-for-sale, at fair value (amortized cost: 2016: \$101,325,609; 2015: \$102,015,826)	\$ 106,383,823	\$ 106,066,384
Equity securities, available-for-sale, at fair value (cost: 2016: \$23,962,393; 2015: \$23,855,873)	37,681,569	37,513,464
Short-term investments	7,520,069	6,865,406
Other investments	8,814,605	10,106,828
Total investments	160,400,066	160,552,082
Cash and cash equivalents	21,873,731	21,790,068
Premium and fees receivable	6,940,127	8,392,697
Accrued interest and dividends	1,320,942	1,004,126
Prepaid expenses and other assets	8,267,670	12,634,105
Property, net	7,502,745	7,148,951
Current income taxes recoverable	1,036,309	—
Total Assets	\$207,341,590	\$211,522,029
Liabilities and Stockholders' Equity		
Liabilities:		
Reserves for claims	\$37,397,000	\$37,788,000
Accounts payable and accrued liabilities	18,768,195	25,043,588
Current income taxes payable	—	210,355
Deferred income taxes, net	7,762,160	5,703,006
Total liabilities	63,927,355	68,744,949
Commitments and Contingencies	—	—
Stockholders' Equity:		
Preferred stock (1,000,000 authorized shares; no shares issued)	—	—
Common stock – no par value (10,000,000 authorized shares; 1,932,291 and 1,949,797 shares issued and outstanding 2016 and 2015, respectively, excluding 291,676 shares for 1 2016 and 2015 of common stock held by the Company's subsidiary)	—	1
Retained earnings	131,132,279	131,186,866
Accumulated other comprehensive income	12,184,336	11,483,015
Total stockholders' equity attributable to the Company	143,316,616	142,669,882
Noncontrolling interests	97,619	107,198
Total stockholders' equity	143,414,235	142,777,080
Total Liabilities and Stockholders' Equity	\$207,341,590	\$211,522,029

See notes to the Consolidated Financial Statements.

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Investors Title Company and Subsidiaries
Consolidated Statements of Income
For the Three Months Ended March 31, 2016 and 2015
(Unaudited)

	Three Months Ended March 31,	
	2016	2015
Revenues:		
Net premiums written	\$21,508,997	\$24,962,041
Investment income – interest and dividends	1,151,011	1,178,039
Net realized gain on investments	149,830	14,803
Other	2,052,184	2,146,926
Total Revenues	24,862,022	28,301,809
Operating Expenses:		
Commissions to agents	11,532,882	14,596,539
Provision for claims	15,959	786,612
Salaries, employee benefits and payroll taxes	7,471,951	7,277,449
Office occupancy and operations	1,493,860	1,304,221
Business development	480,390	486,975
Filing fees, franchise and local taxes	230,054	216,643
Premium and retaliatory taxes	311,831	476,591
Professional and contract labor fees	538,653	584,107
Other	202,981	203,548
Total Operating Expenses	22,278,561	