

INVESTORS TITLE CO
Form DEF 14A
April 10, 2014

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:

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| <input type="checkbox"/> | Preliminary Proxy Statement | <input type="checkbox"/> | Soliciting Material Under Rule 14a-12 |
| <input type="checkbox"/> | Confidential, For Use of the
Commission Only (as permitted
by Rule 14a-6(e)(2)) | | |
| <input checked="" type="checkbox"/> | Definitive Proxy Statement | | |
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Investors Title Company
(Name of Registrant as Specified In Its Charter)

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

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-

121 North Columbia Street, Chapel Hill, North Carolina 27514

(919) 968-2200

April 14, 2014

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 Wednesday, May 21, 2014 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 2014, followed by discussion and voting on the matters set forth in the accompanying Notice of Annual Meeting and Proxy Statement.

Whether or not you plan to attend the meeting, I urge you to review the Proxy Statement and vote as soon as possible to ensure that your shares are represented at the meeting. The Proxy Statement explains more about proxy voting, so please read it carefully.

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 21, 2014

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 21, 2014 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 2014; 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, 2014 are entitled to notice of and to vote at the meeting and any adjournments or postponements thereof.

By Order of the Board of Directors:

W. Morris Fine
Secretary
April 14, 2014

IMPORTANT Please vote by Internet or mail as soon as possible so your shares will be voted promptly, even if you plan to attend the meeting in person. Additional information about voting is included in the accompanying Proxy Statement and on your proxy card.

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PROXY STATEMENT

**ANNUAL MEETING OF SHAREHOLDERS OF
INVESTORS TITLE COMPANY**

To Be Held on May 21, 2014

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 21, 2014 at 11:00 a.m. EDT, and at all adjournments or postponements thereof. Shareholders of record at the close of business on April 2, 2014 are entitled to notice of and to vote at the meeting and any adjournments or postponements 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 2013 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, whether by mail or by Internet voting, the persons named as proxy holders will vote the shares represented by your proxy in accordance with your instructions. If you are a shareholder of record and submit a proxy but do not fill out the voting instructions, the persons named as proxy holders will vote your shares in the manner recommended by the Board of Directors on all matters presented in this proxy statement. 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.

You may vote your shares by any of the following methods:

- *By Internet.* You may vote by proxy via the Internet by following the instructions on the proxy card provided.
- *By mail.* You may vote by proxy by signing and returning the proxy card provided.
- *In person.* Stockholders of record and beneficial stockholders with shares held in street name may vote in person at the meeting. If you hold shares in street name, you must also obtain a legal proxy from your broker to vote in person at the meeting.

If you vote by Internet, please have your proxy card available. The control number appearing on your card is necessary to process your vote. An Internet vote authorizes the named proxy holders in the same manner as if you marked, signed and returned a proxy card by mail. 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. If you plan to attend the meeting and you require directions, please call the Company at 919-968-2200. 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, 2014, the Company had a total of 2,328,507 shares of Common Stock outstanding, its only class of issued and outstanding capital stock. Of these shares, 2,036,831 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 2013 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 14, 2014.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to be Held on May 21, 2014. The Notice of Annual Meeting and Proxy Statement and the Company's 2013 Annual Report (the Proxy Materials) are available on the Company's website at <http://www.invtitle.com/investors-proxy-materials> and at www.proxyvote.com 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, 2013, 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.

General Information. A copy of the Company's 2013 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@invtitle.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.invtitle.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@invtitle.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.invtitle.com/investors-independence-standards.

Executive Sessions

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

Compensation Committee Interlocks and Insider Participation

Richard M. Hutson II, James R. Morton and James H. Speed, Jr. served on the compensation committee in the fiscal year ended December 31, 2013. None of the directors who served on the compensation committee in fiscal year 2013 served as one of our employees in fiscal 2013 or has ever served as one of our officers. During fiscal year 2013, none of our executive officers served as a director or member of the compensation committee (or other committee performing similar functions) of any other entity of which an executive officer served on our board of directors or compensation committee.

Board of Directors and Committees

During the year ended December 31, 2013, 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 2013 Annual Meeting.

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

The Audit Committee. In 2013, the Audit Committee was composed of Mr. Francis, Mr. Johnson and Mr. King. The Audit Committee met thirteen times in 2013.

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.invtitle.com/investors-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 2013.

The Compensation Committee. In 2013, the Compensation Committee was composed of Mr. Hutson, Mr. Morton and Mr. Speed. The Compensation Committee met three times in 2013. 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.invtitle.com/investors-committees. The Compensation Committee reviews and assesses the adequacy of the charter on an annual basis.

The Compensation Committee makes all compensation decisions for the Company's 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 executive officers.

The Chief Executive Officer annually reviews the performance of each of the other executive officers with respect to achievement 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 executive officers based upon its evaluation of their performance as well as other aspects of our compensation objectives.

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 bonus 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 or use an executive compensation consultant for determining or recommending the amount or form of executive officer compensation. In making compensation decisions, the Committee is guided by the objectives of our compensation program, the Committee's own judgment and other information that it considers relevant. Based on the cyclical nature of the Company's business, the Committee believes that compensation of the executive officers should not be based on fixed formulas and that the prudent use of discretion in determining compensation is generally in the best interest of the Company and its shareholders.

See *Compensation Committee Report* below for the formal report of the Compensation Committee for 2013. Decisions regarding the compensation of the Board of Directors are made by the Board of Directors, as described under *Compensation of Directors* below.

The Nominating Committee. In 2013, the Nominating Committee was composed of Mr. Hutson, Mr. King and Mr. Morton. The Nominating Committee met two times in 2013.

The Nominating Committee operates under a written charter that can be found on the Company's website at www.invtile.com/investors-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 2015 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 15, 2014. 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 and internal controls.

COMPENSATION OF DIRECTORS

Directors who are not employees of the Company receive an annual retainer for Board services of \$5,000 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 \$750 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

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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 15, 2013, the date of the Company's 2013 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 \$71.59. 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 and become exercisable in four quarterly installments beginning June 30, 2013 and will expire on May 15, 2020.

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. The Board of Directors does not use a compensation consultant for determining or recommending the amount or form of director compensation. The following table shows the compensation earned by each non-employee director for 2013:

2013 Director Compensation

Name ⁽¹⁾	Fees Earned or Paid			
	In Cash Awards (\$)	Stock Awards (\$) ⁽²⁾	Option Awards (\$) ⁽³⁾	Total (\$)
David L. Francis	19,750	-	12,685,324	32,435
Richard M. Hutson II	15,500	-	12,685,281	85
R. Horace Johnson	19,750	-	12,685,324	335
H. Joe King, Jr.	20,250	-	12,685,329	335
James R. Morton	15,500	-	12,685,281	85
James H. Speed, Jr	15,500	-	12,685,281	85

(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 22.

(2) The Company did not grant any stock awards in 2013. There were no stock awards outstanding at December 31, 2013 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, 2013. The aggregate number of SARs outstanding at December 31, 2013 held by directors was as follows:

Name	Outstanding SARs at Fiscal Year End
David L. Francis	3,375
Richard M. Hutson II	2,875
R. Horace Johnson	3,375
H. Joe King, Jr.	3,375
James R. Morton	875
James H. Speed, Jr.	1,875

The Company did not grant any options in 2013. The aggregate number of option awards outstanding at December 31, 2013 held by directors was as follows:

Name	Outstanding Option Awards at Fiscal Year End
David L. Francis	1,000
Richard M. Hutson II	0
R. Horace Johnson	500
H. Joe King, Jr.	1,000
James R. Morton	0
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, 2014. Unless otherwise indicated, all persons named as beneficial owners of Common Stock have sole voting power and sole investment power with respect to shares indicated.

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	216,350 (2)	10.6%
J. Allen Fine 121 N. Columbia Street, Chapel Hill, North Carolina 27514	196,475 (3)	9.6%
James A. Fine, Jr. 121 N. Columbia Street, Chapel Hill, North Carolina 27514	179,295 (4)	8.8%
W. Morris Fine 121 N. Columbia Street, Chapel Hill, North Carolina 27514	178,809 (5)	8.8%
Dimensional Fund Advisors LP Palisades West, Building One, 6300 Bee Cave Road, Austin, Texas 78746	150,891 (6)	7.4%

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- (1) The percentages are calculated based on 2,036,831 shares outstanding as of April 2, 2014 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. 8 to Schedule 13G filed with the SEC on January 3, 2014. Of these shares, Markel Corporation has sole voting and investment power with respect to 213,300 shares and shared investment power with respect to 3,050 shares.
- (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.
- (4) This includes 95,000 shares held by a limited partnership of which Mr. Fine is a general partner and shares joint voting and investment 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 515 shares held by Mr. Fine's wife and 2,329 shares held by other family members.
- (5) This includes 95,000 shares held by a limited partnership of which Mr. Fine is a general partner and shares joint voting and investment 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 470 shares held by Mr. Fine's wife and 3,582 shares held by other family members.
- (6) The information included in the above table is based solely on Amendment No. 4 to Schedule 13G filed by Dimensional Fund Advisors LP with the SEC on February 10, 2014. The Schedule 13G/A states as follows: Dimensional Fund Advisors LP, an investment adviser registered under Section 203 of the Investment Advisors Act of 1940, furnishes investment advice to four investment companies registered under the Investment Company Act of 1940, and serves as investment manager to certain other commingled group trusts and separate accounts (such investment companies, trusts and accounts, collectively referred to as the Funds). In certain cases, subsidiaries of Dimensional Fund Advisors LP may act as an adviser or sub-adviser to certain Funds. In its role as investment adviser, sub-adviser and/or manager, neither Dimensional Fund Advisors LP or its subsidiaries (collectively, Dimensional) possess voting and/or investment power over the securities of the Issuer that are owned by the Funds, and may be deemed to be the beneficial owner of the shares of the Issuer held by the Funds. However, all securities reported in this schedule are owned by the Funds. Dimensional disclaims beneficial ownership of such securities. In addition, the filing of this Schedule 13G shall not be construed as an admission that the reporting person or any of its affiliates is the beneficial owner of any securities covered by this Schedule 13G for any other purposes than Section 13(d) of the Securities Exchange Act of 1934.

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The table below sets forth the shares of the Company's Common Stock beneficially owned as of April 2, 2014 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. Unless otherwise indicated, all persons named as beneficial owners of Common Stock have sole voting power and sole investment power with respect to shares indicated.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class (1)
J. Allen Fine	196,475 (2)	9.6%
James A. Fine, Jr.	179,295 (3)	8.8%
W. Morris Fine	178,809 (4)	8.8%
H. Joe King, Jr.	23,539 (5)	1.2%
James R. Morton	13,543 (6)	*
R. Horace Johnson	4,785 (7)	*
Richard M. Hutson II	4,146 (8)	*
David L. Francis	7,689 (9)	*
James H. Speed, Jr.	2,000 (10)	*
All Directors, Nominees for Director, and Executive Officers as a Group (9 persons)	515,281 (11)	25.3%

*Represents less than 1%

- (1) The percentages are calculated based on 2,036,831 shares outstanding as of April 2, 2014, 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.
- (3) This includes 95,000 shares held by a limited partnership of which Mr. Fine is a general partner and shares joint voting and investment 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 515 shares held by Mr. Fine's wife and 2,329 shares held by other family members.
- (4) This includes 95,000 shares held by a limited partnership of which Mr. Fine is a general partner and shares joint voting and investment 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 470 shares held by Mr. Fine's wife and 3,582 shares held by other family members.
- (5) This total includes 4,500 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, 2014 as well as 1,000 shares held by his wife.
- (6) This total includes 1,000 shares of Common Stock that Mr. Morton has the right to purchase under stock appreciation rights that are presently exercisable or are exercisable within 60 days of April 2, 2014.
- (7) 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, 2014.

(8)

This total includes 3,000 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, 2014.

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- (9) This total includes 4,500 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, 2014.
- (10) This total includes 2,000 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, 2014.
- (11) For purposes of calculating this total, the 95,000 shares of Common Stock owned jointly by James A. Fine, Jr. and W. Morris Fine are only counted once. This total includes 18,500 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, 2014.

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 W. Morris Fine, Richard M. Hutson II and R. Horace Johnson 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 2017.

The following provides 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

Name	Age	Served as Director Since	Term to Expire
W. Morris Fine	47	1999	2017