

INVESTORS TITLE CO
Form 10-Q
August 08, 2017

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 June 30, 2017

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, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ___ No X

As of July 18, 2017, there were 1,887,256 common shares of the registrant outstanding.

INVESTORS TITLE COMPANY
AND SUBSIDIARIES

INDEX

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements:

| | |
|--|----------|
| <u>Consolidated Balance Sheets as of June 30, 2017 and December 31, 2016</u> | <u>1</u> |
| <u>Consolidated Statements of Income For the Three and Six Months Ended June 30, 2017 and 2016</u> | <u>2</u> |
| <u>Consolidated Statements of Comprehensive Income For the Three and Six Months Ended June 30, 2017 and 2016</u> | <u>3</u> |
| <u>Consolidated Statements of Stockholders' Equity For the Six Months Ended June 30, 2017 and 2016</u> | <u>4</u> |
| <u>Consolidated Statements of Cash Flows For the Six Months Ended June 30, 2017 and 2016</u> | <u>5</u> |
| <u>Notes to Consolidated Financial Statements</u> | <u>7</u> |

| | |
|--|-----------|
| <u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u> | <u>24</u> |
|--|-----------|

| | |
|---|-----------|
| <u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u> | <u>36</u> |
|---|-----------|

| | |
|--|-----------|
| <u>Item 4. Controls and Procedures</u> | <u>36</u> |
|--|-----------|

PART II. OTHER INFORMATION

| | |
|----------------------------------|-----------|
| <u>Item 1. Legal Proceedings</u> | <u>37</u> |
|----------------------------------|-----------|

| | |
|------------------------------|-----------|
| <u>Item 1a. Risk Factors</u> | <u>37</u> |
|------------------------------|-----------|

| | |
|--|-----------|
| <u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u> | <u>37</u> |
|--|-----------|

| | |
|---|-----------|
| Item 3. Defaults Upon Senior Securities | <u>37</u> |
|---|-----------|

| | |
|---------------------------------|-----------|
| Item 4. Mine Safety Disclosures | <u>37</u> |
|---------------------------------|-----------|

| | |
|---------------------------|-----------|
| Item 5. Other Information | <u>37</u> |
|---------------------------|-----------|

| | |
|-------------------------|-----------|
| <u>Item 6. Exhibits</u> | <u>38</u> |
|-------------------------|-----------|

| | |
|------------------|-----------|
| <u>SIGNATURE</u> | <u>39</u> |
|------------------|-----------|

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Investors Title Company and Subsidiaries
Consolidated Balance Sheets
As of June 30, 2017 and December 31, 2016
(Unaudited)

| | June 30, 2017 | December 31, 2016 |
|---|------------------|----------------------|
| Assets: | | |
| Investments in securities: | | |
| Fixed maturities, available-for-sale, at fair value (amortized cost: June 30, 2017: \$90,285,225; December 31, 2016: \$100,162,357) | \$93,049,522 | \$101,934,077 |
| Equity securities, available-for-sale, at fair value (cost: June 30, 2017: \$25,323,290; December 31, 2016: \$24,836,032) | 43,562,703 | 41,179,259 |
| Short-term investments | 17,845,956 | 6,558,840 |
| Other investments | 11,427,988 | 11,181,531 |
| Total investments | 165,886,169 | 160,853,707 |
| Cash and cash equivalents | 29,068,106 | 27,928,472 |
| Premium and fees receivable | 9,701,506 | 8,654,161 |
| Accrued interest and dividends | 912,316 | 1,035,152 |
| Prepaid expenses and other assets | 9,489,454 | 9,456,523 |
| Property, net | 10,018,368 | 8,753,466 |
| Goodwill and other intangible assets | 11,789,465 | 12,256,641 |
| Current income taxes receivable | 1,088,787 | — |
| Total Assets | \$237,954,171 | \$228,938,122 |
| Liabilities and Stockholders' Equity | | |
| Liabilities: | | |
| Reserves for claims | \$34,141,000 | \$35,305,000 |
| Accounts payable and accrued liabilities | 24,322,986 | 26,146,480 |
| Current income taxes payable | — | 1,232,432 |
| Deferred income taxes, net | 13,259,875 | 11,118,256 |
| Total liabilities | 71,723,861 | 73,802,168 |
| 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; 1,887,256 and 1,884,283 shares issued and outstanding as of June 30, 2017 and December 31, 2016, respectively, excluding in each period 291,676 shares of common stock held by the Company's subsidiary) | 1 | 1 |
| Retained earnings | 152,482,193 | 143,283,621 |
| Accumulated other comprehensive income | 13,668,275 | 11,761,447 |
| Total stockholders' equity attributable to the Company | 166,150,469 | 155,045,069 |
| Noncontrolling interests | 79,841 | 90,885 |

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| | | |
|--|---------------|---------------|
| Total stockholders' equity | 166,230,310 | 155,135,954 |
| Total Liabilities and Stockholders' Equity | \$237,954,171 | \$228,938,122 |

See notes to the Consolidated Financial Statements.

1

Investors Title Company and Subsidiaries
Consolidated Statements of Income
For the Three and Six Months Ended June 30, 2017 and 2016
(Unaudited)

| | Three Months Ended | | Six Months Ended | |
|--|--------------------|--------------|------------------|--------------|
| | June 30, | | June 30, | |
| | 2017 | 2016 | 2017 | 2016 |
| Revenues: | | | | |
| Net premiums written | \$33,450,241 | \$29,686,120 | \$65,748,900 | \$51,051,450 |
| Investment income – interest and dividends | | | | |