

REFINITIV

## DELTA REPORT

10-Q

ITIC - INVESTORS TITLE CO

10-Q - SEPTEMBER 30, 2023 COMPARED TO 10-Q - JUNE 30, 2023

The following comparison report has been automatically generated

**TOTAL DELTAS** 1336

■ CHANGES	236
■ DELETIONS	150
■ ADDITIONS	950

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, 2023 September 30, 2023

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

(State of incorporation)

56-1110199

(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)

Securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common Stock, no par value	ITIC	The Nasdaq Stock Market LLC
Rights to Purchase Series A Junior Participating Preferred Stock		The Nasdaq Stock Market LLC

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 every Interactive Data File required to be submitted 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 such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a 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.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

As of July 27, 2023 October 25, 2023, there were 1,890,623 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 June 30, 2023 September 30, 2023 and December 31, 2022

(in thousands)  
(unaudited)

		June 30, 2023	December 31, 2022		September 30, 2023		December 31, 2022
<b>Assets</b>	<b>Assets</b>			<b>Assets</b>			
Cash and cash equivalents	Cash and cash equivalents	\$ 26,184	\$ 35,311	Cash and cash equivalents	\$ 30,411	\$ 35,311	
Investments:	Investments:			Investments:			
Fixed maturity securities, available-for-sale, at fair value (amortized cost: June 30, 2023: \$58,423; December 31, 2022: \$53,775)		58,452	53,989	Fixed maturity securities, available- for-sale, at fair value (amortized cost: September 30, 2023: \$65,766; December 31, 2022: \$53,775)		64,640	53,989
Equity securities, at fair value (cost: June 30, 2023: \$19,282; December 31, 2022: \$25,278)		34,081	51,691	Equity securities, at fair value (cost: September 30, 2023: \$19,424; December 31, 2022: \$25,278)		31,831	51,691
Fixed maturity securities, available- for-sale, at fair value (amortized cost: September 30, 2023: \$65,766; December 31, 2022: \$53,775)				Short-term investments		103,959	103,649
Equity securities, at fair value (cost: September 30, 2023: \$19,424; December 31, 2022: \$25,278)				Other investments		20,144	18,368
<b>Total investments</b>	<b>Total investments</b>	<b>227,169</b>	<b>227,697</b>	<b>Total investments</b>	<b>220,574</b>		<b>227,697</b>
Premiums and fees receivable	Premiums and fees receivable	17,211	19,047	Premiums and fees receivable	17,322		19,047
Accrued interest and dividends	Accrued interest and dividends	949	872	Accrued interest and dividends	1,111		872
Prepaid expenses and other receivables	Prepaid expenses and other receivables	11,523	11,095	Prepaid expenses and other receivables	14,888		11,095
Property, net	Property, net	21,197	17,785	Property, net	22,093		17,785
Goodwill and other intangible assets, net	Goodwill and other intangible assets, net	16,927	17,611	Goodwill and other intangible assets, net	16,588		17,611
Lease assets	Lease assets	6,830	6,707	Lease assets	6,432		6,707
Other assets	Other assets	2,491	2,458	Other assets	2,496		2,458
Current income taxes recoverable	Current income taxes recoverable	—	1,174	Current income taxes recoverable	—		1,174
<b>Total Assets</b>	<b>Total Assets</b>	<b>\$ 330,481</b>	<b>\$ 339,757</b>	<b>Total Assets</b>	<b>\$ 331,915</b>		<b>\$ 339,757</b>
<b>Liabilities and Stockholders' Equity</b>	<b>Liabilities and Stockholders' Equity</b>			<b>Liabilities and Stockholders' Equity</b>			
Liabilities:	Liabilities:			Liabilities:			
Reserve for claims	Reserve for claims	\$ 36,865	\$ 37,192	Reserve for claims	\$ 37,494	\$ 37,192	
Accounts payable and accrued liabilities	Accounts payable and accrued liabilities	33,923	47,050	Accounts payable and accrued liabilities	30,719	47,050	
Lease liabilities	Lease liabilities	7,049	6,839	Lease liabilities	6,639	6,839	
Current income taxes payable	Current income taxes payable	586	—	Current income taxes payable	1,008	—	
Deferred income taxes, net	Deferred income taxes, net	4,805	7,665	Deferred income taxes, net	3,387	7,665	
<b>Total liabilities</b>	<b>Total liabilities</b>	<b>83,228</b>	<b>98,746</b>	<b>Total liabilities</b>	<b>79,247</b>		<b>98,746</b>

Commitments and Contingencies	Commitments and Contingencies	—	—	Commitments and Contingencies	—	—
Stockholders' Equity:	Stockholders' Equity:	—	—	Stockholders' Equity:	—	—
Preferred stock (1,000 authorized shares; no shares issued)	Preferred stock (1,000 authorized shares; no shares issued)	—	—	Preferred stock (1,000 authorized shares; no shares issued)	—	—
Common stock – no par value (10,000 authorized shares; 1,891 and 1,897 shares issued and outstanding as of June 30, 2023 and December 31, 2022, respectively, excluding in each period 292 shares of common stock held by the Company)	—	—	—	Common stock – no par value (10,000 authorized shares; 1,891 and 1,897 shares issued and outstanding as of September 30, 2023 and December 31, 2022, respectively, excluding in each period 292 shares of common stock held by the Company)	—	—
Common stock – no par value (10,000 authorized shares; 1,891 and 1,897 shares issued and outstanding as of September 30, 2023 and December 31, 2022, respectively, excluding in each period 292 shares of common stock held by the Company)	—	—	—	Common stock – no par value (10,000 authorized shares; 1,891 and 1,897 shares issued and outstanding as of September 30, 2023 and December 31, 2022, respectively, excluding in each period 292 shares of common stock held by the Company)	—	—
Retained earnings	Retained earnings	247,092	240,811	Retained earnings	253,423	240,811
Accumulated other comprehensive income		161	200	Accumulated other comprehensive (loss) income	(755)	200
Total stockholders' equity	Total stockholders' equity	247,253	241,011	Total stockholders' equity	252,668	241,011
Total Liabilities and Stockholders' Equity	Total Liabilities and Stockholders' Equity	\$ 330,481	\$ 339,757	Total Liabilities and Stockholders' Equity	\$ 331,915	\$ 339,757

Refer to notes to the Consolidated Financial Statements.

**Investors Title Company and Subsidiaries**  
**Consolidated Statements of Operations**  
**For the Three and Six Nine Months Ended June 30, 2023 September 30, 2023 and 2022**  
*(in thousands, except per share amounts)*  
*(unaudited)*

	Three Months Ended June 30,		Six Months Ended June 30,		Three Months Ended September 30,		Nine Months Ended September 30,	
	2023		2023		2023		2022	
	Revenues:	Revenues:	Revenues:	Revenues:	Revenues:	Revenues:	Revenues:	Revenues:
Net premiums written	Net premiums written	\$ 44,005	\$ 69,626	\$ 82,971	\$ 132,751	Net premiums written	\$ 49,822	\$ 66,658
Escrow and other title-related fees	Escrow and other title-related fees	4,604	6,247	8,259	11,325	Escrow and other title-related fees	4,683	6,136
Non-title services	Non-title services	4,565	2,798	9,877	5,210	Non-title services	4,636	3,679
Interest and dividends	Interest and dividends	2,150	911	4,224	1,826	Interest and dividends	2,313	1,229
Other investment income	Other investment income	1,648	1,106	2,401	2,443	Other investment income	514	2,173
Net investment gains (losses)	Net investment gains (losses)	1,092	(10,134)	1,535	(14,302)			2,915
								4,616

Net investment (losses) gains						Net investment (losses) gains	(815)	(2,154)	720	(16,456)
Other	Other	250	348	390	647	Other	257	277	647	924
Total Revenues	Total Revenues	58,314	70,902	109,657	139,900	Total Revenues	61,410	77,998	171,067	217,898
<b>Operating Expenses:</b>	<b>Operating Expenses:</b>					<b>Operating Expenses:</b>				
Commissions to agents	Commissions to agents	20,603	33,826	39,929	63,683	Commissions to agents	23,806	33,478	63,735	97,161
Provision for claims	Provision for claims	991	1,310	2,059	1,486	Provision for claims	1,838	1,966	3,897	3,452
Personnel expenses	Personnel expenses	18,548	20,898	39,368	42,152	Personnel expenses	19,083	21,586	58,451	63,738
Office and technology expenses	Office and technology expenses	4,513	4,288	8,913	8,656	Office and technology expenses	4,209	4,274	13,122	12,930
Other expenses	Other expenses	3,813	7,627	7,981	13,177	Other expenses	3,864	6,606	11,845	19,783
Total Operating Expenses	Total Operating Expenses	48,468	67,949	98,250	129,154	Total Operating Expenses	52,800	67,910	151,050	197,064
<b>Income before Income Taxes</b>	<b>Income before Income Taxes</b>	<b>9,846</b>	<b>2,953</b>	<b>11,407</b>	<b>10,746</b>	<b>Income before Income Taxes</b>	<b>8,610</b>	<b>10,088</b>	<b>20,017</b>	<b>20,834</b>
<b>Provision for Income Taxes</b>	<b>Provision for Income Taxes</b>	<b>2,261</b>	<b>674</b>	<b>2,641</b>	<b>2,282</b>	<b>Provision for Income Taxes</b>	<b>1,526</b>	<b>2,175</b>	<b>4,167</b>	<b>4,457</b>
<b>Net Income</b>	<b>Net Income</b>	<b>\$ 7,585</b>	<b>\$ 2,279</b>	<b>\$ 8,766</b>	<b>\$ 8,464</b>	<b>Net Income</b>	<b>\$ 7,084</b>	<b>\$ 7,913</b>	<b>\$ 15,850</b>	<b>\$ 16,377</b>
<b>Basic Earnings per Common Share</b>	<b>Basic Earnings per Common Share</b>	<b>\$ 4.00</b>	<b>\$ 1.20</b>	<b>\$ 4.62</b>	<b>\$ 4.46</b>	<b>Basic Earnings per Common Share</b>	<b>\$ 3.75</b>	<b>\$ 4.17</b>	<b>\$ 8.37</b>	<b>\$ 8.63</b>
<b>Weighted Average Shares Outstanding - Basic</b>	<b>Weighted Average Shares Outstanding - Basic</b>	<b>1,895</b>	<b>1,897</b>	<b>1,896</b>	<b>1,897</b>	<b>Weighted Average Shares Outstanding - Basic</b>	<b>1,891</b>	<b>1,897</b>	<b>1,894</b>	<b>1,897</b>
<b>Diluted Earnings per Common Share</b>	<b>Diluted Earnings per Common Share</b>	<b>\$ 4.00</b>	<b>\$ 1.20</b>	<b>\$ 4.62</b>	<b>\$ 4.45</b>	<b>Diluted Earnings per Common Share</b>	<b>\$ 3.75</b>	<b>\$ 4.17</b>	<b>\$ 8.37</b>	<b>\$ 8.63</b>
<b>Weighted Average Shares Outstanding - Diluted</b>	<b>Weighted Average Shares Outstanding - Diluted</b>	<b>1,896</b>	<b>1,899</b>	<b>1,896</b>	<b>1,900</b>	<b>Weighted Average Shares Outstanding - Diluted</b>	<b>1,891</b>	<b>1,897</b>	<b>1,894</b>	<b>1,898</b>

Refer to notes to the Consolidated Financial Statements.

**Investors Title Company and Subsidiaries**  
**Consolidated Statements of Comprehensive Income**  
**For the Three and Six Nine Months Ended June 30, 2023 September 30, 2023 and 2022**  
*(in thousands)*  
*(unaudited)*

	Three Months Ended June 30,				Six Months Ended June 30,				Three Months Ended September 30,				Nine Months Ended September 30,			
	2023		2022		2023		2022		2023		2022		2023		2022	
	Net income	Net income	\$ 7,585	\$ 2,279	\$ 8,766	\$ 8,464	Net income	\$ 7,084	\$ 7,913	\$ 15,850	\$ 16,377	Net income	\$ 7,084	\$ 7,913	\$ 15,850	\$ 16,377
Net income	Net income	\$ 7,585	\$ 2,279	\$ 8,766	\$ 8,464	Net income	\$ 7,084	\$ 7,913	\$ 15,850	\$ 16,377	Net income	\$ 7,084	\$ 7,913	\$ 15,850	\$ 16,377	

Other comprehensive loss, before income tax:	Other comprehensive loss, before income tax:	Other comprehensive loss, before income tax:		
Accumulated postretirement benefit obligation adjustment	(7)	(8)	134	211
Accumulated postretirement (benefit) expense obligation adjustment				
Net unrealized losses on investments arising during the period	Net unrealized losses on investments arising during the period	(530)	(1,178)	(297) (3,942)
Reclassification adjustment for sale of securities included in net income	Reclassification adjustment for sale of securities included in net income	—	46	— 46
Reclassification adjustment for write-down of securities included in net income	Reclassification adjustment for write-down of securities included in net income	30	127	112 127
Other comprehensive loss, before income tax	Other comprehensive loss, before income tax	(507)	(1,013)	(51) (3,558)
Income tax (benefit) expense related to postretirement health benefits	Income tax (benefit) expense related to postretirement health benefits	(2)	(2)	28 44
Income tax benefit related to net unrealized losses on investments arising during the period	Income tax benefit related to net unrealized losses on investments arising during the period	(113)	(252)	(66) (835)
Income tax expense related to reclassification adjustment for sale of securities included in net income	Income tax expense related to reclassification adjustment for sale of securities included in net income	—	10	— 10
Income tax expense related to reclassification adjustment for write-down of securities included in net income	Income tax expense related to reclassification adjustment for write-down of securities included in net income	7	29	26 29
Net income tax benefit on other comprehensive loss	Net income tax benefit on other comprehensive loss	(108)	(215)	(12) (752)
Other comprehensive loss	Other comprehensive loss	(399)	(798)	(39) (2,806)
				Other comprehensive loss
				(916) (1,171) (257) (1,066)
				(955) (3,977)

<b>Comprehensive Income</b>	<b>Comprehensive Income</b>	\$ 7,186	\$ 1,481	\$ 8,727	\$ 5,658	<b>Comprehensive Income</b>	\$ 6,168	\$ 6,742	\$ 14,895	\$ 12,400
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Refer to notes to the Consolidated Financial Statements.

**Investors Title Company and Subsidiaries**  
**Consolidated Statements of Stockholders' Equity**  
**For the Three and Six Nine Months Ended June 30, 2023 September 30, 2023 and 2022**  
*(in thousands, except per share amounts)*  
*(unaudited)*

	Common Stock				Accumulated Other			Common Stock			Accumulated Other		
	Common Stock		Retained Earnings	Comprehensive Income	Total Stockholders' Equity	Common Stock		Retained Earnings	Comprehensive Income	Total Stockholders' Equity	Common Stock		Retained Earnings
	Shares	Amount				Shares	Amount				Shares	Amount	
Balance, March 31, 2022	1,897	\$ —	\$ 231,274	\$ 1,218	\$ 232,492								
Net income			2,279		2,279								
Dividends paid (\$0.46 per share)			(872)		(872)								
Share-based compensation expense related to stock appreciation rights			78		78								
Accumulated postretirement benefit obligation adjustment			(6)		(6)								
Net unrealized loss on investments			(792)		(792)								
Balance, June 30, 2022	1,897	\$ —	\$ 232,759	\$ 420	\$ 233,179	Balance, June 30, 2022	1,897	\$ —	\$ 232,759	\$ 420	\$ 233,179		
<b>Balance, March 31, 2023</b>	<b>1,898</b>	<b>\$ —</b>	<b>\$ 241,278</b>	<b>\$ 560</b>	<b>\$ 241,838</b>								
Net income	Net income		7,585		7,585	Net income							7,913
Dividends paid (\$0.46 per share)	Dividends paid (\$0.46 per share)		(873)		(873)	Dividends paid (\$0.46 per share)							(873)
Repurchases of common stock	Repurchases of common stock	(7)	(959)		(959)	Repurchases of common stock	—						(86)
Share-based compensation expense related to stock appreciation rights	Share-based compensation expense related to stock appreciation rights		61		61	Share-based compensation expense related to stock appreciation rights							79
Accumulated postretirement benefit obligation adjustment			(5)		(5)								
Accumulated postretirement benefit obligation adjustment						Accumulated postretirement benefit obligation adjustment							13
Net unrealized loss on investments	Net unrealized loss on investments		(394)		(394)	Net unrealized loss on investments							(1,184)
Balance, September 30, 2022	Balance, September 30, 2022	1,891	\$ —	\$ 247,092	\$ 161	\$ 247,253	Balance, September 30, 2022	1,897	\$ —	\$ 239,792	\$ (751)	\$ 239,041	
<b>Balance, June 30, 2023</b>	<b>Balance, June 30, 2023</b>	<b>1,891</b>	<b>\$ —</b>	<b>\$ 247,092</b>	<b>\$ 161</b>	<b>\$ 247,253</b>	<b>Balance, June 30, 2023</b>	<b>1,891</b>	<b>\$ —</b>	<b>\$ 247,092</b>	<b>\$ 161</b>	<b>\$ 247,253</b>	
Net income	Net income					Net income							7,084
Dividends paid (\$0.46 per share)	Dividends paid (\$0.46 per share)					Dividends paid (\$0.46 per share)							(870)

Share-based compensation expense related to stock appreciation rights		Share-based compensation expense related to stock appreciation rights	117	117
Accumulated postretirement benefit obligation adjustment, net of tax		Accumulated postretirement benefit obligation adjustment, net of tax	(6)	(6)
Net unrealized loss on investments		Net unrealized loss on investments	(910)	(910)
<b>Balance, September 30, 2023</b>		<b>Balance, September 30, 2023</b>	<b>1,891 \$— \$ 253,423 \$</b>	<b>(755) \$ 252,666 \$</b>

**Consolidated Statements of Stockholders' Equity, continued**

	Consolidated Statements of Stockholders' Equity, continued								
	Common Stock			Accumulated Other			Total		
	Shares	Retained Earnings	Comprehensive Income	Stockholders' Equity			Common Stock	Retained Earnings	Comprehensive Income
Balance, December 31, 2021	1,895	\$—	\$ 225,861	\$ 3,226	\$ 229,087		Balance, December 31, 2021	1,895	\$— \$ 225,861
Net income	Net income		8,464		8,464	Net income		16,377	16,377
Dividends paid (\$0.92 per share)			(1,745)		(1,745)				
Dividends paid (\$1.38 per share)						Dividends paid (\$1.38 per share)		(2,618)	(2,618)
Repurchases of common stock						Repurchases of common stock	—	(86)	(86)
Exercise of stock appreciation rights	Exercise of stock appreciation rights	2	(1)		(1)	Exercise of stock appreciation rights	2	(1)	(1)
Share-based compensation expense related to stock appreciation rights	Share-based compensation expense related to stock appreciation rights		180		180	Share-based compensation expense related to stock appreciation rights		259	259
Accumulated postretirement benefit obligation adjustment			167		167				
Accumulated postretirement benefit obligation						Accumulated postretirement benefit obligation			
benefit obligation adjustment, net of tax						adjustment, net of tax		180	180
Net unrealized loss on investments	Net unrealized loss on investments		(2,973)		(2,973)	Net unrealized loss on investments		(4,157)	(4,157)
<b>Balance, June 30, 2022</b>	<b>1,897</b>	<b>\$— \$ 232,759</b>	<b>\$ 420</b>	<b>\$ 233,179</b>					

Balance, September 30, 2022						Balance, September 30, 2022											
Balance, December 31, 2022	Balance, December 31, 2022	1,897	\$	—	\$ 240,811	200	\$	241,011	1,897	\$	—	\$ 239,792	\$	(751)	\$	239,041	
Net income	Net income				8,766			8,766	Net income			15,850				15,850	
Dividends paid (\$0.92 per share)				(1,746)			(1,746)	Dividends paid (\$1.38 per share)			(2,616)				(2,616)		
Dividends paid (\$1.38 per share)								Repurchases of common stock									
Repurchases of common stock	Repurchases of common stock	(7)		(959)			(959)	Repurchases of common stock	(7)		(959)				(959)		
Exercise of stock appreciation rights	Exercise of stock appreciation rights	1		—			—	Exercise of stock appreciation rights	1		—						
Share-based compensation expense related to stock appreciation rights	Share-based compensation expense related to stock appreciation rights			220			220	Share-based compensation expense related to stock appreciation rights			337				337		
Accumulated postretirement benefit obligation adjustment				106			106	Accumulated postretirement benefit obligation adjustment, net of tax			100				100		
Accumulated postretirement benefit obligation adjustment, net of tax								Net unrealized loss on investments			(1,055)				(1,055)		
Net unrealized loss on investments	Net unrealized loss on investments			(145)			(145)	Net unrealized loss on investments			(1,055)				(1,055)		
Balance, June 30, 2023	1,891	\$	—	\$ 247,092	\$	161	\$	247,253	Balance, September 30, 2023	1,891	\$	—	\$ 253,423	\$	(755)	\$	252,668

Refer to notes to the Consolidated Financial Statements.

**Investors Title Company and Subsidiaries**  
**Consolidated Statements of Cash Flows**  
*For the Six Nine Months Ended June 30, 2023 September 30, 2023 and 2022*  
*(in thousands)*  
*(unaudited)*

		Six Months Ended June 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022
<b>Operating Activities</b>	<b>Operating Activities</b>			<b>Operating Activities</b>	
Net income	Net income	\$ 8,766	\$ 8,464	Net income	\$ 15,850
Adjustments to reconcile net income to net cash (used in) provided by operating activities:	Adjustments to reconcile net income to net cash (used in) provided by operating activities:			Adjustments to reconcile net income to net cash (used in) provided by operating activities:	
Depreciation	Depreciation	1,307	1,109	Depreciation	2,005

(Accretion)	(Accretion)		(Accretion)		
Amortization of investments, net	Amortization of investments, net	(1,704)	310	(2,663)	270
Amortization of other intangible assets, net	Amortization of other intangible assets, net	657	653	982	967
Share-based compensation expense related to stock appreciation rights	Share-based compensation expense related to stock appreciation rights	220	180	337	259
Net gain on disposals of property	Net gain on disposals of property	(53)	(36)	(99)	(50)
Net investment (gains) losses	Net investment (gains) losses	(1,535)	14,302	(720)	16,456
Net earnings from other investments	Net earnings from other investments	(2,087)	(1,918)	(2,445)	(2,976)
Provision for claims	Provision for claims	2,059	1,486	3,897	3,452
Benefit for deferred income taxes	Benefit for deferred income taxes	(2,848)	(3,708)	(4,021)	(4,250)
Changes in assets and liabilities:	Changes in assets and liabilities:			Changes in assets and liabilities:	
Decrease (increase) in premium and fees receivable	Decrease (increase) in premium and fees receivable	1,836	(2,424)	1,725	(241)
Increase in other assets	Increase in other assets	(511)	(1,171)	(4,029)	(873)
<b>Increase in lease assets</b>		<b>(123)</b>	<b>(1,359)</b>		
Decrease (increase) in lease assets				Decrease (increase) in lease assets	275
Decrease (increase) in current income taxes receivable	Decrease (increase) in current income taxes receivable	1,174	(390)	1,174	(3,164)
Decrease in accounts payable and accrued liabilities	Decrease in accounts payable and accrued liabilities	(12,993)	(3,613)	(16,204)	(1,702)
<b>Increase in lease liabilities</b>		<b>210</b>	<b>1,375</b>		
(Decrease) increase in lease liabilities				(Decrease) increase in lease liabilities	(200)
Increase (decrease) in current income taxes payable	Increase (decrease) in current income taxes payable	586	(3,329)	1,008	(3,329)
Payments of claims, net of recoveries	Payments of claims, net of recoveries	(2,386)	(1,637)	(3,595)	(2,576)
Net cash (used in) provided by operating activities	Net cash (used in) provided by operating activities	(7,425)	8,294	Net cash (used in) provided by operating activities	(6,723)
<b>Investing Activities</b>	<b>Investing Activities</b>			<b>Investing Activities</b>	
Purchases of fixed maturities	Purchases of fixed maturities	(10,963)	(350)	Purchases of fixed maturities	(18,445)
					(350)

Purchases of equity securities	Purchases of equity securities	(6,006)	(1,146)	Purchases of equity securities	(7,934)	(5,585)
Purchases of short-term investments	Purchases of short-term investments	(81,202)	(47,890)	Purchases of short-term investments	(113,548)	(59,072)
Purchases of other investments	Purchases of other investments	(1,095)	(939)	Purchases of other investments	(2,765)	(1,300)
Purchases of subsidiary, net of cash	Purchases of subsidiary, net of cash	—	(4,927)	Purchases of subsidiary, net of cash	—	(4,927)
Proceeds from sales and maturities of fixed maturity securities	Proceeds from sales and maturities of fixed maturity securities	6,212	14,496	Proceeds from sales and maturities of fixed maturity securities	6,312	18,870
Proceeds from sales of equity securities	Proceeds from sales of equity securities	25,378	9,378	Proceeds from sales of equity securities	28,836	13,970
Proceeds from sales and maturities of short-term investments	Proceeds from sales and maturities of short-term investments	71,688	22,509	Proceeds from sales and maturities of short-term investments	115,829	24,372
Proceeds from sales and distributions of other investments		1,657	3,054			
Proceeds from sales and distributions of other investments and assets				Proceeds from sales and distributions of other investments and assets	3,327	4,523
Purchases of property	Purchases of property	(5,017)	(2,452)	Purchases of property	(6,621)	(3,980)
Proceeds from the sale of property	Proceeds from the sale of property	351	37	Proceeds from the sale of property	407	93
Net cash provided by (used in) investing activities	Net cash provided by (used in) investing activities	1,003	(8,230)	Net cash provided by (used in) investing activities	5,398	(13,386)
<b>Financing Activities</b>	<b>Financing Activities</b>			<b>Financing Activities</b>		
Repurchases of common stock	Repurchases of common stock	(959)	—	Repurchases of common stock	(959)	(86)
Exercise of stock appreciation rights	Exercise of stock appreciation rights	—	(1)	Exercise of stock appreciation rights	—	(1)
Dividends paid	Dividends paid	(1,746)	(1,745)	Dividends paid	(2,616)	(2,618)
Net cash used in financing activities	Net cash used in financing activities	(2,705)	(1,746)	Net cash used in financing activities	(3,575)	(2,705)
<b>Net Decrease in Cash and Cash Equivalents</b>						
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>		<b>(9,127)</b>	<b>(1,682)</b>	<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	<b>(4,900)</b>	<b>4,212</b>
<b>Cash and Cash Equivalents, Beginning of Period</b>	<b>Cash and Cash Equivalents, Beginning of Period</b>	<b>35,311</b>	<b>37,168</b>	<b>Cash and Cash Equivalents, Beginning of Period</b>	<b>35,311</b>	<b>37,168</b>

Cash and Cash Equivalents, End of Period	Cash and Cash Equivalents, End of Period	\$	26,184	\$	35,486	Cash and Cash Equivalents, End of Period	\$	30,411	\$	41,380
<b>Consolidated Statements of Cash Flows, continued</b>										
<b>Consolidated Statements of Cash Flows, continued</b>										
<b>Six Months Ended June 30,</b>										
<b>2023</b>										
<b>2022</b>										
<b>Supplemental Disclosures:</b>										
<b>Cash Paid During the Year for:</b>										
Income tax payments, net	Income tax payments, net	\$	3,729	\$	9,709	Income tax payments, net	\$	6,968	\$	15,200
<b>Non-Cash Investing and Financing Activities:</b>										
Non-cash net unrealized loss on investments, net of deferred tax benefit of \$40 and \$835 for June 30, 2023 and 2022, respectively		\$	145	\$	2,973	Non-cash net unrealized loss on investments, net of deferred tax benefit of \$284 and \$1,114 for September 30, 2023 and 2022, respectively	\$	1,055	\$	4,157
Adjustments to postretirement benefits obligation, net of deferred tax expense of \$(28) and \$(44) for June 30, 2023 and 2022, respectively		\$	(106)	\$	(167)	Adjustments to postretirement benefits obligation, net of deferred tax expense of \$(27) and \$(48) for September 30, 2023 and 2022, respectively	\$	(100)	\$	(180)
Non-cash net unrealized loss on investments, net of deferred tax benefit of \$284 and \$1,114 for September 30, 2023 and 2022, respectively						Non-cash net unrealized loss on investments, net of deferred tax benefit of \$284 and \$1,114 for September 30, 2023 and 2022, respectively	\$	1,055	\$	4,157
Adjustments to postretirement benefits obligation, net of deferred tax expense of \$(27) and \$(48) for September 30, 2023 and 2022, respectively						Adjustments to postretirement benefits obligation, net of deferred tax expense of \$(27) and \$(48) for September 30, 2023 and 2022, respectively	\$	(100)	\$	(180)

**Changes in Financial Statement Amounts Related to Purchase of Subsidiaries, Net of Cash Received:**

Goodwill and other intangibles acquired	\$	—	\$	(3,028)
Title plant acquired				(500)
Prepaid and other assets acquired				(77)
Fixed assets acquired				(1,322)
Purchase of subsidiary, net of cash received	\$	—	\$	(4,927)

Refer to notes to the Consolidated Financial Statements.

INVESTORS TITLE COMPANY

**AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
June September 30, 2023  
(unaudited)

Note 1 – Basis of Presentation and Significant Accounting Policies

Reference should be made to the "Notes to Consolidated Financial Statements" appearing in the Annual Report on Form 10-K for the year ended December 31, 2022 of Investors Title Company (the "Company") for a complete description of the Company's significant accounting policies.

*Principles of Consolidation* – The accompanying unaudited Consolidated Financial Statements include the accounts and operations of Investors Title Company and its subsidiaries, and have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") for interim financial information, with the instructions to Form 10-Q and with Article 10 of Regulation S-X. Accordingly, certain information and footnote disclosures normally included in annual consolidated financial statements have been condensed or omitted. All intercompany balances and transactions have been eliminated in consolidation.

In the opinion of management, all adjustments considered necessary for a fair presentation of the financial position, results of operations and cash flows of the Company in the accompanying unaudited Consolidated Financial Statements have been included. All such adjustments are of a normal recurring nature. Operating results for the three- and six-month nine-month periods ended **June 30, 2023** **September 30, 2023** are not necessarily indicative of the financial condition and results that may be expected for the year ending December 31, 2023 or any other interim period.

*Reclassifications* – Certain amounts have been reclassified for consistency with the current period presentation. The reclassifications were between revenue lines of the unaudited Consolidated Statements of Operations. These reclassifications are not considered an accounting change and had no effect on the reported results of operations.

*Use of Estimates and Assumptions* – The preparation of the Company's unaudited Consolidated Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities, at the date of the unaudited Consolidated Financial Statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions used.

*Subsequent Events* – The Company has evaluated and concluded that there were no material subsequent events requiring adjustment or disclosure to its unaudited Consolidated Financial Statements.

Note 2 – Reserve for Claims

Activity in the reserve for claims for the six-month nine-month period ended **June 30, 2023** **September 30, 2023** and the year ended December 31, 2022 are summarized as follows:

(in thousands)	(in thousands)	June 30, 2023	December 31, 2022	(in thousands)	September 30, 2023	December 31, 2022
Balance, beginning period	Balance, beginning period	\$ 37,192	\$ 36,754	Balance, beginning period	\$ 37,192	\$ 36,754
Provision charged to operations	Provision charged to operations	2,059	4,255	Provision charged to operations	3,897	4,255
Payments of claims, net of recoveries	Payments of claims, net of recoveries	(2,386)	(3,817)	Payments of claims, net of recoveries	(3,595)	(3,817)
Balance, end of period	Balance, end of period	\$ 36,865	\$ 37,192	Balance, end of period	\$ 37,494	\$ 37,192

The total reserve for all reported and unreported losses the Company incurred through **June 30, 2023** **September 30, 2023** is represented by the reserve for claims on the unaudited Consolidated Balance Sheets. The Company's reserves for unpaid losses and loss adjustment expenses are established using estimated amounts required to settle claims for which notice has been received (reported) and the amount estimated to be required to satisfy claims that have been incurred but not yet reported ("IBNR"). Despite the variability of such estimates, management believes that the total reserve for claims is adequate to cover claim losses which might result from pending and future claims under title insurance policies issued through **June 30, 2023** **September 30, 2023**. Management continually reviews and adjusts its reserve for claims estimates to reflect its loss experience and any new information that becomes available. Adjustments resulting from such reviews could be significant.

A summary of the Company's reserve for claims, broken down into its components of known title claims and IBNR, follows:

(in thousands, except percentages)	(in thousands, except percentages)	June 30, 2023	%	December 31, 2022	%	(in thousands, except percentages)	September 30, 2023	%	December 31, 2022	%
Known title claims	Known title claims	\$ 3,034	8.2	\$ 3,250	8.7	Known title claims	\$ 3,292	8.8	\$ 3,250	8.7
IBNR	IBNR	33,831	91.8	33,942	91.3	IBNR	34,202	91.2	33,942	91.3

Total reserve for claims	Total reserve for claims	\$ 36,865	100.0	\$ 37,192	100.0	Total reserve for claims	\$ 37,494	100.0	\$ 37,192	100.0
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Claims and losses paid are charged to the reserve for claims. Although claims losses are typically paid in cash, occasionally claims are settled by purchasing the interest of the insured or the claimant in the real property. When this event occurs, the Company carries assets at the lower of cost or estimated fair value, net of any indebtedness on the property.

#### Note 3 – Earnings Per Common Share and Share Awards

Basic earnings per common share is computed by dividing net income by the weighted average number of common shares outstanding during the reporting period. Diluted earnings per common share is computed by dividing net income by the combination of dilutive potential common stock, comprised of shares issuable under the Company's share-based compensation plans, and the weighted average number of common shares outstanding during the reporting period. Dilutive common share equivalents include the dilutive effect of in-the-money share-based awards, which are calculated based on the average share price for each period using the treasury stock method. Under the treasury stock method, when share-based awards are assumed to be exercised, (a) the exercise price of a share-based award and (b) the amount of compensation cost, if any, for future services that the Company has not yet recognized, are assumed to be used to repurchase shares in the current period.

The following table sets forth the computation of basic and diluted earnings per share for the three- and **six-month** **nine-month** periods ended **June** **September 30**:

(in thousands, except per share amounts)	Three Months Ended June 30,				Six Months Ended June 30,				Three Months Ended September 30,				Nine Months Ended September 30,			
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022		
Net income	Net income	\$ 7,585	\$ 2,279	\$ 8,766	\$ 8,464	Net income	\$ 7,084	\$ 7,913	\$ 15,850	\$ 16,377						
Weighted average common shares outstanding – Basic	Weighted average common shares outstanding – Basic	1,895	1,897	1,896	1,897	Weighted average common shares outstanding – Basic	1,891	1,897	1,894	1,897						
Incremental shares outstanding assuming the exercise of dilutive SARs (share-settled)	Incremental shares outstanding assuming the exercise of dilutive SARs (share-settled)	1	2	—	3	Incremental shares outstanding assuming the exercise of dilutive SARs (share-settled)	—	—	—	—				1		
Weighted average common shares outstanding – Diluted	Weighted average common shares outstanding – Diluted	1,896	1,899	1,896	1,900	Weighted average common shares outstanding – Diluted	1,891	1,897	1,894	1,898						
Basic earnings per common share	Basic earnings per common share	\$ 4.00	\$ 1.20	\$ 4.62	\$ 4.46	Basic earnings per common share	\$ 3.75	\$ 4.17	\$ 8.37	\$ 8.63						
Diluted earnings per common share	Diluted earnings per common share	\$ 4.00	\$ 1.20	\$ 4.62	\$ 4.45	Diluted earnings per common share	\$ 3.75	\$ 4.17	\$ 8.37	\$ 8.63						

There were **1724** thousand and **1326** thousand potential shares excluded from the computation of diluted earnings per share for the three-month periods ended **June 30, 2023** **September 30, 2023** and 2022, respectively, due to the out-of-the-money status of the related share-based awards. There were 24 thousand and 13 thousand potential shares excluded from the computation of diluted earnings per share for the **six-month** **nine-month** periods ended **June 30, 2023** **September 30, 2023** and 2022, respectively, due to the out-of-the-money status of the related share-based awards.

The Company historically has adopted employee stock award plans under which restricted stock, options or stock appreciation rights ("SARs") exercisable for the Company's stock may be granted to key employees or directors of the Company. There is currently one active plan from which the Company may grant share-based awards. The awards eligible to be granted under the active plan are limited to SARs, and the maximum aggregate number of shares of common stock of the Company available pursuant to the plan for the grant of SARs is 250 thousand shares. SARs give the holder the right to receive stock equal to the appreciation in the value of shares of stock from the grant date for a specified period of time, and as a result, are accounted for as equity instruments.

As of **June 30, 2023** **September 30, 2023**, the only outstanding awards under the plans were SARs, which expire within seven years or less from the date of grant. All outstanding SARs vest and are exercisable within five years or less from the date of grant, and all SARs issued to date have been share-settled only. There have been no stock options or SARs granted where the exercise price was less than the market price on the date of grant.

A summary of share-based award transactions for all share-based award plans follows:

(in thousands, except weighted average exercise price and average remaining contractual term)	(in thousands, except weighted average exercise price and average remaining contractual term)	Number Of Shares	Weighted Average Exercise Price	Average Contractual Term (Years)	Aggregate Intrinsic Value	(in thousands, except weighted average exercise price and average remaining contractual term)	Number Of Shares	Weighted Average Exercise Price	Average Contractual Term (Years)	Aggregate Intrinsic Value
<b>Outstanding as of January 1, 2022</b>	<b>Outstanding as of January 1, 2022</b>	35	\$ 150.36	3.96	\$ 1,643	<b>Outstanding as of January 1, 2022</b>	35	\$ 150.36	3.96	\$ 1,643
SARs granted	SARs granted	10	155.16			SARs granted	10	155.16		
SARs exercised	SARs exercised	(6)	94.44			SARs exercised	(6)	94.44		
<b>Outstanding as of December 31, 2022</b>	<b>Outstanding as of December 31, 2022</b>	39	\$ 159.39	4.10	\$ 243	<b>Outstanding as of December 31, 2022</b>	39	\$ 159.39	4.10	\$ 243
SARs granted	SARs granted	5	<b>142.88</b>			SARs granted	5	<b>142.88</b>		
SARs exercised	SARs exercised	(2)	<b>93.87</b>			SARs exercised	(2)	<b>93.87</b>		
<b>Outstanding as of June 30, 2023</b>		42	\$ 160.83	4.19	\$ 127					
<b>Outstanding as of September 30, 2023</b>						<b>Outstanding as of September 30, 2023</b>	42	\$ 160.83	3.94	\$ 166
<b>Exercisable as of June 30, 2023</b>		30	\$ 168.30	3.57	\$ 84					
<b>Exercisable as of September 30, 2023</b>						<b>Exercisable as of September 30, 2023</b>	32	\$ 166.57	3.52	\$ 110
<b>Unvested as of June 30, 2023</b>		12	\$ 142.46	5.71	\$ 43					
<b>Unvested as of September 30, 2023</b>						<b>Unvested as of September 30, 2023</b>	10	\$ 142.51	5.28	\$ 56

During the **second** **third** quarter of 2023, the Company **issued** **4 thousand** did not issue share-settled SARs to either employees or directors of the Company. During the **second** **third** quarter of 2022, the Company issued 5 thousand share-settled SARs to employees of the Company. During the first two quarters of 2023, the Company issued 5 thousand share-settled SARs to directors of the Company. During the first quarter two quarters of **2023** **2022**, the Company issued **15** thousand share-settled SARs to a **non-executive employee** **directors** of the Company. **There were no such first quarter issuances in 2022**. The fair value of each award is estimated on the date of grant using the Black-Scholes option valuation model. Expected volatilities are based on both the implied and historical volatility of the Company's stock. The Company uses historical data to project SAR exercises and pre-exercise forfeitures within the valuation model. The expected term of awards represents the period of time that SARs granted are expected to be outstanding. The interest rate assumed for the expected life of the award is based on the U.S. Treasury yield curve in effect at the time of the grant. The weighted average fair value for the SARs issued during 2023 and 2022 were \$55.52 and \$69.64, \$62.60, respectively, and were estimated using the weighted average assumptions shown in the table below:

	2023			2022	2023			2022	
Expected Life in Years	Expected Life in Years	6.2	-	7.0	7.0	Expected Life in Years	6.2	-	7.0
Volatility	Volatility		36.6%		35.0%	Volatility		36.6%	35.6%
Interest Rate	Interest Rate		3.7%		2.9%	Interest Rate		3.7%	3.2%
Yield Rate	Yield Rate		1.2%		0.1%	Yield Rate		1.2%	0.6%

There was approximately \$220 thousand and \$180 thousand of compensation expense relating to SARs vesting on or before June 30, 2023 September 30, 2023 and 2022, respectively, included in personnel expenses in the unaudited Consolidated Statements of Operations. As of June 30, 2023 September 30, 2023, there was \$611 thousand of unrecognized compensation expense related to unvested share-based compensation arrangements granted under the Company's stock award plans.

#### Note 4 – Segment Information

The Company has one reportable segment, title insurance services. The remaining immaterial segments have been combined into a group called "All Other."

The title insurance segment primarily issues title insurance policies through approved attorneys from underwriting offices and through independent issuing agents. Title insurance policies insure titles to real estate.

Provided below is selected financial information about the Company's operations by segment for the periods ended June 30, 2023 September 30, 2023 and 2022:

Three Months Ended		Title Insurance		All Other	Intersegment Eliminations		Total		Three Months Ended		Title Insurance		All Other	Intersegment Eliminations		Total	
June 30, 2023 (in thousands)									September 30, 2023 (in thousands)								
Three Months Ended September 30, 2023 (in thousands)									Three Months Ended September 30, 2023 (in thousands)								
Insurance and other services revenues	Insurance and other services revenues	\$ 54,034	\$ 5,081	\$ (5,691)	\$ 53,424				Insurance and other services revenues	\$ 59,182	\$ 5,057	\$ (4,841)	\$ 59,398				
Net investment income	Net investment income	4,052	838	—	4,890				Net investment income	1,037	975	—	2,012				
Total revenues	Total revenues	\$ 58,086	\$ 5,919	\$ (5,691)	\$ 58,314				Total revenues	\$ 60,219	\$ 6,032	\$ (4,841)	\$ 61,410				
Operating expenses	Operating expenses	51,161	2,825	(5,518)	48,468				Operating expenses	54,809	2,660	(4,669)	52,800				
Income before income taxes	Income before income taxes	\$ 6,925	\$ 3,094	\$ (173)	\$ 9,846				Income before income taxes	\$ 5,410	\$ 3,372	\$ (172)	\$ 8,610				
Total assets	Total assets	\$ 236,185	\$ 94,296	\$ —	\$ 330,481				Total assets	\$ 226,105	\$ 105,810	\$ —	\$ 331,915				
Three Months Ended																	
June 30, 2022 (in thousands)		Title Insurance		All Other	Intersegment Eliminations		Total		September 30, 2022 (in thousands)		Title Insurance		All Other	Intersegment Eliminations		Total	
Three Months Ended September 30, 2022 (in thousands)									Three Months Ended September 30, 2022 (in thousands)								
Insurance and other services revenues	Insurance and other services revenues	\$ 83,478	\$ 3,242	\$ (7,701)	\$ 79,019				Insurance and other services revenues	\$ 78,812	\$ 4,102	\$ (6,164)	\$ 76,750				
Net investment loss	Net investment loss	(7,084)	(1,033)	—	(8,117)				Net investment income	600	648	—	1,248				
Total revenues	Total revenues	\$ 76,394	\$ 2,209	\$ (7,701)	\$ 70,902				Total revenues	\$ 79,412	\$ 4,750	\$ (6,164)	\$ 77,998				

Operating expenses	Operating expenses	72,234	3,265	(7,550)	67,949	Operating expenses	71,516	2,406	(6,012)	67,910
Income (loss) before income taxes										
Income before income taxes		\$ 4,160	\$ (1,056)	\$ (151)	\$ 2,953	Income before income taxes	\$ 7,896	\$ 2,344	\$ (152)	\$ 10,088
Total assets	Total assets	\$ 249,160	\$ 76,032	\$ —	\$ 325,192	Total assets	\$ 250,116	\$ 82,687	\$ —	\$ 332,803
Six Months Ended June 30, 2023 (in thousands)										
Nine Months Ended September 30, 2023 (in thousands)										
Insurance and other services revenues	Insurance and other services revenues	\$ 100,200	\$ 10,824	\$ (9,527)	\$ 101,497	Insurance and other services revenues	\$ 159,382	\$ 15,881	\$ (14,368)	\$ 160,895
Net investment income	Net investment income	6,579	1,581	—	8,160	Net investment income	7,616	2,556	—	10,172
Total revenues	Total revenues	\$ 106,779	\$ 12,405	\$ (9,527)	\$ 109,657	Total revenues	\$ 166,998	\$ 18,437	\$ (14,368)	\$ 171,067
Operating expenses	Operating expenses	101,885	5,548	(9,183)	98,250	Operating expenses	156,694	8,208	(13,852)	151,050
Income before income taxes	Income before income taxes	\$ 4,894	\$ 6,857	\$ (344)	\$ 11,407	Income before income taxes	\$ 10,304	\$ 10,229	\$ (516)	\$ 20,017
Total assets	Total assets	\$ 236,185	\$ 94,296	\$ —	\$ 330,481	Total assets	\$ 226,105	\$ 105,810	\$ —	\$ 331,915
Six Months Ended June 30, 2022 (in thousands)										
Nine Months Ended September 30, 2022 (in thousands)										
Insurance and other services revenues	Insurance and other services revenues	\$ 156,543	\$ 5,979	\$ (12,589)	\$ 149,933	Insurance and other services revenues	\$ 235,355	\$ 10,081	\$ (18,753)	\$ 226,683
Net investment loss	Net investment loss	(8,661)	(1,372)	—	(10,033)	Net investment loss	(8,061)	(724)	—	(8,785)
Total revenues	Total revenues	\$ 147,882	\$ 4,607	\$ (12,589)	\$ 139,900	Total revenues	\$ 227,294	\$ 9,357	\$ (18,753)	\$ 217,898
Operating expenses	Operating expenses	135,422	6,018	(12,286)	129,154	Operating expenses	206,938	8,424	(18,298)	197,064

Income (loss) before income taxes	\$ 12,460	\$ (1,411)	\$ (303)	\$ 10,746	Income before income taxes	\$ 20,356	\$ 933	\$ (455)	\$ 20,834	
Income before income taxes					Income before income taxes					
Total assets	Total assets	\$ 249,160	\$ 76,032	\$ —	\$ 325,192	Total assets	\$ 250,116	\$ 82,687	\$ —	\$ 332,803

#### Note 5 – Retirement Agreements and Other Postretirement Benefits

The Company's subsidiary, Investors Title Insurance Company ("ITIC"), is a party to employment agreements with key executives that provide for the continuation of certain employee benefits and other payments due under the agreements upon retirement, estimated to total \$15.1 million and \$15.0 million as of **June 30, 2023** **September 30, 2023** and December 31, 2022, respectively. The executive employee benefits include health, dental, vision and life insurance and are unfunded. These amounts are classified as accounts payable and accrued liabilities in the unaudited Consolidated Balance Sheets. The following sets forth the net periodic benefit cost for the executive benefits for the periods ended **June 30, 2023** **September 30, 2023** and 2022:

	Three Months Ended June 30,		Six Months Ended June 30,		Three Months Ended September 30,		Nine Months Ended September 30,	
	(in thousands)	2023	2022	(in thousands)	2023	2022	(in thousands)	2023
Service cost – benefits earned during the year	Service cost – benefits earned during the year	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Interest cost on the projected benefit obligation	Interest cost on the projected benefit obligation	10	8	20	14	Interest cost on the projected benefit obligation	10	5
Amortization of unrecognized gain	(7)	(4)	(14)	(4)		Amortization of unrecognized (gain) loss	(7)	4
Amortization of unrecognized (gain) loss						Amortization of unrecognized (gain) loss	(21)	—
Net periodic benefit cost	Net periodic benefit cost	\$ 3	\$ 4	\$ 6	\$ 10	Net periodic benefit cost	\$ 3	\$ 9
							\$ 9	\$ 19

#### Note 6 – Investments and Estimated Fair Value

##### *Investments in Fixed Maturity Securities*

The estimated fair value, gross unrealized holding gains, gross unrealized holding losses and amortized cost for fixed maturity securities by major classification are as follows:

As of June 30, 2023 (in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	As of September 30, 2023 (in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
As of September 30, 2023 (in thousands)					As of September 30, 2023 (in thousands)				
Fixed maturity securities, available-for-sale, at fair value:	Fixed maturity securities, available-for-sale, at fair value:				Fixed maturity securities, available-for-sale, at fair value:				
Government obligations	Government obligations	\$ 1,938	\$ —	\$ (8)	\$ 1,930	Government obligations	\$ 2,199	\$ —	\$ (6)

General obligations of U.S. states, territories and political subdivisions	General obligations of U.S. states, territories and political subdivisions	8,298	3	(71)	8,230	General obligations of U.S. states, territories and political subdivisions	9,452	—	(260)	9,192
Special revenue issuer obligations of U.S. states, territories and political subdivisions	Special revenue issuer obligations of U.S. states, territories and political subdivisions	27,011	56	(120)	26,947	Special revenue issuer obligations of U.S. states, territories and political subdivisions	26,886	3	(527)	26,362
Corporate debt securities	Corporate debt securities	21,176	359	(190)	21,345	Corporate debt securities	27,229	250	(586)	26,893
<b>Total</b>	<b>Total</b>	<b>\$ 58,423</b>	<b>\$ 418</b>	<b>\$ (389)</b>	<b>\$ 58,452</b>	<b>Total</b>	<b>\$ 65,766</b>	<b>\$ 253</b>	<b>\$ (1,379)</b>	<b>\$ 64,640</b>

As of December 31, 2022 (in thousands)	Amortized Cost	Gross	Gross	Estimated Fair Value
		Unrealized Gains	Unrealized Losses	
Fixed maturity securities, available-for-sale, at fair value:				
Government obligations	\$ 4,329	\$ —	\$ (7)	\$ 4,322
General obligations of U.S. states, territories and political subdivisions	8,561	21	(36)	8,546
Special revenue issuer obligations of U.S. states, territories and political subdivisions	30,123	106	(219)	30,010
Corporate debt securities	10,762	417	(68)	11,111
<b>Total</b>	<b>\$ 53,775</b>	<b>\$ 544</b>	<b>\$ (330)</b>	<b>\$ 53,989</b>

The special revenue category for both periods presented includes approximately 30 individual fixed maturity securities with revenue sources from a variety of industry sectors.

The scheduled maturities of fixed maturity securities at **June 30, 2023** **September 30, 2023** are as follows:

(in thousands)	Available-for-Sale			Available-for-Sale		
	(in thousands)	Amortized Cost	Estimated Fair Value	(in thousands)	Amortized Cost	Estimated Fair Value
		Due in one year or less	Due in one year or less		Due in one year or less	Due in one year or less
Due in one year or less	\$ 17,422	\$ 17,422	\$ 17,422	\$ 16,207	\$ 16,207	\$ 16,282
Due one year through five years	31,178		31,070	26,465		25,963
Due five years through ten years	8,993		8,902	15,473		15,022
Due after ten years	830		1,058	7,621		7,373
<b>Total</b>	<b>Total</b>	<b>\$ 58,423</b>	<b>\$ 58,452</b>	<b>Total</b>	<b>\$ 65,766</b>	<b>\$ 64,640</b>

Expected maturities will differ from contractual maturities as borrowers may have the right to call or prepay obligations with or without penalties.

The following table presents the gross unrealized losses on fixed maturity securities and the estimated fair value of the related securities, aggregated by investment category and length of time that individual securities have been in a continuous loss position at **June 30, 2023** **September 30, 2023** and December 31, 2022:

As of June 30, 2023 (in thousands)	Less than 12 Months			12 Months or Longer			Total		Less than 12 Months			12 Months or Longer		
	Estimated		Estimated		Estimated				Estimated		Estimated			
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses			Fair Value	Unrealized Losses				

As of September 30, 2023 (in thousands)								As of September 30, 2023 (in thousands)					
Government obligations				General obligations of U.S. states, territories and political subdivisions				Government obligations		General obligations of U.S. states, territories and political subdivisions			
Special revenue issuer obligations of U.S. states, territories and political subdivisions		Corporate debt securities		Special revenue issuer obligations of U.S. states, territories and political subdivisions		Corporate debt securities		Special revenue issuer obligations of U.S. states, territories and political subdivisions		Corporate debt securities			
Government obligations	\$ 2	\$ (8)	\$ —	\$ —	\$ 2	\$ (8)	\$ 2	\$ (6)	\$ —	\$ —	\$ —		
General obligations of U.S. states, territories and political subdivisions	6,939	(69)	101	(2)	7,040	(71)	9,094	(256)	98	(4)	9,100		
Special revenue issuer obligations of U.S. states, territories and political subdivisions	7,196	(48)	3,893	(72)	11,089	(120)	15,800	(263)	4,385	(264)	20,111		
Corporate debt securities	15,126	(187)	248	(3)	15,374	(190)	18,677	(577)	491	(9)	19,111		
<b>Total</b>	<b>Total</b>	<b>\$ 29,263</b>	<b>\$ (312)</b>	<b>\$ 4,242</b>	<b>\$ (77)</b>	<b>\$ 33,505</b>	<b>\$ (389)</b>	<b>Total</b>	<b>\$ 43,573</b>	<b>\$ (1,102)</b>	<b>\$ 4,974</b>	<b>\$ (277)</b>	<b>\$ 48,519</b>

As of December 31, 2022 (in thousands)	Less than 12 Months			12 Months or Longer			Total	
	Estimated		Estimated		Estimated		Unrealized	
	Fair Value	Losses	Fair Value	Losses	Fair Value	Losses	Fair Value	Unrealized Losses
Government obligations	\$ 4,322	\$ (7)	\$ —	\$ —	\$ 4,322	\$ (7)		
General obligations of U.S. states, territories and political subdivisions	3,221	(36)	—	—	3,221	(36)		
Special revenue issuer obligations of U.S. states, territories and political subdivisions	12,568	(216)	1,100	(3)	13,668	(219)		
Corporate debt securities	6,498	(68)	—	—	6,498	(68)		
<b>Total</b>	<b>\$ 26,609</b>	<b>\$ (327)</b>	<b>\$ 1,100</b>	<b>\$ (3)</b>	<b>\$ 27,709</b>	<b>\$ (330)</b>		

Management evaluates available-for-sale fixed maturity securities in unrealized loss positions to determine whether the impairment is due to credit-related factors or noncredit-related factors. The decline in estimated fair value of the fixed maturity securities can be attributed primarily to changes in market interest rates and changes in credit spreads over Treasury securities.

Factors considered in determining whether a loss is credit-related include the financial condition and prospects of the issuer (including credit ratings and analyst reports) and macro-economic changes. A total of 83 98 and 51 fixed maturity securities had unrealized losses at June 30, 2023 September 30, 2023 and December 31, 2022, respectively. The Company does not intend to sell any of these securities and believes that it is more likely than not that the Company will not have to sell any such securities before a recovery of cost. The fair value is expected to recover as the securities approach their maturity date or repricing date or if market yields for such investments decline. The Company believes that the unrealized losses detailed in the previous table are due to noncredit-related factors, including changes in market interest rates and other market conditions, and therefore the unrealized loss is recorded in accumulated other comprehensive (loss) income.

Reviews of the values of fixed maturity securities are inherently uncertain and the value of the investment may not fully recover, or may decline in future periods, resulting in a realized loss. The Company recorded \$112 thousand in impairment charges related to fixed maturity securities totaling \$96 thousand and \$208 thousand for the six-month period three- and nine-month periods ended June 30, 2023 September 30, 2023, respectively, and had \$127 \$35 thousand recorded in impairment charges and \$162 thousand for the six-month period three- and nine-month periods ended June 30, 2022 September 30, 2022, respectively. Expenses related to impairments are recorded in net investment (losses) gains (losses) in the unaudited Consolidated Statements of Operations when recognized.

#### Investments in Equity Securities

The cost and estimated fair value of equity securities are as follows:

As of June 30, 2023 (in thousands)		Cost		Estimated Fair Value													
As of September 30, 2023 (in thousands)				As of September 30, 2023 (in thousands)		Cost		Estimated Fair Value									
Equity securities, at fair value:		Equity securities, at fair value:				Equity securities, at fair value:											
Common stocks	Common stocks	\$ 19,282	\$ 34,081	Common stocks	\$ 19,424	\$ 31,831											
<b>Total</b>	<b>Total</b>	<b>\$ 19,282</b>	<b>\$ 34,081</b>	<b>Total</b>	<b>\$ 19,424</b>	<b>\$ 31,831</b>											
As of December 31, 2022 (in thousands)																	
Equity securities, at fair value:																	
Common stocks						\$ 25,278		\$ 51,691									
Total						\$ 25,278		\$ 51,691									
Unrealized holding gains and losses are recorded net in net investment (losses) gains (losses) in the unaudited Consolidated Statements of Operations.																	
<i>Net Investment (Losses) Gains (Losses)</i>																	
Gross realized gains and losses on sales of investments and unrealized holding gains and losses for the three and <del>six-months</del> nine-months ended <del>June 30, 2023</del> September 30, 2023 and 2022 are summarized as follows:																	
(in thousands)	Three Months Ended June 30,			Six Months Ended June 30,		Three Months Ended September 30,		Nine Months Ended September 30,									
	2023	2022		2023	2022	(in thousands)	2023	2022	2023	2022							
Gross realized gains from securities:	Gross realized gains from securities:					Gross realized gains from securities:											
Common stocks	Common stocks	\$ 6,217	\$ 2,809	\$ 13,700	\$ 4,556	Common stocks	\$ 1,749	\$ 2,564	\$ 15,449	\$ 7,120							
<b>Total</b>	<b>Total</b>	<b>\$ 6,217</b>	<b>\$ 2,809</b>	<b>\$ 13,700</b>	<b>\$ 4,556</b>	<b>Total</b>	<b>\$ 1,749</b>	<b>\$ 2,564</b>	<b>\$ 15,449</b>	<b>\$ 7,120</b>							
Gross realized losses from securities:	Gross realized losses from securities:					Gross realized losses from securities:											
Corporate debt securities	Corporate debt securities	\$ —	\$ (46)	\$ —	\$ (46)	Corporate debt securities	\$ —	\$ (58)	\$ —	\$ (104)							
Common stocks	Common stocks	(202)	(189)	(323)	(189)	Common stocks	(77)	(20)	(400)	(209)							
Write-down of securities	Write-down of securities	(30)	(127)	(112)	(127)	Write-down of securities	(96)	(35)	(208)	(162)							
<b>Total</b>	<b>Total</b>	<b>\$ (232)</b>	<b>\$ (362)</b>	<b>\$ (435)</b>	<b>\$ (362)</b>	<b>Total</b>	<b>\$ (173)</b>	<b>\$ (113)</b>	<b>\$ (608)</b>	<b>\$ (475)</b>							
Net realized gains from securities	Net realized gains from securities					Net realized gains from securities											
		\$ 5,985	\$ 2,447	\$ 13,265	\$ 4,194		\$ 1,576	\$ 2,451	\$ 14,841	\$ 6,645							
Gross realized gains (losses) on other investments:	Gross realized gains (losses) on other investments:					Gross realized gains (losses) on other investments:											
Gains on other investments	Gains on other investments					Gains on other investments	\$ 5	\$ 30	\$ 5	\$ 30							
Losses on other investments	Losses on other investments	\$ (69)	\$ (409)	\$ (116)	\$ (409)	Losses on other investments	(4)	—	(120)	(409)							
<b>Total</b>	<b>Total</b>	<b>\$ (69)</b>	<b>\$ (409)</b>	<b>\$ (116)</b>	<b>\$ (409)</b>	<b>Total</b>	<b>\$ 1</b>	<b>\$ 30</b>	<b>\$ (115)</b>	<b>\$ (379)</b>							

Net realized investment gains	Net realized investment gains
\$ 5,916	\$ 1,577
\$ 2,038	\$ 2,481
\$ 13,149	\$ 14,726
\$ 3,785	\$ 6,266
Changes in the estimated fair value of equity security investments	Changes in the estimated fair value of equity security investments
\$ (4,824)	\$ (2,392)
\$ (12,172)	\$ (4,635)
\$ (11,614)	\$ (14,006)
\$ (18,087)	\$ (22,722)
Net investment gains (losses)	Net investment gains (losses)
\$ 1,092	\$ (815)
\$ (10,134)	\$ (2,154)
\$ 1,535	\$ 720
\$ (14,302)	\$ (16,456)

Realized gains and losses are determined on the specific identification method.

#### Variable Interest Entities

The Company holds investments in variable interest entities ("VIEs") that are not consolidated in the Company's financial statements as the Company is not the primary beneficiary. These entities are considered VIEs as the equity investors at risk, including the Company, do not have the power over the activities that most significantly impact the economic performance of the entities; this power resides with a third-party general partner or managing member that cannot be removed except for cause and no participation rights exist. The following table sets forth details about the Company's variable interest investments in VIEs, which are structured either as limited partnerships ("LPs") or limited liability companies ("LLCs"), as of **June 30, 2023** **September 30, 2023**:

(in thousands)	(in thousands)	Balance Sheet Classification	Carrying Value	Estimated Fair Value	Maximum Potential Loss (a)	(in thousands)	Balance Sheet Classification	Carrying Value	Estimated Fair Value	Maximum Potential Loss (a)
Real estate LLCs or LPs	Real estate LLCs or LPs	Other investments	\$ 4,425	\$ 4,720	\$ 5,658	Real estate LLCs or LPs	Other investments	\$ 4,346	\$ 4,762	\$ 5,658
Small business investment LPs	Small business investment LPs	Other investments	8,838	9,063	13,080	Small business investment LPs	Other investments	9,298	10,914	13,080
<b>Total</b>	<b>Total</b>		<b>\$ 13,263</b>	<b>\$ 13,783</b>	<b>\$ 18,738</b>	<b>Total</b>		<b>\$ 13,644</b>	<b>\$ 15,676</b>	<b>\$ 18,738</b>

(a) Maximum potential loss is calculated as the total investment in the LLC or LP, including any capital commitments that may have not yet been called. The Company is not exposed to any loss beyond the total commitment of its investment.

#### Valuation of Financial Assets

The Financial Accounting Standards Board ("FASB") has established a valuation hierarchy for disclosure of the inputs used to measure estimated fair value of financial assets and liabilities, such as securities. This hierarchy categorizes the inputs into three broad levels as follows. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument. Level 3 inputs are unobservable inputs based on the Company's own assumptions intended to represent market participant assumptions used to measure assets and liabilities at fair value.

A financial instrument's classification within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement – consequently, if there are multiple significant valuation inputs that are categorized in different levels of the hierarchy, the instrument's hierarchy level is the lowest level (with Level 3 being the lowest level) within which any significant input falls.

The Level 1 category includes equity securities and U.S. Treasury securities that are measured at estimated fair value using quoted active market prices.

The Level 2 category includes fixed maturity securities such as corporate debt securities, U.S. government obligations, and obligations of U.S. states, territories, and political subdivisions. Estimated fair value is principally based on market values obtained from a third-party pricing service. Factors that are used in determining estimated fair market value include benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data. The Company receives one quote per security from a third-party pricing service, although as discussed below, the Company does consult other pricing resources when confirming that the prices it obtains reflect the fair values of the instruments in accordance with GAAP. Generally, quotes obtained from the pricing service for instruments classified as Level 2 are not adjusted and are not binding. As of **June 30, 2023** **September 30, 2023** and December 31, 2022, the Company did not adjust any Level 2 fair values.

A number of the Company's investment grade corporate debt securities are frequently traded in active markets, and trading prices are consequently available for these securities. However, these securities are classified as Level 2 because the pricing service from which the Company has obtained estimated fair values for these instruments uses

valuation models that use observable market inputs in addition to trading prices. Substantially all of the input assumptions used in the service's model are observable in the marketplace or can be derived or supported by observable market data.

In the measurement of the estimated fair value of certain financial instruments, other valuation techniques were utilized if quoted market prices were not available. These derived fair value estimates are significantly affected by the assumptions used. Additionally, certain financial instruments, including those related to insurance contracts, pension and other postretirement benefits, and equity method investments are excluded from the scope of disclosures.

In estimating the fair value of the financial instruments presented, the Company used the following methods and assumptions:

*Cash and cash equivalents*

The carrying amount for cash and cash equivalents is a reasonable estimate of fair value due to the short-term maturity of these investments.

*Measurement alternative equity investments*

The measurement alternative method requires investments without readily determinable fair values to be recorded at cost, less impairments, and plus or minus any changes resulting from observable price changes. The Company monitors any events or changes in circumstances that may have had a significant adverse effect on the fair value of these investments and makes any necessary adjustments.

*Notes Receivable*

Notes receivable are recorded at amortized cost **basis** and are included in prepaid expenses and other receivables in the unaudited Consolidated Balance Sheets. The amortized cost **basis** is the amount at which a receivable is originated and adjusted for applicable accrued interest, accretion, or amortization of premium, discount, and net deferred fees or costs, collection of cash, writeoffs, foreign exchange, and fair value hedge accounting adjustments. The Company monitors any events or changes in circumstances that may have had a significant adverse effect on the fair value of these investments and makes any necessary adjustments.

*Accrued interest and dividends*

The carrying amount for accrued interest and dividends is a reasonable estimate of fair value due to the short-term maturity of these assets.

The following table presents, by level, fixed maturity securities carried at estimated fair value as of **June 30, 2023** **September 30, 2023** and December 31, 2022:

As of June 30, 2023 (in thousands)	Level 1	Level 2 *	Level 3	Total	As of September 30, 2023 (in thousands)	Level 1	Level 2 *	Level 3	Total	
<b>As of September 30, 2023 (in thousands)</b>					<b>As of September 30, 2023 (in thousands)</b>					
<b>Fixed maturity securities:</b>					<b>Fixed maturity securities:</b>					
<b>Obligations of U.S. states, territories and political subdivisions</b>	<b>Obligations of U.S. states, territories and political subdivisions</b>				<b>Obligations of U.S. states, territories and political subdivisions</b>					
Corporate debt securities	Corporate debt securities	—	21,345	—	Corporate debt securities	—	26,893	—	26,893	
<b>Total</b>	<b>Total</b>	\$ 1,930	\$ 56,522	\$ —	\$ 58,452	<b>Total</b>	\$ 2,193	\$ 62,447	\$ —	\$ 64,640

As of December 31, 2022 (in thousands)	Level 1	Level 2 *	Level 3	Total
Fixed maturity securities:				
Obligations of U.S. states, territories and political subdivisions				
Corporate debt securities	—	11,111	—	11,111
<b>Total</b>	\$ 4,322	\$ 49,667	\$ —	\$ 53,989

\*Denotes fair market value obtained from pricing services.

The following table presents, by level, estimated fair values of equity investments and other financial instruments as of **June 30, 2023** **September 30, 2023** and December 31, 2022:

As of June 30, 2023 (in thousands)	Level 1	Level 2	Level 3	Total

As of September 30, 2023 (in thousands)		As of September 30, 2023 (in thousands)		Level 1	Level 2	Level 3	Total			
<b>Financial assets:</b>		<b>Financial assets:</b>		<b>Financial assets:</b>		<b>Financial assets:</b>				
<b>Cash and cash equivalents</b>	<b>Cash and cash equivalents</b>	\$ 26,184	\$ —	\$ —	\$ 26,184	\$ 30,411	\$ —	\$ —	\$ 30,411	
<b>Accrued interest and dividends</b>	<b>Accrued interest and dividends</b>	949	—	—	949	1,111	—	—	1,111	
<b>Equity securities, at fair value:</b>	<b>Equity securities, at fair value:</b>					<b>Equity securities, at fair value:</b>				
<b>Common stocks</b>	<b>Common stocks</b>	34,081	—	—	34,081	31,831	—	—	31,831	
<b>Short-term investments:</b>	<b>Short-term investments:</b>					<b>Short-term investments:</b>				
<b>Money market funds and U.S. Treasury bills</b>	<b>Money market funds and U.S. Treasury bills</b>	114,857	—	—	114,857	103,959	—	—	103,959	
<b>Total</b>	<b>Total</b>	\$ 176,071	\$ —	\$ —	\$ 176,071	Total	\$ 167,312	\$ —	\$ —	\$ 167,312

As of December 31, 2022 (in thousands)		Level 1	Level 2	Level 3	Total
Financial assets:					
Cash and cash equivalents		\$ 35,311	\$ —	\$ —	\$ 35,311
Accrued interest and dividends		872	—	—	872
Equity securities, at fair value:					
Common stocks		51,691	—	—	51,691
Short-term investments:					
Money market funds and U.S. Treasury bills		103,649	—	—	103,649
<b>Total</b>		\$ 191,523	\$ —	\$ —	\$ 191,523

The Company did not hold any Level 3 category debt or marketable equity investment securities as of **June 30, 2023** **September 30, 2023** or December 31, 2022.

There were no transfers into or out of Levels 1, 2 or 3 during the periods presented.

To help ensure that estimated fair value determinations are consistent with GAAP, prices from our pricing services go through multiple review processes to ensure appropriate pricing. Pricing procedures and inputs used to price each security include, but are not limited to, the following: unadjusted quoted market prices for identical securities such as stock market closing prices; non-binding quoted prices for identical securities in markets that are not active; interest rates; yield curves observable at commonly quoted intervals; volatility; prepayment speeds; loss severity; credit risks; and default rates. The Company reviews the procedures and inputs used by its pricing services, and verifies a sample of the services' quotes by comparing them to values obtained from other pricing resources. In the event the Company disagrees with a price provided by its pricing services, the respective service reevaluates the price to corroborate the market information and then reviews inputs to the evaluation in light of potentially new market data.

Certain equity investments under the measurement alternative and notes receivable are measured at estimated fair value on a non-recurring basis and are reviewed for impairment quarterly. If any such investment is determined to be impaired, an impairment charge is recorded against such investment and reflected in the unaudited Consolidated Statements of Operations. There were no impairments of such investments made during the **six-month** **nine-month** period ended **June 30, 2023** **September 30, 2023** or the twelve-month period ended December 31, 2022. The following table presents assets measured at fair value on a non-recurring basis at the time of impairment as of **June 30, 2023** **September 30, 2023** and December 31, 2022:

As of June 30, 2023 (in thousands)	Level 1	Level 2	Level 3	Total	As of September 30, 2023 (in thousands)	Level 1	Level 2	Level 3	Total
As of September 30, 2023 (in thousands)					As of September 30, 2023 (in thousands)				
<b>Financial assets:</b>	<b>Financial assets:</b>		<b>Financial assets:</b>						

<b>Equity investments in unconsolidated affiliates, measurement alternative</b>	<b>Equity investments in unconsolidated affiliates, measurement alternative</b>	\$ — \$ — \$ 9,300 \$ 9,300	<b>Equity investments in unconsolidated affiliates, measurement alternative</b>	\$ — \$ — \$ 9,478 \$ 9,478
<b>Notes receivable</b>	<b>Notes receivable</b>	— — 2,476 2,476	<b>Notes receivable</b>	— — 2,339 2,339
<b>Total</b>	<b>Total</b>	\$ — \$ — \$ 11,776 \$ 11,776	<b>Total</b>	\$ — \$ — \$ 11,817 \$ 11,817

As of December 31, 2022 (in thousands)			Level 1	Level 2	Level 3	Total
Financial assets:						
Equity investments in unconsolidated affiliates, measurement alternative		\$ —	\$ —	\$ 8,915	\$ 8,915	
Notes receivable		—	—	1,921	1,921	
<b>Total</b>		<b>\$ —</b>	<b>\$ —</b>	<b>10,836</b>	<b>\$ 10,836</b>	

#### Note 7 – Commitments and Contingencies

*Legal Proceedings* – The Company and its subsidiaries are involved in legal proceedings that are incidental to their business. In the Company's opinion, based on the present status of these proceedings, any potential liability of the Company or its subsidiaries with respect to these legal proceedings is not expected to, in the aggregate, be material to the Company's consolidated financial condition or operations.

*Regulation* – The Company's title insurance and trust subsidiaries are regulated by various federal, state and local governmental agencies and are subject to various audits and inquiries. It is the opinion of management based on its present expectations that these audits and inquiries will not have a material impact on the Company's consolidated financial condition or operations.

*Escrow and Trust Deposits* – As a service to its customers, the Company, through ITIC, administers escrow and trust deposits representing earnest money received under real estate contracts, escrow funds received under escrow agreements, undisbursed amounts received for settlement of mortgage loans and indemnities against specific title risks. These amounts are not considered assets of the Company and, therefore, are excluded from the accompanying unaudited Consolidated Balance Sheets; however, the Company remains contingently liable for the disposition of these deposits.

*Like-Kind Exchanges Proceeds* – In administering tax-deferred like-kind exchanges pursuant to § 1031 of the Internal Revenue Code, the Company's wholly owned subsidiary, Investors Title Exchange Corporation ("ITEC"), serves as a qualified intermediary, holding the net sales proceeds from relinquished property to be used for purchase of replacement property. Another Company wholly owned subsidiary, Investors Title Accommodation Corporation ("ITAC"), serves as exchange accommodation titleholder and, through LLCs that are wholly owned subsidiaries of ITAC, holds property in reverse exchange transactions. Like-kind exchange deposits and reverse exchange property totaled approximately **\$232.2 million** **\$263.6 million** and **\$432.0 million** as of **June 30, 2023** **September 30, 2023** and December 31, 2022, respectively. These amounts are not considered assets of the Company and, therefore, are excluded from the accompanying unaudited Consolidated Balance Sheets; however, the Company remains contingently liable for the disposition of the transfers of property, disbursements of proceeds and the return on the proceeds at the agreed upon rate. Exchange services revenue includes earnings on these deposits; therefore, investment income is shown as other income rather than investment income. These like-kind exchange funds are primarily invested in money market funds and other short-term investments.

#### Note 8 – Related Party Transactions

The Company does business with, and has investments in, unconsolidated LLCs that are primarily title insurance agencies. The Company utilizes the equity method to account for its investment in these LLCs. The following table sets forth the approximate values by year found within each financial statement classification:

<b>Financial Statement Classification, Consolidated Balance Sheets (unaudited) (in thousands)</b>	<b>Financial Statement Classification, Consolidated Balance Sheets (unaudited) (in thousands)</b>	<b>As of June 30, 2023</b>		<b>As of December 31, 2022</b>		<b>Financial Statement Classification, Consolidated Balance Sheets (unaudited) (in thousands)</b>	<b>As of September 30, 2023</b>		<b>As of December 31, 2022</b>	
		<b>As of June 30, 2023</b>	<b>As of December 31, 2022</b>	<b>As of December 31, 2022</b>	<b>As of September 30, 2023</b>		<b>As of September 30, 2023</b>	<b>As of December 31, 2022</b>	<b>As of December 31, 2022</b>	
Other investments	Other investments	\$ 5,447	\$ 4,420	Other investments	\$ 5,636	\$ 4,420				
Premium and fees receivable	Premium and fees receivable	\$ 876	\$ 735	Premium and fees receivable	\$ 881	\$ 735				
<b>Financial Statement Classification, Consolidated</b>	<b>Financial Statement Classification, Consolidated</b>	<b>Three Months Ended June 30,</b>	<b>Six Months Ended June 30,</b>	<b>Financial Statement Classification, Consolidated</b>	<b>Three Months Ended September 30,</b>	<b>Nine Months Ended September 30,</b>				
<b>Consolidated</b>	<b>Consolidated</b>	<b>June 30,</b>								

Statements of Operations (unaudited) (in thousands)	Statements of Operations (unaudited)				Statements of Operations (unaudited)				September 30, (in thousands)				Financial Statement Classification, Consolidated Statements of Operations (unaudited) (in thousands)	Three Months Ended September 30,	Nine Months Ended September 30,
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022			
Net premiums written	Net premiums written	\$6,274	\$7,402	\$10,407	\$13,986	Net premiums written	\$6,285	\$6,935	\$16,692	\$20,921					
Non-title services and other investment income	Non-title services and other investment income	\$1,747	\$ 886	\$ 2,497	\$ 2,256	Non-title services and other investment income	\$ 598	\$1,237	\$ 3,095	\$ 3,493					
Commissions to agents	Commissions to agents	\$4,093	\$5,067	\$ 6,846	\$ 9,532	Commissions to agents	\$4,288	\$4,969	\$11,134	\$14,501					

Note 9 – Intangible Assets, Goodwill and Title Plants

*Intangible Assets*

The estimated fair values of intangible assets recognized as the result of title insurance agency acquisitions **all Level 3 inputs**, are principally based on values obtained from an independent third-party valuation service and are all **Level 3 inputs**. Management determined that no events or changes in circumstances occurred during the **six-month** **three or nine-month** periods ended **June 30, 2023** **September 30, 2023** and 2022 that would indicate the carrying amounts may not be recoverable, and therefore, determined that no identifiable intangible assets were impaired.

Identifiable intangible assets consist of the following:

(in thousands)	(in thousands)	As of June 30, 2023	As of December 31, 2022	(in thousands)	As of September 30, 2023	As of December 31, 2022
Referral relationships	Referral relationships	\$ 8,898	\$ 8,898	Referral relationships	\$ 8,898	\$ 8,898
Non-compete agreements	Non-compete agreements	3,155	3,155	Non-compete agreements	3,155	3,155
Tradename	Tradename	747	747	Tradename	747	747
Total	Total	12,800	12,800	Total	12,800	12,800
Accumulated amortization	Accumulated amortization	(5,498)	(4,814)	Accumulated amortization	(5,837)	(4,814)
Identifiable intangible assets, net	Identifiable intangible assets, net	\$ 7,302	\$ 7,986	Identifiable intangible assets, net	\$ 6,963	\$ 7,986

The following table provides the estimated aggregate amortization expense, as of **June 30, 2023** **September 30, 2023**, for each of the five succeeding fiscal years:

Year Ended (in thousands)	Year Ended (in thousands)	Year Ended (in thousands)
2023	2023	\$ 677
2024	2024	1,178
2025	2025	1,095
2026	2026	1,095
2027	2027	679
Thereafter	Thereafter	2,391
Total	Total	\$ 7,115
		Total \$ 6,776

*Goodwill and Title Plants*

As of **June 30, 2023** **September 30, 2023**, the Company recognized \$9.6 million in goodwill and \$1.5 million in title plants, net of impairments, as the result of title insurance agency acquisitions. The title plants are included with other assets in the unaudited Consolidated Balance Sheets. The fair values of goodwill and the title plants as of the date of acquisition, both Level 3 inputs, were principally based on values obtained from an independent third-party valuation service. In accordance with FASB's Accounting Standards Codification ("ASC") 350, the Company determined that no events or changes in circumstances occurred during the **six-month** **nine-month** periods ended **June 30, 2023** **September 30, 2023** and 2022 that would indicate the carrying amounts may not be recoverable, and therefore, determined that there were no goodwill or title plant impairments.

Note 10 – Accumulated Other Comprehensive (Loss) Income

The following table provides changes in the balances of each component of accumulated other comprehensive (loss) income, net of tax, for the three- and six-month nine-month periods ended June 30, 2023 September 30, 2023 and 2022:

		Unrealized Gains and Losses On Available- for-Sale Securities			Postretirement Benefits Plans			Total	
<b>Three Months Ended June 30, 2023 (in thousands)</b>									
<b>Beginning balance at March 31</b>		\$ 413			\$ 147			\$ 560	
<b>Three Months Ended September 30, 2023 (in thousands)</b>									
<b>Beginning balance at June 30, 2023</b>									
<b>Beginning balance at June 30, 2023</b>									
<b>Other comprehensive loss before calculations</b>		<b>Other comprehensive loss before calculations</b>			<b>(417)</b>			<b>(5)</b>	
<b>Amounts reclassified from accumulated other comprehensive income</b>		<b>23</b>			<b>—</b>			<b>23</b>	
<b>Amounts reclassified from accumulated other comprehensive (loss) income</b>									
<b>Net current- period other comprehensive loss</b>		<b>Net current- period other comprehensive loss</b>			<b>(394)</b>			<b>(5)</b>	
<b>Ending balance</b>		<b>Ending balance</b>			<b>\$ 19</b>			<b>\$ 142</b>	

		Unrealized Gains and Losses On Available- for-Sale Securities			Postretirement Benefits Plans			Total	
<b>Six Months Ended June 30, 2023 (in thousands)</b>									
<b>Beginning balance at January 1</b>		\$ 164			\$ 36			\$ 200	
<b>Nine Months Ended September 30, 2023 (in thousands)</b>									
<b>Beginning balance at January 1, 2023</b>									
<b>Other comprehensive (loss) income before calculations</b>		<b>Other comprehensive (loss) income before calculations</b>			<b>(231)</b>			<b>106</b>	
								<b>(125)</b>	
<b>Amounts reclassified from accumulated other comprehensive income</b>		<b>86</b>			<b>—</b>			<b>86</b>	
<b>Amounts reclassified from accumulated other comprehensive (loss) income</b>									
<b>Net current- period other comprehensive (loss) income</b>		<b>Net current- period other comprehensive (loss) income</b>			<b>(145)</b>			<b>106</b>	
								<b>(39)</b>	
<b>Ending balance</b>		<b>Ending balance</b>			<b>\$ 19</b>			<b>\$ 142</b>	
<b>Six Months Ended June 30, 2022 (in thousands)</b>									
<b>Beginning balance at January 1</b>		\$ 3,370			\$ (144)			\$ 3,226	
<b>Nine Months Ended September 30, 2022 (in thousands)</b>									
<b>Beginning balance at January 1, 2022</b>									
<b>Other comprehensive (loss) income before calculations</b>		<b>Other comprehensive (loss) income before calculations</b>			<b>(3,107)</b>			<b>167</b>	
								<b>(2,940)</b>	
<b>Amounts reclassified from accumulated other comprehensive income</b>		<b>134</b>			<b>—</b>			<b>134</b>	

Amounts reclassified from accumulated other comprehensive (loss) income				Amounts reclassified from accumulated other comprehensive (loss) income			
Net current-period other comprehensive (loss) income	Net current-period other comprehensive (loss) income	(2,973)	167	(2,806)	Net current-period other comprehensive (loss) income	(4,157)	180
Ending balance	Ending balance	\$ 397	\$ 23	\$ 420	Ending balance	\$ (787)	\$ 36
							\$ (751)

The following table provides significant amounts reclassified out of each component of accumulated other comprehensive (loss) income for the three- and six-month nine-month periods ended June 30, 2023 September 30, 2023 and 2022:

**Three Months Ended**

June September 30, 2023 (in thousands)

Details about Accumulated Other Comprehensive (Loss) Income Components	Amount Reclassified from Accumulated Other Comprehensive (Loss) Income	Affected Line Item in the Consolidated Statements of Operations
<b>Unrealized gains and losses on available-for-sale securities:</b>		
Net realized gain on investments	\$ —	
Write-down of securities	(30)(96)	Net investment (losses) gains
Total	\$ (30)(96)	(losses)
Tax	722	Provision for income taxes
Net of Tax	\$ (23)(74)	
Reclassifications for the period	\$ (23)(74)	

**Three Months Ended**

June September 30, 2022 (in thousands)

Details about Accumulated Other Comprehensive (Loss) Income Components	Amount Reclassified from Accumulated Other Comprehensive (Loss) Income	Affected Line Item in the Consolidated Statements of Operations
<b>Unrealized gains and losses on available-for-sale securities:</b>		
Net realized loss on investments	\$ (46)(58)	
Write-down of securities	(127)(35)	Net investment (losses) gains
Total	\$ (173)(93)	(losses)
Tax	3920	Provision for income taxes
Net of Tax	\$ (134)(73)	
Reclassifications for the period	\$ (134)(73)	

**Six Nine Months Ended**  
**June September 30, 2023 (in thousands)**

Details about Accumulated Other Comprehensive (Loss) Income Components	Amount Reclassified from Accumulated Other Comprehensive (Loss) Income	Affected Line Item in the Consolidated Statements of Operations
<b>Unrealized gains and losses on available-for-sale securities:</b>		
<b>Net realized gain on investments</b>	\$ —	
<b>Write-down of securities</b>	<b>(112)(208)</b>	
<b>Total</b>	<b>\$ (112)(208)</b>	<b>Net investment (losses) gains (losses)</b>
<b>Tax</b>	<b>2648</b>	<b>Provision for income taxes</b>
<b>Net of Tax</b>	<b>\$ (86)(160)</b>	
<b>Reclassifications for the period</b>	<b>\$ (86)(160)</b>	

**Six Nine Months Ended**  
**June September 30, 2022 (in thousands)**

Details about Accumulated Other Comprehensive (Loss) Income Components	Amount Reclassified from Accumulated Other Comprehensive (Loss) Income	Affected Line Item in the Consolidated Statements of Operations
<b>Unrealized gains and losses on available-for-sale securities:</b>		
<b>Net realized loss on investments</b>	<b>\$ (46)(104)</b>	
<b>Write-down of securities</b>	<b>(127)(162)</b>	
<b>Total</b>	<b>\$ (173)(266)</b>	<b>Net investment (losses) gains (losses)</b>
<b>Tax</b>	<b>3959</b>	<b>Provision for income taxes</b>
<b>Net of Tax</b>	<b>\$ (134)(207)</b>	
<b>Reclassifications for the period</b>	<b>\$ (134)(207)</b>	

#### Note 11 – Revenue from Contracts with Customers

ASC 606, *Revenue from Contracts with Customers*, requires that an entity recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This guidance does not apply to revenue associated with insurance contracts (including title insurance policies), financial instruments and lease contracts; and therefore is primarily applicable to the following Company revenue categories.

**Escrow and other title-related fees:** The Company's title segment recognizes commission revenue and fees related to items such as searches, settlements, commitments and other ancillary services. Escrow and other title-related fees are recognized as revenue at the time of the related transactions as the earnings process, or performance obligation, is then considered to be complete.

**Non-title services:** Through various subsidiaries, the Company offers management services, tax-deferred real property exchange services, investment management and trust services. Nonrefundable exchange fees are recognized as revenue upon receipt of the funds, which is at the time of closing of the initial sale of property. All other non-title service fees are recognized as revenue as performance obligations are completed.

**Other:** The Company occasionally recognizes revenue from other miscellaneous contracts which can include, but is not limited to, seminar and education registration fees and software licensing contracts. These revenue streams are deemed immaterial to the operations of the Company, and revenue is recognized when, or as, performance obligations are completed.

The following table provides a breakdown of the Company's revenue by major business activity:

	Three Months Ended June 30,		Six Months Ended June 30,			Three Months Ended September 30,		Nine Months Ended September 30,		
	(in thousands)	(in thousands)	2023	2022		(in thousands)	2023	2022	(in thousands)	2023
Revenue from contracts with customers:	Revenue from contracts with customers:				Revenue from contracts with customers:					

Escrow and other title-related fees	Escrow and other title-related fees	\$ 4,604	\$ 6,247	\$ 8,259	\$ 11,325	Escrow and other title-related fees	\$ 4,683	\$ 6,136	\$ 12,942	\$ 17,461
Non-title services	Non-title services	4,565	2,798	9,877	5,210	Non-title services	4,636	3,679	14,513	8,889
Total revenue from contracts with customers	Total revenue from contracts with customers	9,169	9,045	18,136	16,535	Total revenue from contracts with customers	9,319	9,815	27,455	26,350
Other sources of revenue:	Other sources of revenue:					Other sources of revenue:				
Net premiums written	Net premiums written	44,005	69,626	82,971	132,751	Net premiums written	49,822	66,658	132,793	199,409
Investment-related revenue (loss)	Investment-related revenue (loss)	4,890	(8,117)	8,160	(10,033)	Investment-related revenue (loss)	2,012	1,248	10,172	(8,785)
Other	Other	250	348	390	647	Other	257	277	647	924
Total revenues	Total revenues	\$ 58,314	\$ 70,902	\$ 109,657	\$ 139,900	Total revenues	\$ 61,410	\$ 77,998	\$ 171,067	\$ 217,898

#### Note 12 – Leases

The Company enters into lease agreements that are primarily used for office space. These leases are accounted for as operating leases, with lease expense recognized on a straight-line basis over the term of the lease. The Company occasionally assumes equipment lease agreements through business acquisitions. These leases are accounted for as finance leases.

Included in a portion of the Company's current leases is an option to extend or cancel the lease term. The exercise of such an option is solely at the Company's discretion. The lease liability recorded in the unaudited Consolidated Balance Sheets includes lease payments related to options to extend or cancel the lease term if the Company determined at the inception date that the lease was expected to be renewed or extended. The Company, in determining the present value of lease payments, utilized the average rate over a 10-year term based upon the Moody's seasoned Aaa corporate bond yields, as explicit rates of interest were not readily determinable in the lease contracts. The Company does not carry debt; thus no incremental borrowing rate was available to the Company.

Lease expense is included in office and technology expenses in the unaudited Consolidated Statements of Operations. Information regarding the Company's leases follows:

(in thousands)	(in thousands)	Three Months Ended June 30,		Six Months Ended June 30,		(in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022		2023	2022	2023	2022
Operating leases	Operating leases	\$ 721	\$ 616	\$ 1,393	\$ 1,179	Operating leases	\$ 627	\$ 697	\$ 2,020	\$ 1,876
Finance leases:	Finance leases:					Finance leases:				
Amortization of lease assets	Amortization of lease assets	54	—	108	—	Amortization of lease assets	74	—	182	—
Interest on lease liabilities	Interest on lease liabilities	6	—	13	—	Interest on lease liabilities	5	—	18	—
Short-term leases	Short-term leases					Short-term leases				
(b)	(b)	18	46	70	113	(b)	31	64	101	177
Lease expense	Lease expense	\$ 799	\$ 662	\$ 1,584	\$ 1,292	Lease expense	\$ 737	\$ 761	\$ 2,321	\$ 2,053
Sub-lease income	Sub-lease income	—	—	—	—	Sub-lease income	—	—	—	—
Lease cost	Lease cost	\$ 799	\$ 662	\$ 1,584	\$ 1,292	Lease cost	\$ 737	\$ 761	\$ 2,321	\$ 2,053

(b) Leases with an initial term of twelve months or less are not recorded on the unaudited Consolidated Balance Sheets.

Components of the operating lease liability presented on the unaudited Consolidated Balance Sheets are as follows:

(in thousands)	(in thousands)	As of June 30, 2023		(in thousands)	As of September 30, 2023		As of December 31, 2022
		2023	2022		2023	2022	
Current:	Current:			Current:			

Operating lease liabilities	Operating lease liabilities	\$ 1,209	\$ 1,693	Operating lease liabilities	\$ 466	\$ 1,693
Finance lease liabilities	Finance lease liabilities	115	218	Finance lease liabilities	56	218
Non-current:	Non-current:			Non-current:		
Operating lease liabilities	Operating lease liabilities	5,202	4,401	Operating lease liabilities	5,661	4,401
Finance lease liabilities	Finance lease liabilities	523	527	Finance lease liabilities	456	527
Total lease liabilities	Total lease liabilities	\$ 7,049	\$ 6,839	Total lease liabilities	\$ 6,639	\$ 6,839

The future minimum lease payments for leases that have initial or remaining noncancelable lease terms in excess of one year as of **June 30, 2023** **September 30, 2023**, are summarized as follows:

Year Ended (in thousands)	Year Ended (in thousands)	Finance Leases			Year Ended (in thousands)	Finance Leases		
		Operating Leases	Leases	Total		Operating Leases	Leases	Total
2023	2023	\$ 1,320	\$ 121	\$ 1,441	2023	\$ 523	\$ 60	\$ 583
2024	2024	2,197	202	2,399	2024	2,373	183	2,556
2025	2025	1,684	171	1,855	2025	1,829	147	1,976
2026	2026	1,067	134	1,201	2026	1,139	108	1,247
2027	2027	337	51	388	2027	364	41	405
Thereafter	Thereafter	214	—	214	Thereafter	286	—	286
<b>Total undiscounted payments</b>	<b>Total undiscounted payments</b>	<b>\$ 6,819</b>	<b>\$ 679</b>	<b>\$ 7,498</b>	<b>Total undiscounted payments</b>	<b>\$ 6,514</b>	<b>\$ 539</b>	<b>\$ 7,053</b>
<b>Less: present value adjustment</b>	<b>Less: present value adjustment</b>	<b>(408)</b>	<b>(41)</b>	<b>(449)</b>	<b>Less: present value adjustment</b>	<b>(386)</b>	<b>(28)</b>	<b>(414)</b>
<b>Lease liabilities</b>	<b>Lease liabilities</b>	<b>\$ 6,411</b>	<b>\$ 638</b>	<b>\$ 7,049</b>	<b>Lease liabilities</b>	<b>\$ 6,128</b>	<b>\$ 511</b>	<b>\$ 6,639</b>

Supplemental lease information is as follows:

	As of June 30, 2023		As of December 31, 2022		As of September 30, 2023		As of December 31, 2022	
Weighted average remaining lease term (years)	Weighted average remaining lease term (years)				Weighted average remaining lease term (years)			
Operating Leases	Operating Leases	3.29		3.43	Operating Leases	3.15		3.43
Finance Leases	Finance Leases	3.39		3.80	Finance Leases	3.07		3.80
Weighted average discount rate	Weighted average discount rate				Weighted average discount rate			
Operating Leases	Operating Leases	3.9	%	3.9	Operating Leases	3.8	%	3.9
Finance Leases	Finance Leases	3.7	%	3.7	Finance Leases	3.7	%	3.7

The Company does not have any material pending operating or financing lease agreements that become effective in future periods.

#### Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Investors Title Company's (the "Company") Annual Report on Form 10-K for the year ended December 31, 2022 (the "2022 Form 10-K") as filed with the Securities and Exchange Commission (the "SEC") should be read in conjunction with the following discussion since it contains information which is important for evaluating the Company's operating results and financial condition.

In addition, the Company may make forward-looking statements in the following discussion and analysis. Forward looking statements are based on certain assumptions and expectations of future events that are subject to a number of risks and uncertainties. Actual results may vary. See "Safe Harbor for Forward-Looking Statements" at the end of this discussion and analysis, as well as the sections titled "Risk Factors" in Part I, Item 1A of the 2022 Form 10-K for factors that could affect forward-looking statements.

#### Overview

The Company is a holding company that engages primarily in issuing title insurance through two subsidiaries, Investors Title Insurance Company ("ITIC") and National Investors Title Insurance Company ("NITIC"). Through ITIC and NITIC, the Company underwrites land title insurance for owners and mortgagees as a primary insurer. Total revenues from the title segment accounted for **89.2%** **89.7%** of the Company's revenues for the **six-month** **nine-month** period ended **June 30, 2023** **September 30, 2023**.

Title insurance protects against loss or damage resulting from title defects that affect real property. When real property is conveyed from one party to another, occasionally there is an undisclosed defect in the title or a mistake or omission in a prior deed, will or mortgage that may give a third party a legal claim against such property. If a covered claim is made against real property, title insurance provides indemnification against insured defects.

There are two basic types of title insurance policies – one for the mortgage lender and one for the real property owner. A lender often requires the property owner to purchase a lender's title insurance policy to protect its position as a holder of a mortgage loan, but the lender's title insurance policy does not protect the property owner. The property owner has to purchase a separate owner's title insurance policy to protect its investment.

The Company issues title insurance policies directly and through a network of agents. Issuing agents are typically real estate attorneys, independent agents or subsidiaries of community and regional mortgage lending institutions, depending on local customs and regulations and the Company's marketing strategy in a particular territory. The ability to attract and retain issuing agents is a key determinant of the Company's growth in title insurance premiums written.

Revenues for the title insurance segment primarily result from purchases of new and existing residential and commercial real estate, refinance activity and certain other types of mortgage lending such as home equity lines of credit.

Title insurance premiums vary from state to state and are subject to extensive regulation. Statutes generally provide that rates must not be excessive, inadequate or unfairly discriminatory. The process of implementing a rate change in most states involves pre-approval by the applicable state insurance regulator.

Volume is a factor in the Company's profitability due to fixed operating costs that are incurred by the Company regardless of title insurance premium volume. The resulting operating leverage tends to amplify the impact of changes in volume on the Company's profitability. The Company's profitability also depends, in part, upon its ability to manage its investment portfolio to maximize investment returns and to minimize risks such as interest rate changes, defaults and impairments of assets.

The Company's volume of title insurance premiums is affected by the overall level of residential and commercial real estate activity, which includes property sales, mortgage financing and mortgage refinancing. Real estate activity, home sales and mortgage lending are cyclical in nature. Real estate activity is affected by a number of factors, including the availability of mortgage credit, the cost of real estate, consumer confidence, employment and family income levels, and general United States economic conditions. Interest rate volatility is also an important factor in the level of residential and commercial real estate activity.

The Company's title insurance premiums in future periods are likely to fluctuate due to these and other factors which are beyond management's control.

Historically, the title insurance business tends to be seasonal as well as cyclical. Because home sales are typically strongest in periods of favorable weather, the first calendar quarter tends to have the lowest activity levels, while the spring and summer quarters tend to be more active. Mortgage refinance activity tends to be influenced less by seasonality and more by economic cycles, with activity levels increasing during times of falling interest rates.

Services other than title insurance provided by operating divisions of the Company are not reported separately, but rather are reported collectively in a group called "All Other." These other services include those offered by the Company and by its wholly owned subsidiaries, Investors Title Exchange Corporation ("ITEC"), Investors Title Accommodation Corporation ("ITAC"), Investors Trust Company ("Investors Trust") and Investors Title Management Services, Inc. ("ITMS").

The Company's exchange services division, consisting of the operations of ITEC and ITAC, provides customer services in connection with tax-deferred real property exchanges. ITEC acts as a qualified intermediary in tax-deferred exchanges of property held for productive use in a trade or business or for investment, and its income is derived from fees for handling exchange transactions and interest earned on client deposits held by the Company. In its role as qualified intermediary, ITEC coordinates the exchange aspects of the real estate transaction, and its duties include drafting standard exchange documents, holding the exchange funds between the time the old property is sold and the new property is purchased, and accepting the formal identification of the replacement property within the required identification period. ITAC provides services as an exchange accommodation titleholder for accomplishing "parking transactions" as set forth in the safe harbor contained in Internal Revenue Procedure 2000-37. These transactions include reverse exchanges when taxpayers decide to acquire replacement property before selling the relinquished property, or "build to suit" exchanges, when improvements must be made to the replacement property before the taxpayer acquires the improved replacement property. The services provided by the Company's exchange services division, ITEC and ITAC, are pursuant to provisions in the Internal Revenue Code. From time to time, these laws are subject to review and changes, which may negatively affect the demand for tax-deferred exchanges in general, and consequently, the revenues and profitability of the Company's exchange services division.

The Company's trust services division, Investors Trust, provides investment management and trust services to individuals, companies, banks and trusts.

ITMS offers various consulting and management services to provide clients with the technical expertise to start and successfully operate a title insurance agency.

#### Business Trends and Recent Conditions

The housing market is heavily influenced by government policies and overall economic conditions. Regulatory reform and initiatives by various governmental agencies, including the Federal Reserve's monetary policy and other regulatory changes, could impact lending standards or the processes and procedures used by the Company. The current real estate environment, including interest rates and general economic activity, typically influence the demand for real estate. Changes in either of these areas, in addition to any inventory constraints or volatility in the cost and availability of building materials, could impact the Company's results of operations in future periods.

The current period of inflation, as well as ongoing geopolitical conflicts, including the military conflict between Russia and Ukraine, has created additional volatile market conditions and uncertainties in the global economy. These events have impacted and could continue to impact the Company in a number of ways including, but not limited to, future fluctuations in the Company's investment portfolio and potential decreases in net premiums written. The Federal Open Market Committee ("FOMC") of the Federal Reserve

has been highly attentive to the risks that these events have created, and in response has raised the target federal funds rate at recent meetings. Although the federal funds rate does not directly impact mortgage interest rates, it can have a significant influence as lenders pass on the costs of rate increases to consumers. Higher mortgage interest rates have impacted the demand and pricing of real estate.

*COVID-19 could continue to affect the Company in a number of ways including, but not limited to, the impact of employees becoming ill, quarantined, or otherwise unable to work or travel due to illness or governmental restriction, potential decreases in net premiums written in the future, and future fluctuations in the Company's investment portfolio.*

#### Regulatory Environment

The FOMC issues disclosures on a periodic basis that include projections of the federal funds rate and expected actions. The FOMC had maintained a target range between 0.00% and 0.25% from March 2020 until March 2022, when the target federal funds rate range was increased to between 0.25% and 0.50%. The target federal funds rate range was further raised at subsequent meetings, with the FOMC's most recent change increasing the target range in July 2023 to between 5.25% and 5.50%, and no change being made at the November 2023 meeting. The FOMC will continue to closely monitor incoming information and it is possible that additional increases in the target range may be appropriate. In normal economic situations, future adjustments to the FOMC's stance of monetary policy are expected to be based on realized and expected economic developments to achieve maximum employment and inflation near the FOMC's symmetric long-term 2.0% objective.

#### Real Estate Environment

The Mortgage Bankers Association's ("MBA") **July 20, 2023** **October 15, 2023** Mortgage Finance Forecast ("MBA Forecast") projects 2023 purchase activity to decrease **11.9%** **18.2%** to **\$1,391 billion** **\$1,325 billion** and mortgage refinance activity to decrease **44.8%** **54.2%** to **\$368 billion** **\$314 billion**, resulting in a net decrease in total mortgage originations of **21.6%** **28.9%** to **\$1,759 billion** **\$1,639 billion**, all from 2022 levels. In 2022, purchase activity accounted for **70.3%** **70.2%** of all mortgage originations and is projected in the MBA Forecast to represent **79.1%** **80.8%** of all mortgage originations in 2023. According to data published by Freddie Mac, the average 30-year fixed mortgage interest rates in the United States were **6.4%** **6.6%** and **4.5%** **4.9%** for the **six-month** **nine-month** periods ended **June 30, 2023** **September 30, 2023** and 2022, respectively. Per the MBA Forecast, mortgage interest rates are projected to decrease in subsequent periods, reaching **4.6%** **5.5%** in 2025. Due to the rapidly changing environment brought on by inflationary pressures, inventory constraints, geopolitical conflicts and COVID-19, these projections and the impact of actual future developments on the Company could be subject to material change.

Historically, activity in real estate markets has varied over the course of market cycles by geographic region and in response to evolving economic factors. Operating results can vary from year to year based on cyclical market conditions and do not necessarily indicate the Company's future operating results and cash flows.

#### Critical Accounting Estimates and Policies

The preparation of the Company's unaudited Consolidated Financial Statements requires management to make estimates and judgments that affect the reported amounts of certain assets, liabilities, revenues, expenses and related disclosures regarding contingencies and commitments. Actual results could differ from these estimates. During the **six-month** **nine-month** period ended **June 30, 2023** **September 30, 2023**, the Company did not make any material changes to its critical accounting policies as previously disclosed in Management's Discussion and Analysis in the 2022 Form 10-K.

#### Results of Operations

The following table presents certain unaudited Consolidated Statements of Operations data for the three- and **six-month** **nine-month** periods ended **June 30, 2023** **September 30, 2023** and 2022:

	Three Months				(in thousands)	Three Months Ended				(in thousands)	Nine Months Ended			
	Ended June 30,		Six Months Ended June 30,			September 30,		September 30,			September 30,		September 30,	
	2023	2022	2023	2022		2023	2022		2023	2022	2023	2022		
<b>Revenues:</b>	<b>Revenues:</b>					<b>Revenues:</b>					<b>Revenues:</b>			
Net premiums written	Net premiums written	\$ 44,005	\$ 69,626	\$ 82,971	\$ 132,751	Net premiums written	\$ 49,822	\$ 66,658	\$ 132,793	\$ 199,409	Net premiums written	\$ 49,822	\$ 66,658	\$ 132,793
Escrow and other title-related fees	Escrow and other title-related fees	4,604	6,247	8,259	11,325	Escrow and other title-related fees	4,683	6,136	12,942	17,461	Escrow and other title-related fees	4,683	6,136	12,942
Non-title services	Non-title services	4,565	2,798	9,877	5,210	Non-title services	4,636	3,679	14,513	8,889	Non-title services	4,636	3,679	14,513
Interest and dividends	Interest and dividends	2,150	911	4,224	1,826	Interest and dividends	2,313	1,229	6,537	3,055	Interest and dividends	2,313	1,229	6,537
Other investment income	Other investment income	1,648	1,106	2,401	2,443	Other investment income	514	2,173	2,915	4,616	Other investment income	514	2,173	2,915
Net investment gains (losses)	Net investment gains (losses)	1,092	(10,134)	1,535	(14,302)	Net investment gains (losses)					Net investment gains (losses)			

Net investment (losses) gains						Net investment (losses) gains	(815)	(2,154)	720	(16,456)
Other	Other	250	348	390	647	Other	257	277	647	924
Total Revenues	Total Revenues	58,314	70,902	109,657	139,900	Total Revenues	61,410	77,998	171,067	217,898
<b>Operating Expenses:</b>	<b>Operating Expenses:</b>					<b>Operating Expenses:</b>				
Commissions to agents	Commissions to agents	20,603	33,826	39,929	63,683	Commissions to agents	23,806	33,478	63,735	97,161
Provision for claims	Provision for claims	991	1,310	2,059	1,486	Provision for claims	1,838	1,966	3,897	3,452
Personnel expenses	Personnel expenses	18,548	20,898	39,368	42,152	Personnel expenses	19,083	21,586	58,451	63,738
Office and technology expenses	Office and technology expenses	4,513	4,288	8,913	8,656	Office and technology expenses	4,209	4,274	13,122	12,930
Other expenses	Other expenses	3,813	7,627	7,981	13,177	Other expenses	3,864	6,606	11,845	19,783
Total Operating Expenses	Total Operating Expenses	48,468	67,949	98,250	129,154	Total Operating Expenses	52,800	67,910	151,050	197,064
<b>Income before Income Taxes</b>	<b>Income before Income Taxes</b>					<b>Income before Income Taxes</b>				
Income Taxes	Income Taxes	9,846	2,953	11,407	10,746	Income Taxes	8,610	10,088	20,017	20,834
Provision for Income Taxes	Provision for Income Taxes	2,261	674	2,641	2,282	Provision for Income Taxes	1,526	2,175	4,167	4,457
<b>Net Income</b>	<b>Net Income</b>	\$ 7,585	\$ 2,279	\$ 8,766	\$ 8,464	<b>Net Income</b>	\$ 7,084	\$ 7,913	\$ 15,850	\$ 16,377

Certain amounts have been reclassified for consistency with the current period presentation. The reclassifications were between revenue lines of the unaudited Consolidated Statements of Operations. These reclassifications are not considered an accounting change and had no effect on the reported results of operations.

#### Insurance Revenues

Insurance revenues include net premiums written and escrow and other title-related income that includes escrow fees, commissions and settlement fees. Non-title services revenue, investment-related revenues and other revenues are discussed separately below.

##### Net Premiums Written

Net premiums written decreased 36.8% 25.3% and 37.5% 33.4% for the three- and six-month nine-month periods ended June 30, 2023 September 30, 2023 to \$44.0 million \$49.8 million and \$83.0 million \$132.8 million, respectively, compared with \$69.6 million \$66.7 million and \$132.8 million \$199.4 million for the same prior year periods. The decreases for the three- and six-month nine-month periods ended June 30, 2023 September 30, 2023 were attributable to an overall decline in the level of real estate transaction volumes resulting from higher average mortgage interest rates and ongoing housing inventory constraints.

Total premiums include an estimate of premiums for policies that have been issued directly and by agents, but not reported to the Company as of the balance sheet date. To determine the estimated premiums, the Company uses historical experience, as well as other factors, to make certain assumptions about the average elapsed time between the policy effective date and the date the policies are reported. From time to time, the Company adjusts the inputs to the estimation process as reported transactions and new information becomes available. In addition to estimating revenues, the Company also estimates and accrues agent commissions, claims provision, premium taxes, income taxes, and other expenses associated with the estimated revenues that have been accrued. The Company reflects any adjustments to the accruals in the results of operations in the period in which new information becomes available.

Title insurance companies typically issue title insurance policies directly or through title agencies. Following is a breakdown of premiums generated by direct and agency operations for the three- and six-month nine-month periods ended June 30, 2023 September 30, 2023 and 2022, with certain balances for 2022 reclassified to conform to the 2023 presentation:

Three Months Ended June 30,	Six Months Ended June 30,	Three Months Ended September 30,	Nine Months Ended September 30,
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(in thousands, except percentages)	(in thousands, except percentages)							(in thousands, except percentages)										
		2023	%	2022	%	2023	%	2022	%	2023	%	2022	%	2023	%	2022	%	
Direct	Direct	\$ 15,776	35.9	\$ 24,642	35.4	\$ 28,490	34.3	\$ 47,334	35.7	Direct	\$ 17,485	35.1	\$ 22,112	33.2	\$ 45,975	34.6	\$ 69,446	34.8
Agency	Agency	28,229	64.1	44,984	64.6	54,481	65.7	85,417	64.3	Agency	32,337	64.9	44,546	66.8	86,818	65.4	129,963	65.2
Total	Total	\$ 44,005	100.0	\$ 69,626	100.0	\$ 82,971	100.0	\$ 132,751	100.0	Total	\$ 49,822	100.0	\$ 66,658	100.0	\$ 132,793	100.0	\$ 199,409	100.0

**Direct Net Premiums** – The Company's direct business consists of operations at the home office, branch offices, and wholly owned title insurance agencies. In the Company's direct operations, the Company issues a title insurance policy and retains the entire premium, as no commissions are recognized in connection with these policies. Net premiums written from direct operations decreased 36.0% 20.9% and 39.8% 33.8% for the three- and six-month nine-month periods ended June 30, 2023 September 30, 2023, respectively, compared with the same prior year periods. The decreases for the three- and six-month nine-month periods ended June 30, 2023 September 30, 2023 were driven by an overall decline in the level of real estate transaction volumes resulting from higher average mortgage interest rates and ongoing housing inventory constraints.

**Agency Net Premiums** – When a policy is written through a non-wholly owned title agency, the premium is shared between the agency and the underwriter. Company. The agent retains a majority of the premium as a commission and remits the net amount to the Company. Title insurance commissions earned by the Company's agents are recognized as expenses concurrently with premium recognition. Agency net premiums written decreased 37.2% 27.4% and 36.2% 33.2% for the three- and six-month nine-month periods ended June 30, 2023 September 30, 2023, compared with the same prior year periods. The decreases for the three- and six-month nine-month periods ended June 30, 2023 September 30, 2023 were primarily driven by an overall decline in the level of real estate transaction volumes resulting from higher average mortgage interest rates and ongoing housing inventory constraints.

Following is a schedule of net premiums written for the three- and six-month nine-month periods ended June 30, 2023 September 30, 2023 and 2022 in select states in which the Company's two insurance subsidiaries, ITIC and NITIC, currently underwrite title insurance:

State (in thousands)	State (in thousands)	Three Months Ended June 30,		Six Months Ended June 30,		State (in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022		2023	2022	2023	2022
North	North					North				
Carolina	Carolina	\$ 17,058	\$ 23,431	\$ 30,841	\$ 47,770	Carolina	\$ 19,243	\$ 23,622	\$ 50,084	\$ 71,392
Texas	Texas	12,428	23,614	23,379	39,376	Texas	12,627	21,081	36,006	60,457
South	South					South				
Carolina	Carolina	3,585	5,554	7,814	10,942	Carolina	5,090	6,407	12,904	17,349
Georgia	Georgia	2,631	5,753	6,178	12,725	Georgia	3,169	6,094	9,347	18,819
All Others	All Others	8,346	11,542	14,973	22,436	All Others	9,774	9,632	24,747	32,068
<b>Premiums</b>	<b>Premiums</b>					<b>Premiums</b>				
<b>Written</b>	<b>Written</b>	<b>44,048</b>	69,894	<b>83,185</b>	133,249	<b>Written</b>	<b>49,903</b>	66,836	<b>133,088</b>	200,085
Reinsurance	Reinsurance					Reinsurance				
Assumed	Assumed	—	—	—	—	Assumed	—	—	—	—
Reinsurance	Reinsurance					Reinsurance				
Ceded	Ceded	(43)	(268)	(214)	(498)	Ceded	(81)	(178)	(295)	(676)
<b>Net Premiums</b>	<b>Net Premiums</b>					<b>Net Premiums</b>				
<b>Written</b>	<b>Written</b>	<b>\$ 44,005</b>	\$ 69,626	<b>\$ 82,971</b>	\$ 132,751	<b>Written</b>	<b>\$ 49,822</b>	\$ 66,658	<b>\$ 132,793</b>	\$ 199,409

#### Escrow and Other Title-Related Fees

Escrow and other title-related fees consists primarily of commission income, escrow and other various fees associated with the issuance of title insurance policies including settlement, examination and closing fees. Escrow and other title-related fee revenues were \$4.6 million \$4.7 million and \$8.3 million \$12.9 million for the three- and six-month nine-month periods ended ended June 30, 2023 September 30, 2023, respectively, compared with \$6.2 million \$6.1 million and \$11.3 million \$17.5 million for the same prior year periods. The decreases for the three- and six-month nine-month periods ended June 30, 2023 September 30, 2023 were mainly due to the decline in real estate transaction volume.

#### Revenue from Non-Title Services

Revenue from non-title services includes trust services, agency management services and exchange services income. Non-title service revenues were \$4.6 million and \$9.9 million \$14.5 million for the three- and six-month nine-month periods ended June 30, 2023 September 30, 2023, respectively, compared with \$2.8 million \$3.7 million and \$5.2 million \$8.9 million for the same prior year periods. The increases for the three- and six-month nine-month periods ended June 30, 2023 September 30, 2023 were primarily related to increases in like-kind exchange revenues.

## Investment-Related Revenues

Investment-related revenues include interest and dividends, other investment income, and net investment gains (losses), gains.

### *Interest and Dividends*

The Company derives a substantial portion of its income from investments in short-term investments, fixed maturity securities, which are primarily municipal and corporate fixed maturity securities, and equity securities. The Company's investment policy is designed to comply with regulatory requirements and to balance the competing objectives of asset quality and investment returns. The Company's title insurance subsidiaries are required by statute to maintain minimum levels of investments in order to protect the interests of policyholders.

The Company's investment strategy emphasizes after-tax income and principal preservation. The Company's investments are primarily in short-term investments, fixed maturity securities and equity securities. The average effective maturity of the majority of the fixed maturity securities is less than 10 years. The Company's invested assets are managed to fund its obligations and evaluated to ensure long term stability of capital accounts.

As the Company generates cash from operations, it is invested in accordance with the Company's investment policy and corporate goals. The Company's investment policy has been designed to balance multiple goals, including the assurance of a stable source of income from interest and dividends, the preservation of principal, and the provision of liquidity sufficient to meet insurance underwriting and other obligations as they become payable in the future. Securities purchased may include a combination of taxable or tax-exempt fixed maturity securities and equity securities. The Company also invests in short-term investments that typically include money market funds, U.S. Treasury bills, commercial paper and certificates of deposit. The Company strives to maintain a high quality investment portfolio. Since 2022, the Company has been purchasing higher levels of short-term investments to take advantage of elevated short-term interest rates during this period of uncertainty in the investment market.

Interest and dividends were \$2.2 million \$2.3 million and \$4.2 million \$6.5 million for the three- and six-month nine-month periods ended June 30, 2023 September 30, 2023, respectively, compared with \$911 thousand \$1.2 million and \$1.8 million \$3.1 million for the same prior year periods. Interest and investment income levels are primarily a function of general market performance, interest rates and the amount of cash available for investments that meet the Company's investment policy. The increases for the three- and six-month nine-month periods ended June 30, 2023 September 30, 2023 were primarily related to increases in interest received in conjunction with higher interest rates and levels of short-term investments rates.

### *Other Investment Income*

Other investment income consists primarily of income related to investments in unconsolidated affiliates, typically structured as limited liability companies ("LLCs"), accounted for under either the equity method of accounting or the measurement alternative for investments that do not have readily determinable fair values. The measurement alternative method requires investments without readily determinable fair values to be recorded at cost, less impairments, and plus or minus any changes resulting from observable price changes. The Company monitors any events or changes in circumstances that may have had a significant adverse effect on the fair value of these investments and makes any necessary adjustments.

Other investment income was \$1.6 million \$514 thousand and \$2.4 million \$2.9 million for the three- and six-month nine-month periods ended June 30, 2023 September 30, 2023, respectively, compared with \$1.1 million \$2.2 million and \$2.4 million \$4.6 million for the same prior year periods. Changes in other investment income are impacted by fluctuations in the carrying value of the underlying investment and/or and distributions received.

### *Net Investment (Losses) Gains (Losses)*

Net investment gains and losses include realized gains and losses on the sale of investment securities and changes in the estimated fair value of equity security investments.

*Net Realized Investment Gains* – Dispositions of equity securities at a realized gain or loss reflect such factors as industry sector allocation decisions, ongoing assessments of issuers' business prospects and tax planning considerations. Additionally, the amounts included in net realized investment gains are affected by assessments of securities' valuation for impairment. As a result of the interaction of these factors and considerations, the net realized investment gain or loss can vary significantly from period to period.

The net realized investment gains were \$5.9 million \$1.6 million and \$13.1 million \$14.7 million for the three- and six-month nine-month periods ended June 30, 2023 September 30, 2023, respectively, compared with \$2.0 million \$2.5 million and \$3.8 million \$6.3 million for the same prior year periods. The Company recorded impairment charges of \$30 \$96 thousand and \$112 \$208 thousand on certain fixed maturity securities where the intent to hold has changed in the three- and six-month nine-month periods ended June 30, 2023 September 30, 2023, respectively, compared with \$127 \$35 thousand in each of and \$162 thousand for the same prior year periods. Management believes unrealized losses on the remaining fixed maturity securities at June 30, 2023 September 30, 2023 are temporary in nature.

The securities in the Company's investment portfolio are subject to economic conditions and market risks. The Company considers relevant facts and circumstances in evaluating whether a credit or interest-related impairment of a fixed maturity security has occurred. Relevant facts and circumstances include the extent and length of time the fair value of an investment has been below cost.

There are a number of risks and uncertainties inherent in the process of monitoring impairments and determining if an impairment exists. These risks and uncertainties include the risk that the economic outlook will be worse than expected or have more of an impact on the issuer than anticipated; the risk that the Company's assessment of an issuer's ability to meet all of its contractual obligations will change based on changes in the characteristics of that issuer; the risk that information obtained by the Company or changes in other facts and circumstances leads management to change its intent to sell the fixed maturity security; and the risk that management is making decisions based on inaccurate information in the financial statements provided by the issuers.

*Changes in the Estimated Fair Value of Equity Security Investments* – Changes in the estimated fair value of equity security investments were \$(4.8) \$(2.4) million and \$(11.6) \$(14.0) million for the three- and six-month nine-month periods ended June 30, 2023 September 30, 2023, respectively, compared with \$(12.2) \$(4.6) million and \$(18.1) \$(22.7) million for the same prior year periods. Such fluctuations are typically the result of changes in general market conditions during the respective periods, however, the sale of appreciated investment securities during the current year periods resulted in a reduction in unrealized gains as they were reclassified to net realized investment gains, which is not indicative of a decline in estimated fair value.

#### Other Revenues

Other revenues primarily include miscellaneous income and gains and losses on the disposal of fixed assets and real estate. Other revenues were \$250 \$257 thousand and \$390 \$647 thousand for the three- and six-month nine-month periods ended June 30, 2023 September 30, 2023, respectively, compared with \$348 \$277 thousand and \$647 \$924 thousand for the same prior year periods.

#### Expenses

The Company's operating expenses consist primarily of commissions to agents, personnel expenses, office and technology expenses and the provision for claims. Operating expenses decreased 28.7% 22.3% and 23.9% 23.3% for the three- and six-month nine-month periods ended June 30, 2023 September 30, 2023, compared with the same prior year periods. The decreases for the three- and six-month nine-month periods ended June 30, 2023 September 30, 2023 were primarily due to decreases in commissions to agents, personnel expenses and other expenses.

Following is a summary of the Company's operating expenses for the three- and six-month nine-month periods ended June 30, 2023 September 30, 2023 and 2022. Inter-segment eliminations have been netted; therefore, the individual segment amounts will not agree to Note 4 to the unaudited Consolidated Financial Statements in this Quarterly Report on Form 10-Q.

(in thousands, except percentages)	Three Months Ended June 30,			Six Months Ended June 30,			(in thousands, except percentages)	Three Months Ended September 30,			Nine Months Ended September 30,			
	2023	%	2022	%	2023	%	2022	%	2023	%	2022	%		
Title	Title							Title						
Insurance	Insurance	\$45,700	94.3	\$64,734	95.3	\$92,818	94.5	\$123,221	95.4	\$50,198	95.1	\$65,567	96.5	
All Other	All Other	2,768	5.7	3,215	4.7	5,432	5.5	5,933	4.6	All Other	2,602	4.9	2,343	3.5
Total	Total	\$48,468	100.0	\$67,949	100.0	\$98,250	100.0	\$129,154	100.0	Total	\$52,800	100.0	\$67,910	100.0
											\$151,050	100.0	\$197,064	100.0

On a combined basis, the after-tax profit margins were 13.0% 11.5% and 8.0% 9.3% for the three- and six-month nine-month periods ended June 30, 2023 September 30, 2023, respectively, compared with 3.2% 10.1% and 6.1% 7.5% for the same prior year periods. The increases for the three- and six-month nine-month periods ended June 30, 2023 September 30, 2023 were primarily due to Company expense reduction initiatives, higher investment earnings, and growth in revenue from non-title services. The Company continually strives to enhance its competitive strengths and market position, including ongoing initiatives to manage its operating expenses.

#### *Total Company*

*Personnel Expenses* – Personnel expenses include base salaries, benefits and payroll taxes, bonuses paid to employees and contract labor expenses. Personnel expenses were \$18.5 million \$19.1 million and \$39.4 million \$58.5 million for the three- and six-month nine-month periods ended June 30, 2023 September 30, 2023, respectively, compared with \$20.9 million \$21.6 million and \$42.2 million \$63.7 million for the same prior year periods. On a consolidated basis, personnel expenses as a percentage of total revenues were 31.8% 31.1% and 35.9% 34.2% for the three- and six-month nine-month periods ended June 30, 2023 September 30, 2023, respectively, compared with 29.5% 27.7% and 30.1% 29.3% for the same prior year periods. The decreases in personnel expenses for the three- and six-month nine-month periods ended June 30, 2023 September 30, 2023 were primarily due to reductions in incentive compensation, compensation and reductions in staffing levels.

*Office and Technology Expenses* – Office and technology expenses primarily include facilities expenses, software and hardware expenses, depreciation expense, telecommunications expenses, and business insurance. Office and technology expenses were \$4.5 million remained consistent with the prior year period at \$4.2 million and \$8.9 million \$13.1 million for the three- and six-month nine-month periods ended June 30, 2023 September 30, 2023, respectively, compared with \$4.3 million and \$8.7 million \$12.9 million for the same prior year periods. The increases for the three- and six-month periods ended June 30, 2023 were primarily in support of expanding the Company's geographic footprint, the result of adding new office locations due to both organic growth and recent acquisitions of title insurance agencies, and various ongoing technology initiatives.

*Other Expenses* – Other expenses primarily include business development expenses, premium-related taxes and licensing, professional services, title and service fees, amortization of intangible assets and other general expenses. Other expenses were \$3.8 million \$3.9 million and \$8.0 million \$11.8 million for the three- and six-month nine-month periods ended June 30, 2023 September 30, 2023, respectively, compared with \$7.6 million \$6.6 million and \$13.2 million \$19.8 million for the same prior year periods. The decreases for the three- and six-month nine-month periods ended June 30, 2023 September 30, 2023 were primarily related mainly due to a decline in premium volume resulting in the impact of lower title insurance volumes and service fees, premium-related taxes and licensing, and professional services for technology, a reduction in the level of contractors engaged in software development activities.

## Title Insurance

**Commissions to Agents** – Agent commissions represent the portion of premiums retained by agents pursuant to the terms of their respective agency contracts. Commissions to agents decreased 39.1% 28.9% and 37.3% 34.4% for the three- and six-month nine-month periods ended June 30, 2023 September 30, 2023, respectively, compared with the same prior year periods. Commission expense as a percentage of net premiums written by agents was 73.0% 73.6% and 73.3% 73.4% for the three- and six-month nine-month periods ended June 30, 2023 September 30, 2023, compared with 75.2% and 74.6% 74.8% for the same prior year periods. The changes in commission expense, and commission expense as a percentage of net premiums written, were commensurate with the decrease in agent premium volume. Commission rates vary by market due to local practice, competition and state regulations.

**Provision for Claims** – The provision for claims decreased 24.4% 6.5% and increased 38.6% 12.9% for the three- and six-month nine-month periods ended June 30, 2023 September 30, 2023, respectively, compared with the same prior year periods. The provision for claims as a percentage of net premiums written was 2.3% 3.7% and 2.5% 2.9% for the three- and six-month nine-month periods ended June 30, 2023 September 30, 2023, compared with 1.9% 2.9% and 1.1% 1.7% for the same prior year periods. The increases in the provision for claims as a percentage of net premiums written for the three- and six-month nine-month periods ended June 30, 2023 September 30, 2023 were primarily due to changes in the geographic mix for underwriting risk and lower levels of favorable loss development and increases in incurred claims in the current year periods, period.

Title claims are typically reported and paid within the first several years of policy issuance. The provision for claims reflects actual payments of claims, net of recovery amounts, plus adjustments to the specific and incurred but not reported claims reserves, the latter of which are actuarially determined based on historical claims experience. Actual payments of claims, net of recoveries, were \$2.4 million \$3.6 million and \$1.6 million \$2.6 million for the six-month nine-month periods ended June 30, 2023 September 30, 2023 and 2022, respectively.

At June 30, 2023 September 30, 2023, the total reserve for claims was \$36.9 million \$37.5 million. Of that total, approximately \$3.0 million \$3.3 million was reserved for specific claims, and approximately \$33.8 million \$34.2 million was reserved for claims for which the Company had no notice. Because of the uncertainty of future claims, changes in economic conditions and the fact that claims may not materialize for several years, reserve estimates are subject to variability.

Changes from prior periods in the expected liability for claims reflect the uncertainty of the claims environment, as well as the limited predictive power of historical data. The Company continually updates and refines its reserve estimates as current experience develops and credible data emerges. Such data includes payments on claims closed during the quarter, new details that emerge on open cases that cause claims adjusters to increase or decrease the case reserves, and the impact that these types of changes have on the Company's total loss provision. Adjustments may be required as new information develops, which often varies from past experience.

## Income Taxes

The provision for income taxes was \$2.3 million \$1.5 million and \$2.6 million \$4.2 million for the three- and six-month nine-month periods ended June 30, 2023 September 30, 2023, respectively, compared with \$674 thousand \$2.2 million and \$2.3 million \$4.5 million for the same prior year periods. Income tax expense, including federal and state taxes, as a percentage of income before income taxes was 23.0% 17.7% and 23.2% 20.8% for the three- and six-month nine-month periods ended June 30, 2023 September 30, 2023, respectively, compared with 22.8% 21.6% and 21.2% 21.4% for the same prior year periods. The effective income tax rates for both 2023 and 2022 differ from the U.S. federal statutory income tax rate of 21% primarily due to the effect of tax-exempt income and state taxes. Tax-exempt income lowers the effective tax rate.

The Company believes it is more likely than not that the tax benefits associated with recognized impairments and unrecognized losses recorded through June 30, 2023 September 30, 2023 will be realized. However, this judgment could be impacted by further market fluctuations.

## Liquidity and Capital Resources

The Company's material cash requirements include general operating expenses, contractual and other obligations for the future payment of title claims, employment agreements, lease agreements, income taxes, capital expenditures, dividends on its common stock and other contractual commitments for goods and services needed for operations. All other arrangements entered into by the Company are not reasonably likely to have a material effect on liquidity or the availability of capital resources. Cash flows from operations have historically been the primary source of financing for expanding operations, whether through organic growth or outside investments. The Company believes its balances of cash, short-term investments and other readily marketable securities, along with cash flows generated by ongoing operations, will be sufficient to satisfy its cash requirements over the next 12 months and thereafter, including the funding of operating activities and commitments for investing and financing activities. There are currently no known trends that the Company believes will materially impact the Company's capital resources, nor is the Company anticipating any material changes in the mix or relative cost of such resources except as otherwise disclosed in the Business Trends and Recent Conditions section of this Management's Discussion and Analysis.

The Company evaluates nonorganic growth opportunities, such as mergers and acquisitions, from time to time in the ordinary course of business. Because of the episodic nature of these events, related incremental liquidity and capital resource needs can be difficult to predict.

The Company's operating results and cash flows are heavily dependent on the real estate market. The Company's business has certain fixed costs such as personnel; therefore, changes in the real estate market are monitored closely, and operating expenses such as staffing levels are managed and adjusted accordingly. The Company believes that its significant working capital position and management of operating expenses will aid its ability to manage cash resources through fluctuations in the real estate market.

**Cash Flows** – Net cash flows (used in) provided by operating activities were \$(7.4) \$(6.7) million and \$8.3 million \$20.3 million for the six-month nine-month periods ended June 30, 2023 September 30, 2023 and 2022, respectively. Cash flows (used in) provided by operating activities differ from net income due to adjustments for non-cash items, such as gains and losses on investments and property, the timing of disbursements for taxes, claims and other accrued liabilities, and collections or changes in receivables and other assets.

Cash flows from non-operating activities have historically consisted of purchases and proceeds from investing activities, the issuance of dividends and repurchases of common stock. Net cash was provided by investing activities for the six-month nine-month period ended June 30, 2023 September 30, 2023, compared with net cash being used in investing activities in the prior year period, due primarily to a current period increase in proceeds from investment sales and maturities outpacing purchases of investments.

The Company maintains a high degree of liquidity within its investment portfolio in the form of cash, short-term investments and other readily marketable securities. As of **June 30, 2023** **September 30, 2023**, the Company held cash and cash equivalents of **\$26.2 million** **\$30.4 million**, short-term investments of **\$114.9 million** **\$104.0 million**, available-for-sale fixed maturity securities of **\$58.5 million** **\$64.6 million** and equity securities of **\$34.1 million** **\$31.8 million**. The net effect of all activities on total cash and cash equivalents was a decrease of **\$9.1 million** **\$4.9 million** in 2023. Beginning in late 2022, ongoing evaluation of changing business and financial market conditions led to portions of cash flow from operations, and certain amounts resulting from sales and maturities in the company's investment portfolio, to be invested in short-term investments to take advantage of elevated short-term interest rates.

*Capital Resources* – The amount of capital resources the Company maintains is influenced by state regulation, the need to maintain superior financial ratings from third-party rating agencies and other marketing and operational considerations.

The Company's significant sources of funds are dividends and distributions from its subsidiaries, primarily its two title insurance subsidiaries. Cash is received from its subsidiaries in the form of dividends and as reimbursements for operating and other administrative expenses that it incurs. The reimbursements are executed within the guidelines of management agreements between the Company and its subsidiaries.

The ability of the Company's title insurance subsidiaries to pay dividends to the Company is subject to state regulation from their respective states of domicile. Each state regulates the extent to which title underwriters can pay dividends or make distributions and requires prior regulatory approval of the payment of dividends and other intercompany transfers. The maximum dividend permitted by law is not necessarily indicative of an insurer's actual ability to pay dividends. Depending on regulatory conditions, the Company may in the future need to retain cash in its title insurance subsidiaries in order to maintain their statutory capital position. As of **June 30, 2023** **September 30, 2023**, both ITIC and NITIC met the minimum capital, surplus and reserve requirements for each state in which they are licensed.

While state regulations and the need to cover risks may set a minimum level for capital requirements, other factors necessitate maintaining capital resources in excess of the required minimum amounts. For instance, the Company's capital resources help it maintain high ratings from insurance company rating agencies. Superior ratings strengthen the Company's ability to compete with larger, well known title insurers with national footprints.

A strong financial position provides the necessary flexibility to fund potential acquisition activity, to invest in the Company's core business, and to minimize the financial impact of potential adverse developments. Adverse developments that generally require additional capital include adverse financial results, changes in statutory accounting requirements by regulators, reserve charges, investment losses or costs incurred to adapt to a changing regulatory environment, including costs related to CFPB regulation of the real estate industry.

The Company bases its capitalization levels, in part, on net coverage retained. Since the Company's geographical focus has been and continues to be concentrated in states with average premium rates typically lower than the national average, capitalization relative to premiums will usually appear higher than industry averages.

Due to the Company's historical ability to consistently generate positive cash flows from its consolidated operations and investment income, management believes that funds generated from operations will enable the Company to adequately meet its current operating needs for the foreseeable future. However, given ongoing inflationary pressures and geopolitical conflicts, **including the military conflict between Russia and Ukraine**, and any continued impact of COVID-19, there can be no assurance that future experience will be similar to historical experience, since it is influenced by such factors as the interest rate environment, real estate activity, the Company's claims-paying ability and its financial strength ratings. In addition to operational and investment considerations, taking advantage of opportunistic external growth opportunities may necessitate obtaining additional capital resources. The Company is carefully monitoring **ongoing inflation** **the conflict in Ukraine**, **and geopolitical conflicts**, the COVID-19 situation, and other trends that could potentially result in material adverse liquidity changes, and will continually assess its capital allocation strategy, including decisions relating to payment of dividends, repurchasing the Company's common stock and/or conserving cash.

*Purchase of Company Stock* – On November 9, 2015, the Board of Directors of the Company approved the purchase of an additional 163,335 shares pursuant to the Company's repurchase plan, such that there was authority remaining under the plan to purchase up to an aggregate of 500,000 shares of the Company's common stock pursuant to the plan immediately after this approval. Unless terminated earlier by resolution of the Board of Directors, the plan will expire when all shares authorized for purchase under the plan have been purchased. Pursuant to the Company's ongoing purchase program, the Company purchased 7,000 shares in the **six-month** **nine-month** period ended **June 30, 2023** **September 30, 2023** and did not repurchase any **629** shares in the corresponding period in 2022. The Company anticipates making further purchases under this plan from time to time in the future, depending on such factors as the prevailing market price of the Company's common stock, the Company's available cash and then existing alternative uses for such cash.

*Capital Expenditures* – Capital expenditures were approximately **\$5.0 million** **\$6.6 million** for the **six-month** **nine-month** period ended **June 30, 2023** **September 30, 2023**. In 2023, the Company has plans for various capital improvement projects, including increased investment in a number of technology and system development initiatives and hardware purchases which are anticipated to be funded via cash flows from operations. All material anticipated capital expenditures are subject to periodic review and revision and may vary depending on a number of factors.

*Contractual Obligations* – As of **June 30, 2023** **September 30, 2023**, the Company had a claims reserve totaling **\$36.9 million** **\$37.5 million**. The amounts and timing of these obligations are estimated and not set contractually. Events such as fraud, defalcation, and multiple property title defects can substantially and unexpectedly cause increases in both the amount and timing of estimated title insurance loss payments and loss cost trends whereby increases or decreases in inflationary factors (including the value of real estate) will influence the ultimate amount of title insurance loss payments and could increase total obligations and influence claim payout patterns. Due to the length of time over which claim payments are made and regularly occurring changes in underlying economic and market conditions, claim estimates are subject to variability and future payments could increase or decrease from these estimated amounts in the future.

ITIC, a wholly owned subsidiary of the Company, has entered into employment agreements with certain executive officers. The amounts accrued for these agreements at **June 30, 2023** **September 30, 2023** and December 31, 2022, were \$15.1 million and \$15.0 million, respectively, which includes postretirement compensation and health benefits, and were

calculated based on the terms of the contracts. These executive contracts are accounted for on an individual contract basis. As payments are based upon the occurrence of specific events, including death, disability, retirement, termination without cause or upon a change in control, payment periods are currently uncertain. Information regarding retirement agreements and other postretirement benefit plans can be found in Note 5 to the unaudited Consolidated Financial Statements in this Quarterly Report on Form 10-Q.

The Company enters into lease agreements that are primarily used for office space. These leases are accounted for as operating leases, with lease expense recognized on a straight-line basis over the term of the lease. The Company occasionally assumes equipment lease agreements through business acquisitions. These leases are accounted for as finance leases. Included in a portion of the Company's current leases is an option to extend or cancel the lease term, and the exercise of such an option is solely at the Company's discretion. The total of undiscounted future minimum lease payments under operating leases that have initial or remaining noncancelable lease terms in excess of one year after 2023 is **\$6.1 million** **\$6.5 million**, which includes lease payments related to options to extend or cancel the lease term if the Company determined at the date of adoption that the lease was expected to be renewed or extended. Information about leases can be found in Note 12 to the unaudited Consolidated Financial Statements in this Quarterly Report on Form 10-Q.

In the normal course of business, the Company enters into other contractual commitments for goods and services needed for operations. Such commitments are not expected to have a material adverse effect on the Company's liquidity.

#### Off-Balance Sheet Arrangements

As a service to its customers, the Company, through ITIC, administers escrow and trust deposits representing earnest money received under real estate contracts, undisbursed amounts received for settlement of mortgage loans and indemnities against specific title risks. These amounts are not considered assets of the Company and, therefore, are excluded from the accompanying unaudited Consolidated Balance Sheets. However, the Company remains contingently liable for the disposition of these deposits.

In addition, in administering tax-deferred like-kind exchanges pursuant to § 1031 of the Internal Revenue Code, ITC serves as a qualified intermediary for exchanges, holding the net sales proceeds from relinquished property to be used for purchase of replacement property. ITAC serves as exchange accommodation titleholder and, through LLCs that are wholly owned subsidiaries of ITAC, holds property for exchangers in reverse exchange transactions. Like-kind exchange deposits and reverse exchange property held by the Company for the purpose of completing such transactions totaled approximately **\$232.2 million** **\$263.6 million** and **\$432.0 million** as of **June 30, 2023** **September 30, 2023** and December 31, 2022, respectively. These exchange deposits are held at third-party financial institutions. Exchange deposits are not considered assets of the Company and, therefore, are excluded from the accompanying unaudited Consolidated Balance Sheets; however, the Company remains contingently liable for the disposition of the transfers of property, disbursements of proceeds and the return on the proceeds at the agreed upon rate. Exchange services revenue includes earnings on these deposits; therefore, investment income is shown as non-title services rather than investment income. These like-kind exchange funds are primarily invested in money market funds and other short-term investments.

External assets under management of Investors Trust Company are not considered assets of the Company and, therefore, are excluded from the accompanying unaudited Consolidated Balance Sheets.

It is not the general practice of the Company to enter into off-balance sheet arrangements or issue guarantees to third parties. The Company does not have any material source of liquidity or financing that involves off-balance sheet arrangements. Other than items noted above, off-balance sheet arrangements are generally limited to the future payments due under various agreements with third-party service providers.

#### Recent Accounting Standards

No recent accounting pronouncements are expected to have a material impact on the Company's financial position and results of operations. Please refer to Note 1 to the unaudited Consolidated Financial Statements included in this Quarterly Report on Form 10-Q for further information regarding the Company's basis of presentation and significant accounting policies.

#### Safe Harbor for Forward-Looking Statements

This Quarterly Report on Form 10-Q, as well as information included in future filings by the Company with the SEC and information contained in written material, press releases and oral statements issued by or on behalf of the Company, contains, or may contain, "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 (the "Exchange Act"), that reflect management's current outlook for future periods. These statements may be identified by the use of words such as "plan," "expect," "aim," "believe," "project," "anticipate," "intend," "estimate," "should," "could," "would" and other expressions that indicate future events and trends. All statements that address expectations or projections about the future, including statements about the Company's strategy for growth, product and service development, market share position, claims, expenditures, financial results and cash requirements, are forward-looking statements. Without limitation, projected developments in mortgage interest rates and the overall economic environment set forth in "Management's Discussion and Analysis of Financial Condition and Results of Operations - Business Trends and Recent Conditions" constitute forward-looking statements. Forward-looking statements are based on certain assumptions and expectations of future events that are subject to a number of risks and uncertainties. Actual future results and trends may differ materially from historical results or those projected in any such forward-looking statements depending on a variety of factors, including, but not limited to, the following:

- changes in interest rates and real estate values;
- changes in general economic, business, and political conditions, including the performance of the financial and real estate markets; markets and the effects of a shutdown of the U.S. Government;
- the impact of inflation;
- the impact of the ongoing geopolitical conflicts including the military conflict between Russia and Ukraine;
- potential reform of government sponsored entities;
- the level of real estate transaction volumes, the level of mortgage origination volumes (including refinancing), the mix of title insurance between markets with varying real estate values, changes to the insurance requirements of the participants in the secondary mortgage market, and the effect of these factors on the demand for title insurance;

- the possible inadequacy of the provision for claims to cover actual claim losses;
- the incidence of fraud-related losses;
- the impact of cyberattacks (including ransomware attacks) and other cybersecurity events, including damage to the Company's reputation in the event of a serious IT breach or failure;
- the impact of COVID-19, including its variants, or other pandemics, climate change, severe weather conditions or the occurrence of another catastrophic event;
- unanticipated adverse changes in securities markets that could result in material losses to the Company's investments;
- significant competition that the Company's operating subsidiaries face, including the Company's ability to develop and offer products and services that meet changing industry standards in a timely and cost-effective manner and expansion into new geographic locations;
- the Company's reliance upon the North Carolina, Texas, South Carolina and Georgia markets for a significant portion of its premiums;
- compliance with government regulation, including pricing regulation, and significant changes to applicable regulations or in their application by regulators;
- the impact of governmental oversight of compliance of the Company's service providers, including the application of financial regulation designed to protect consumers;
- possible downgrades from a rating agency, which could result in a loss of underwriting business;
- the inability of the Company to manage, develop and implement technological advancements and prevent system interruptions or unauthorized system intrusions;
- statutory requirements applicable to the Company's insurance subsidiaries that require them to maintain minimum levels of capital, surplus and reserves and that restrict the amount of dividends they may pay to the Company without prior regulatory approval;
- the desire to maintain capital above statutory minimum requirements for competitive, marketing and other reasons;
- heightened regulatory scrutiny and investigations of the title insurance industry;
- the Company's dependence on key management and marketing personnel, the loss of whom could have a material adverse effect on the Company's business;
- difficulty managing growth, whether organic or through acquisitions;
- unfavorable economic or other conditions could cause the Company to record impairment charges for all or a portion of its goodwill and other intangible assets;
- policies and procedures for the mitigation of risks may be insufficient to prevent losses;
- the shareholder rights plan could discourage transactions involving actual or potential changes of control; and
- other risks detailed elsewhere in this document and in the Company's other filings with the SEC.

These and other risks and uncertainties may be described from time to time in the Company's other reports and filings with the SEC. For more details on factors that could affect expectations, see the 2022 Form 10-K, including under the heading "Risk Factors." The Company is not under any obligation (and expressly disclaims any such obligation) and does not undertake to update or alter any forward-looking statements to reflect circumstances or events that occur after the date the forward-looking statements are made. You should consider the possibility that actual results may differ materially from our forward-looking statements.

#### Item 3. Quantitative and Qualitative Disclosures About Market Risk

Item not required for smaller reporting companies.

#### Item 4. Controls and Procedures

##### Disclosure Controls and Procedures

The Company's disclosure controls and procedures are designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified by the SEC's rules and forms. Disclosure controls and procedures include controls and procedures designed to ensure that information required to be disclosed in such reports is accumulated and communicated to the Company's management as appropriate to allow timely decisions regarding required disclosure.

No system of controls, no matter how well designed and operated, can provide absolute assurance that the objectives of the system of controls are met, and no evaluation of controls can provide absolute assurance that the system of controls has operated effectively in all cases. The Company's disclosure controls and procedures, however, are designed to provide reasonable assurance that the objectives of disclosure controls and procedures are met.

Pursuant to Rule 13a-15(b) under the Exchange Act, an evaluation was performed under the supervision and with the participation of the Company's management, including its Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of June 30, 2023 September 30, 2023 to provide reasonable assurance that the objectives of disclosure controls and procedures are met.

##### Changes in Internal Control Over Financial Reporting

During the quarter ended June 30, 2023 September 30, 2023, there were no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

## PART II. OTHER INFORMATION

#### Item 1. Legal Proceedings

See discussion of legal proceedings in Note 7 to the Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q, which is incorporated by reference into this Part II, Item 1.

#### Item 1A. Risk Factors

There have been no material changes in the risk factors previously disclosed under Item 1A of the Company's 2022 Form 10-K.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

The following table provides information about purchases by the Company (and all affiliated purchasers), during the quarter ended June 30, 2023, of equity securities that are registered by the Company pursuant to Section 12 of the Exchange Act:

Period	Issuer Purchases of Equity Securities (unrounded)			Maximum Number of Shares that May Yet Be Purchased Under the Plan (1)
	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plan	
<b>Beginning of period</b>				427,216
<b>April 1 through April 30, 2023</b>	—	\$ —	—	427,216
<b>May 1 through May 31, 2023</b>	—	—	—	427,216
<b>June 1 through June 30, 2023</b>	7,000	137.00	7,000	420,216
<b>Total</b>	<b>7,000</b>	<b>\$ 137.00</b>	<b>7,000</b>	<b>420,216</b>

(1) On November 9, 2015, the Board of Directors of the Company approved the purchase of an additional 163,335 shares pursuant to the Company's repurchase plan, such that there was authority remaining under the plan to purchase up to an aggregate of 500,000 shares of the Company's common stock pursuant to the plan immediately after this approval. During the quarter ended June 30, 2023, the Company purchased a total of 7,000 shares. No repurchases of the Company's common stock under the repurchase plan were conducted during the quarter ended September 30, 2023. As of June 30, 2023, September 30, 2023, there was authority remaining under the plan to purchase up to an aggregate of 420,216 shares of the Company's common stock. Unless terminated earlier by resolution of the Board of Directors, the plan will expire when all shares authorized for purchase under the plan (as such number may be amended by the Board from time to time) have been purchased. The Company anticipates making further purchases under this plan from time to time in the future, depending on such factors as the prevailing market price of the Company's common stock, the Company's available cash and the existing alternative uses for such cash.

**Item 3. Defaults Upon Senior Securities**

None.

**Item 4. Mine Safety Disclosures**

Not Applicable.

**Item 5. Other Information**

**None. Trading Arrangements**

During the three-month period ended September 30, 2023, none of the Company's directors or executive officers adopted or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408 of Regulation S-K.

**Amended and Restated Bylaws**

On November 6, 2023, in connection with the new SEC rules regarding universal proxy cards and a periodic review of the Company's bylaws, the Board of Directors adopted and approved amended and restated bylaws (the "Amended and Restated Bylaws"), which became effective the same day. Among other things, the Amended and Restated Bylaws:

- enhance the procedural mechanics and disclosure requirements in connection with shareholder nominations of directors and business proposals made in connection with meetings of shareholders by, among other things:
  - requiring a shareholder delivering a nomination notice to comply in all respects with the requirements of Regulation 14A under the Exchange Act (including, without limitation, the requirements of new Rule 14a-19);
  - expanding the amount of required information shareholders must provide, including implementing a requirement that the shareholder soliciting proxies for directors other than those nominated by the Company must provide a written undertaking to solicit at least 67% of the voting power entitled to vote;
  - requiring the Company to disregard proxies that were solicited if the shareholder fails to comply with certain provisions of Rule 14a-19;
  - requiring that a shareholder soliciting proxies from other shareholders use a color other than white for the proxy card; and

- make various other updates, including technical, ministerial, and conforming changes related to recent amendments to the North Carolina Business Corporation Act, including the addition of provisions related to holding meetings of the Company's shareholders and Board of Directors by remote communication.

The foregoing description of the Amended and Restated Bylaws does not purport to be complete and is subject to and qualified in its entirety by the full text of the Amended and Restated Bylaws, copies of which are filed as Exhibits 3.1 (clean) and 3.2 (redlined) hereto and incorporated by reference herein.

Item 6. Exhibits

3.1	<a href="#">Amended and Restated Bylaws, dated November 6, 2023 (clean)</a>
3.2	<a href="#">Amended and Restated Bylaws, dated November 6, 2023 (redline)</a>
31(i)	<a href="#">Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
31(ii)	<a href="#">Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
32	<a href="#">Certifications of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
101.INS	Inline XBRL Instance Document*
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
104	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101)

\* - The instance document does not appear in the Interactive Data File as its XBRL tags are embedded within the Inline XBRL document

SIGNATURE

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

INVESTORS TITLE COMPANY

By: /s/ James A. Fine, Jr.  
 James A. Fine, Jr., President, Treasurer, Chief  
 Financial Officer, Chief Accounting Officer and  
 Director (*Principal Financial Officer and*  
*Principal Accounting Officer*)

Dated: August 9, 2023 November 8, 2023

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**BYLAWS  
OF  
INVESTORS TITLE COMPANY**

**AMENDED AND RESTATED AS OF NOVEMBER 6, 2023**

**ARTICLE I.**

**OFFICES**

Section 1. **Principal Office:** The principal office of Investors Title Company (the "Corporation") shall be located at 121 North Columbia Street, Chapel Hill, North Carolina.

Section 2. **Registered Office:** The registered office of the Corporation required by law to be maintained in the State of North Carolina may be, but need not be, identical with the principal office.

Section 3. **Other Offices:** The Corporation may have offices at such other places, either within or without the State of North Carolina, as the Board of Directors may from time to time determine, or as the affairs of the Corporation may require.

**ARTICLE II.**

**MEETING OF SHAREHOLDERS**

Section 1. **Time and Place of Meetings:** All meetings of shareholders shall be held at the principal office of the Corporation, or at such other place, either within or without the State of North Carolina, and on such date and at such time as may be determined from time to time by the Board of Directors.

Section 2. **Participation by Remote Communication:** The Board of Directors may authorize shareholders to participate in the meeting by means of remote communication, videoconference, teleconference, or other available technology, subject to any guidelines and procedures adopted by the board of directors. For any meeting in which shareholders participate by means of remote communication, the Corporation shall implement reasonable measures to:

- (a) verify that each person participating by remote communication is a shareholder; and
- (b) provide each shareholder participating by remote communication a reasonable opportunity to participate in the meeting and to vote on matters submitted to the shareholders, including an opportunity to communicate, and read or hear the proceedings of the meeting in a substantially concurrent manner.

Section 3. **Annual Meetings:** The annual meeting of shareholders shall be held within the time period prescribed by applicable law for the election of directors and to transact such other business as may properly be brought before the meeting.

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Section 4. **Special Meetings:** Special meetings of the shareholders may be called by any of the following: (a) the Chairman of the Board of Directors; (b) the President of the Corporation; (c) the Board of Directors upon the affirmative vote of at least seventy-five percent (75%) of the entire Board of Directors; or (d) the shareholders upon written request of those persons holding of record not less than eighty percent (80%) of the total voting power of the shares entitled to vote thereon.

Section 5. **Notice of Meetings:** Written or printed notice stating the date, time and place of the meeting shall be delivered no fewer than 10 nor more than 60 days before the date thereof, by any means of communication permitted under or authorized by the North Carolina Business Corporation Act, including without limitation, personally, by electronic means, or by mail or private carrier, by or at the direction of the President or the other person calling the meeting, to each shareholder of record entitled to vote at such meeting and to each nonvoting shareholder entitled to notice of the meeting. If the Corporation is required by law to give notice of proposed action to nonvoting shareholders and the action is to be taken without a meeting pursuant to Section 11 of this Article II, written notice of such proposed action shall be delivered to such shareholders not less than 10 days before such action is taken. If these forms of personal notice are impracticable as to one or more persons, notice may be communicated to such persons by publishing notice in a newspaper in the county where the Corporation has its principal place of business in North Carolina or by radio, television or other broadcast communication.

If notice is mailed, such notice shall be effective when deposited in the United States mail with postage thereon prepaid and correctly addressed to the shareholder's address shown in the Corporation's current record of shareholders.

If the Board of Directors has authorized participation at the meeting by means of remote communication, the notice shall also describe the means of remote communication to be used.

In the case of an annual meeting, the notice of meeting need not specifically state the business to be transacted thereat unless it is a matter with respect to which specific notice to the shareholders is expressly required by the provisions of the North Carolina Business Corporation Act. In the case of a special meeting, the notice of meeting shall specifically state the purpose or purposes for which the meeting is called.

If an annual or special shareholders' meeting is adjourned to a different date, time, or place, if any, notice need not be given of the new date, time, place, or means of remote communication, if applicable, if the new date, time, place, if any, and means of remote communication, if applicable, is announced at the meeting before the adjournment. If a new record date for the adjourned meeting is or must be fixed under the provisions of the North Carolina Business Corporation Act, notice of the adjourned meeting must be given to persons who are shareholders as of the new record date.

The record date for determining the shareholders entitled to notice of and to vote at an annual or special meeting shall be fixed as provided in Section 3 of Article VII.

Section 6. **Waiver of Notice.** A shareholder may waive notice of any meeting either before or after such meeting. Such waiver shall be in writing, signed by the shareholder, and filed with the minutes or corporate records. A shareholder's attendance at a meeting in person or by proxy: (i) waives objection to lack of notice or defective notice of the meeting, unless the shareholder or his proxy at the beginning of the meeting objects to holding the meeting or transacting business at the meeting; and (ii) waives objection to consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice, unless the shareholder or his proxy objects to considering the matter before it is voted upon.

## Section 7. Voting Lists:

(a) Commencing two business days after notice of a meeting of shareholders is given and continuing through such meeting, the secretary of the Corporation shall maintain at (i) the principal office of the Corporation, or at a place identified in the meeting notice in the city where the meeting will be held or (ii) on a reasonably accessible electronic network, an alphabetical list of the shareholders entitled to vote at such meeting, arranged by voting group, with the address of and number of shares held by each. This list shall be subject to inspection by any shareholder or his agent or attorney at any time during usual business hours and, subject to the requirements of North Carolina General Statute 55-16-02(c), may be copied at the shareholder's expense.

(b) If the meeting is to be held at a place, the shareholder list shall be made available at the meeting and any shareholder, or his representative, may inspect the list at any time during the meeting or any adjournment thereof. If the meeting is to be held solely by means of remote communication, then the list shall also be open to inspection during the meeting on a reasonably accessible electronic network, and the information required to access the list shall be provided with the notice of the meeting.

## Section 8. Quorum; Adjournment; Postponement:

(a) The holders of a majority of the shares entitled to vote, represented in person or by proxy, shall constitute a quorum at meetings of shareholders. If there is no quorum at the opening of a meeting of shareholders, such meeting may be adjourned or recessed from time to time by the Presiding Officer (as defined in Section 9(a) of this Article II) or by the vote of a majority of the shares voting on the motion to adjourn or recess; and, at any adjourned or recessed meeting at which a quorum is present, any business may be transacted which might have been transacted at the original meeting.

The shareholders at a meeting at which a quorum is present may continue to do business until adjournment or recess, notwithstanding the withdrawal of enough shareholders to leave less than a quorum.

(b) Whether or not a quorum is present, the Presiding Officer may adjourn or recess any meeting of shareholders at any time and for any reason to reconvene at a different date, time or place, consistent with the notice provisions above. At the adjourned or recessed meeting, the Corporation may transact any business which might have been transacted at the original meeting.

(c) The Board of Directors may, at any time prior to the holding of a meeting of shareholders, and for any reason, cancel, postpone or reschedule such meeting upon public notice given prior to the time previously scheduled for such meeting of shareholders. The meeting may be postponed or rescheduled to such time and place as is specified in the notice of postponement or rescheduling of such meeting, which notice shall be given in accordance with Section 5 of this Article II.

#### Section 9. Manner of Conducting Meetings:

(a) At each meeting of shareholders, the Chairman, or in the Chairman's absence, the director or officer designated by the Chairman or the Board of Directors, shall act as the "Presiding Officer." The Secretary shall act as secretary of the meeting, but in the absence of the Secretary, the Presiding Officer may appoint any person to act as secretary of the meeting.

(b) The date and time of the opening and the closing of the polls for each matter upon which the shareholders will vote at a meeting shall be announced at the meeting by the Presiding Officer. The Board of Directors may adopt by resolution such rules and regulations for the conduct of the meeting of shareholders as it shall deem appropriate and which do not conflict with applicable provisions of law, the articles of incorporation of the Corporation or any amendment thereto and these bylaws. Except to the extent inconsistent with applicable provisions of law or this Corporation's articles of incorporation, these bylaws and such rules and regulations as adopted by the Board of Directors, the Presiding Officer may prescribe such rules, regulations and procedures and do all such acts as, in the judgment of such Presiding Officer, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board of Directors or prescribed by the Presiding Officer, may include, without limitation, the following: (i) the establishment of an agenda or order of business for the meeting; (ii) rules and procedures for maintaining order at the meeting and the safety of those present; (iii) limitations on attendance at or participation in the meeting to shareholders entitled to vote at the meeting, their duly authorized and constituted proxies or such other persons as the Presiding Officer shall determine; (iv) restrictions on entry to the meeting after the time fixed for the commencement thereof; (v) restrictions on the use of audio or video recording devices at the meeting and (vi) limitations on the time allotted to questions or comments by participants.

Section 10. Voting of Shares: Each outstanding share having voting rights shall be entitled to one vote on each matter submitted to a vote at a meeting of shareholders.

Except in the election of directors, the vote of a majority of the shares voted on any matter at a meeting of shareholders at which a quorum is present shall be the act of the shareholders on that matter, unless the vote of a greater number is required by law or by the articles of incorporation or bylaws of this Corporation.

Section 11. Either the Board of Directors or the Chairman of the meeting may appoint one or more voting inspectors, each of whom shall take an oath to execute his duties impartially and to the best of his or her ability. The voting inspectors shall, by majority vote, resolve all questions regarding voting of shares, including the number of shares outstanding, the voting power of each, the shares represented at the meeting, the qualification of voters, the validity of proxies, the existence of a quorum as to any voting group, and the acceptance, rejection and tabulation of votes. Informal Action by Shareholders: Any action which may be taken at a meeting of the shareholders may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the persons who would be entitled to vote upon such action at a meeting, and delivered to the Corporation for inclusion in the minutes or filing with the corporate records.

#### Section 12. Advance Notice of Shareholder Nominations and Proposals:

(a) At any meeting of the shareholders, no nomination for election to the Board of Directors or other business shall be brought before the meeting, or considered or acted upon at the meeting, unless such nomination, or the proposal for such other business, as the case may be, either (i) was specifically set forth in the notice of meeting given by the Corporation or by the other person or persons duly calling the meeting (or was referred to in such notice of meeting and specifically set forth in an accompanying proxy statement, information statement or other document), (ii) is otherwise made by or at the direction of the Board of Directors or a duly authorized committee thereof, or (iii) is made by or on behalf of a shareholder of the Corporation who was a shareholder of record at the time the notice provided for in this Article II, Section 12 is received by the Secretary and at the time of the meeting, who is entitled to vote at the meeting and who complies with the requirements of this Section 12 with respect to such nomination or proposal. For the avoidance of

doubt, the foregoing clause (iii) shall be the exclusive means for a shareholder to make nominations or submit other business other than matters properly brought in accordance with Rule 14a-8 under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

(b) For nominations or other business to be properly brought before a meeting by a shareholder in compliance with the requirements of this Section 12, the shareholder must have (1) given timely notice in writing to the Secretary of the Corporation of such shareholder's intent to make a nomination or to bring any other business before the meeting, which notice shall include the applicable information required by subsection (c) below and (2) complied in all respects with the requirements of Regulation 14A under the Exchange Act, including, without limitation, the requirements of Rule 14a-19 (as such rule and regulations may be amended from time to time by the U.S. Securities and Exchange Commission (the "Commission"), including any Commission Staff interpretations relating thereto). In the case of an annual meeting, such notice, to be timely, shall be received by the Secretary at the principal executive offices of the Corporation 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; provided, however, that in the event that the actual date of the annual meeting as to which the notice is provided is more than 30 days before or more than 60 days after such anniversary date, notice by the shareholder must be so delivered not earlier than the close of business on the 120th day prior to such annual meeting and not later than the close of business on the later of the 90th day prior to such annual meeting or, if the first public announcement of the date of such annual meeting is less than 90 days prior to the date of such annual meeting, the tenth day following the day on which public announcement of the date of such meeting is first made by the Corporation. In the case of a special meeting at which directors are to be elected, the shareholder may nominate a person or persons for election as director if the shareholder's notice is so delivered to the Secretary of the Corporation not earlier than the earlier of the date on which a public announcement of the date of such meeting is first made by the Corporation or the date on which notice of the special meeting is first sent to shareholders, and not later than the close of business on the 15th day following the earlier of such date of first public announcement or the date on which notice of the special meeting was first sent unless the date of such special meeting is more than 105 days after the earlier of such dates, in which case such notice may be delivered no later than the 90th day preceding the date of such special meeting. The number of nominees a shareholder may nominate for election at a special meeting shall not exceed the number of directors to be elected at such special meeting. In the case of a special meeting at which directors are not to be elected, the only business that may be conducted at such a meeting is that within the purpose or purposes described in the meeting notice, and consequently a shareholder shall not have the right to make a proposal pursuant to clause (iii) of subsection (a) above. In no event shall any adjournment, recess or postponement of any meeting of shareholders or the announcement thereof commence a new time period for the giving of a shareholder's notice as described above.

(c) The notice by a shareholder pursuant to subsection (b) above shall set forth the following information, as applicable:

(i) as to the shareholder giving the notice and the Shareholder Associated Person (as defined in subsection (j) below, if any, on whose behalf the nomination or proposal is made (including any affiliate or associate) of such shareholder or Shareholder Associated Person): (A) the name and address of such shareholder (as they appear on the Corporation's books) and of any such Shareholder Associated Person; (B) a representation that the shareholder is a holder of record of stock entitled to vote at such meeting, will continue to be a holder of record of stock entitled to vote at such meeting through the date of such meeting and intends to appear in person or by proxy at the meeting to make the nomination, proposal or other business specified in the notice; (C) the class or series and number of shares of capital stock of the Corporation which are, directly or indirectly, held of record or are beneficially owned (within the meaning of Rule 13d-3 under the Exchange Act) by such shareholder or by any such Shareholder Associated Person (except that such shareholder and any such Shareholder Associated Person shall in all events be deemed to beneficially own any shares of any class or series of the Corporation as to which such shareholder or Shareholder Associated Person has a right to acquire beneficial ownership at any time in the future); (D) a complete and accurate description of any agreement, arrangement or understanding between or among such shareholder and any such Shareholder Associated Person, any of their respective affiliates or associates, and any other person or persons (including their names) in connection with the proposal of such nomination, proposal or other business; (E) a complete and accurate description and the amounts of any options, warrants, convertible securities, stock appreciation rights or other rights with an exercise or conversion privilege or a settlement payment or mechanism at a price related to that of any class or series of shares of the Corporation or with a value derived in whole or in part from the price or value, or volatility of prices or values, of shares of any class or series of the Corporation, whether or not such instrument or right shall be subject to settlement in the underlying shares of the Corporation or otherwise and whether or not the shareholder or Shareholder Associated Person may have entered into any hedge or other transaction to mitigate the economic effect of such rights, directly or indirectly owned beneficially by such shareholder or Shareholder Associated Person, and any other direct or indirect opportunity of such shareholder or Shareholder Associated Person, through a derivative instrument, swap, or other transaction, series of transactions, or arrangement, to profit or share in any profit derived from any increase or decrease in the price or value of the shares of the Corporation ("Derivative Rights"); (F) a complete and accurate description of any rights to dividends on the shares of any class or series of the Corporation owned beneficially by such shareholder or such Shareholder Associated Person that are separated or separable from the underlying shares of the Corporation; (G) a complete and accurate description of any proxy, contract, event, arrangement, understanding, or relationship pursuant to which such shareholder and such Shareholder Associated Person, if any, has a right to vote or has granted the right

to vote any shares or any other security of the Corporation; (H) a complete and accurate description of any short interest of such shareholder or Shareholder Associated Person in any shares or other security of the Corporation (for purposes of these bylaws, a person shall be deemed to have a short interest in a security if such person directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has the opportunity to profit or share in any profit derived from any decrease in the value of the subject security); (I) a complete and accurate description of any proportionate interest in shares of the Corporation or Derivative Rights held, directly or indirectly, by a general or limited partnership in which such shareholder or such Shareholder Associated Person is a general partner or, directly or indirectly, beneficially owns an interest in a general partner; (J) a complete and accurate description of any performance-related fees that such shareholder or Shareholder Associated Person is entitled to receive, either directly or indirectly, based on any increase or decrease in the value of shares of the Corporation or Derivative Rights; (K) the name of each person with whom such shareholder, or Shareholder Associated Person, or nominee has any agreement, arrangement or understanding (whether written or oral) (1) for the purposes of acquiring, holding, voting (except pursuant to a revocable proxy given to such person in response to a public proxy made generally by such person to all holders of shares of the Corporation) or disposing of any shares of capital stock of the Corporation, (2) to cooperate in

obtaining, changing or influencing the control of the Corporation (except independent financial, legal and other advisors acting in the ordinary course of their respective businesses), (3) with the effect or intent of increasing or decreasing the voting power of, or that contemplates any person voting together with, any such shareholder or Shareholder Associated Person with respect to any shares of the capital stock of the Corporation, any business proposed by a shareholder and a description of each such agreement, arrangement or understanding; (L) a list of all transactions by such shareholder and any Shareholder Associated Person involving any securities of the Corporation or any Derivative Rights within the six-month period prior to the date of the notice; (M) to the extent not disclosed in clause E above, the principal amount of any indebtedness of the Corporation or any of its subsidiaries beneficially owned by such shareholder or by any such Shareholder Associated Person, together with the title of the instrument under which such indebtedness was issued and a description of any Derivative Right entered into by or on behalf of such shareholder or such Shareholder Associated Person relating to the value or payment of any indebtedness of the Corporation or any such subsidiary; (N) any other information relating to such shareholder and any Shareholder Associated Person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for the proposal pursuant to Section 14(a) and Regulation 14A of the Exchange Act, and the rules and regulations thereunder; (O)(1) in the case of a proposal of business other than nominations, a representation as to whether such shareholder or any such Shareholder Associated Person intends or is part of a group that intends to (x) deliver a proxy statement and/or form of proxy to holders of at least the percentage of the voting power of the Corporation's outstanding capital stock required to approve or adopt the proposal or to elect each such nominee and/or (y) otherwise to solicit proxies from shareholders in support of such proposal or nomination and (2) in the case of any solicitation with respect to nominations that is subject to Rule 14a-19 of the Exchange Act, a written undertaking by the shareholder or Shareholder Associated Person that such shareholder or Shareholder Associated Person will deliver to beneficial owners of shares representing at least 67% of the voting power of the stock entitled to vote generally in the election of directors either (x) at least 20 calendar days before the annual meeting, a copy of its definitive proxy statement for the solicitation of proxies for its director candidates or (y) at least 40 calendar days before the annual meeting a Notice of Internet Availability of Proxy Materials that would satisfy the requirements of Rule 14a-16(d) of the Exchange Act; and (Q) any proposal or nominations submitted on behalf of such shareholder or any Shareholder Associated Person seeking to nominate directors at any other company's board of directors with a class of equity securities registered pursuant to Section 12 of the Exchange Act within the past 36 months (whether or not such proposal or nomination was publicly disclosed);

(ii) as to each person whom the shareholder proposes to nominate for election or reelection as a director: (A) the name, age, business address and residence address of such person; (B) the principal occupation or employment of such person (present and for the past five (5) years); (C) the class or series and number of shares of capital stock of the Corporation which are owned beneficially and of record by such person; (D) a complete and accurate description of all arrangements or understandings between or among any of the shareholder, any Shareholder Associated Person, each nominee, and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the shareholder; (E) all information regarding each nominee that would be required to be obtained or disclosed in solicitations of proxies for election of directors in an election contest pursuant to Regulation 14A under the Exchange Act, and the rules and regulations thereunder, including without limitation such person's written consent to (1) being named in any proxy statement as a nominee and any associated proxy card, (2) being named as a nominee and to serving as a director, if elected, and (3) providing information that the Board requests to determine whether such person qualifies as an independent director under applicable rules, regulations and guidelines; (F) a complete and accurate description of all direct and indirect compensation and other material monetary agreements, arrangements and undertakings during the past three years, and other material relationships, between such shareholder and any Shareholder Associated Person, if any, on the one hand, and each proposed nominee, and his or her respective affiliates and associates or others acting in concert with such nominee on the other hand, including, without limitation all information that would be required to be disclosed pursuant to Item 404 promulgated under Regulation S-K if such shareholder or Shareholder Associated

Person were the "registrant" pursuant to Regulation S-K of the Commission and such proposed nominee were a director or executive officer of such registrant; (G) a completed and signed questionnaire and written representation and agreement, each as required by Article II, Section 12(i); and (H) an undertaking by each proposed nominee to promptly furnish such information (1) as may reasonably be requested by the Corporation to determine the eligibility of such proposed nominee to serve as an independent director of the Corporation in accordance with the Corporation's internal governance guidelines or (2) that could be material to a reasonable shareholder's understanding of the independence, or lack thereof, of such nominee, and any other information of the type requested from and provided by persons nominated by the Board of Directors or a committee thereof; and

(iii) as to any other business (other than the nomination of directors) that the shareholder proposes to bring before the meeting, (A) a brief description of the business desired to be brought before the meeting; (B) the text of the proposal or business (including the complete text of any resolutions proposed for consideration and in the event that such business includes a proposal to amend these bylaws, the text of the proposed amendment); (C) a complete and accurate description of all agreements, arrangements and understandings between or among such shareholder and such Shareholder Associated Person, if any, and any other person or persons (including their names and addresses) in connection with the proposal of such business; (D) the reasons for conducting such business at the meeting; and (E) a complete and accurate description of any material interest in such business of such shareholder and the Shareholder Associated Person, if any, on whose behalf the proposal is made.

(d) A shareholder providing notice of business or any nomination proposed to be brought before a meeting shall further update and supplement such notice, if necessary, so that the information provided or required to be provided in such notice pursuant to this Section 12 shall be true and correct (i) as of the record date for the meeting and (ii) as of the date that is ten (10) business days prior to the meeting or any adjournment, recess, rescheduling or postponement thereof, and such update and supplement shall be delivered to, or mailed and received by, the secretary of the Corporation not later than five (5) business days after the record date for the meeting (in the case of the update and supplement required to be made as of the record date) and not later than seven (7) business days prior to the date for the meeting, if practicable (or, if not practicable, on the first practicable date prior to) or any adjournment, recess, rescheduling or postponement thereof (in the case of the update and supplement required to be made as of ten (10) business days prior to the meeting or any adjournment, recess, rescheduling or postponement thereof). For the avoidance of doubt, the obligation to supplement as set forth in this paragraph or any other section of these bylaws shall not (A) limit the Corporation's rights with respect to any deficiencies in any notice provided by a shareholder, (B) extend any applicable deadlines hereunder, or (C) enable or be deemed to permit a shareholder who has previously submitted notice hereunder to amend or update any proposal or to submit any new proposal, including by changing or adding nominees, matters, business or resolutions proposed to be brought before a meeting of the shareholders.

(e) Except as otherwise required by applicable law, the Presiding Officer at any meeting of the shareholders shall have the power and duty to determine whether any nomination or proposal made by or on behalf of a shareholder is made in compliance with the requirements set forth in this Section 12 and applicable law and, if in accordance with the Presiding Officer's determination any proposed nomination or proposal is not in compliance with this Section 12 or applicable law, to declare that such defective nomination or proposal is out of order or that a matter or business was not properly brought before the meeting and shall not be considered or acted upon. Without limiting the foregoing and notwithstanding the foregoing provisions of this Section 12, unless otherwise required by applicable law, (i) if a shareholder or Shareholder Associated Person (A) provides notice pursuant to this Section 12 and Rule 14a-19(b) under the Exchange Act with respect to a nomination for election to the board of directors and (B) subsequently fails to comply with the requirements of Rule 14a-19(a)(2) and Rule 14a-19(a)(3) under the Exchange Act (or fails to timely provide reasonable evidence sufficient to satisfy the Corporation that such shareholder or Shareholder Associated Person has met the requirements of Rule 14a-19(a)(3)), or (ii) if the shareholder (or a qualified representative of the shareholder) does not appear at the annual or special meeting of shareholders of the Corporation to present a nomination or proposed business, such nomination shall be disregarded and such proposed business shall not be transacted, notwithstanding that proxies in respect of such vote may have been received by the Corporation. Upon request by the Corporation, if any shareholder or Shareholder Associated Person provides notice pursuant to Rule 14a-19(b) promulgated under the Exchange Act, such shareholder or Shareholder Related Person shall deliver to the Corporation, no later than five (5) business days prior to the applicable meeting date, reasonable evidence that the shareholder or Shareholder Associated Person has met the requirements of Rule 14a-19(a)(3) promulgated under the Exchange Act. For purposes of this Section 12(e), to be considered a qualified representative of the shareholder, a person must be a duly authorized officer, manager or partner of such shareholder or must be authorized by a writing executed by such shareholder or an electronic transmission delivered by such shareholder to act for such shareholder as proxy at the meeting of shareholders and such person must produce such writing or electronic transmission, or a reliable reproduction of the writing or electronic transmission, at the meeting of shareholders. This Section 12 has been adopted to provide shareholders with the reasonable opportunity to bring nominations or other business before meetings of the shareholders, consistent with the interests of the Corporation in promoting the orderly, deliberate and informed presentation, consideration and conduct of business at meetings of the shareholders of the Corporation, and shall be construed accordingly.

(f) Nothing in this Section 12 shall impair, or be affected by, any right of any shareholder to request that a proposal be included in the Corporation's notice of meeting and proxy statement to the extent that such right is provided under the Exchange Act, including without limitation Rule 14a-8 under the Exchange Act or any other rules then applicable; but nothing in this Section 12 is intended to in any way enlarge any such right of a shareholder thereunder or to in any way limit the Corporation's right, if any, thereunder to exclude any such proposal from its notice of meeting or proxy statement, it being intended that the provisions of this Section 12 operate independently of the operation of the Exchange Act thereunder. For the avoidance of doubt, in addition to the provisions of this Section 12, a shareholder who seeks to have any proposal included in the Corporation's proxy statement also shall comply with the requirements of the Exchange Act, and the rules and regulations promulgated thereunder, including without limitation, Regulation 14A.

(g) Nothing in this Section 12 shall confer upon any shareholder the right to bring before any meeting of shareholders any proposal or other matter that, under applicable law, may be brought before such meeting only by action of the Board of Directors, or that otherwise may not be properly brought before a meeting of shareholders.

(h) Nothing in this Section 12 shall affect any right of any shareholder to make recommendations to the Board of Directors or any committee thereof as to nominations for directors or any other matter in accordance with policies and procedures therefor from time to time adopted by the Board of Directors or any committee thereof.

(i) To be eligible to be a nominee for election or reelection as a director of the Corporation, a proposed nominee must deliver (in accordance with the time periods prescribed for delivery of notice under this Section 12 and applicable law) to the secretary of the Corporation at the principal executive offices of the Corporation a written questionnaire with respect to the background and qualification of such person and the background of any other person or entity on whose behalf the nomination is being made (which questionnaire shall be provided by the secretary of the Corporation upon written request) and a written representation and agreement (in the form provided by the secretary of the Corporation upon written request) that such person (i) is not and will not become a party to (A) any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a director of the Corporation, will act or vote on any issue or question (a "Voting Commitment") that has not been disclosed to the Corporation or (B) any Voting Commitment that could limit or interfere with such person's ability to comply, if elected as a director of the Corporation, with such person's fiduciary duties under applicable law, (ii) is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than the Corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director of the Corporation that has not been disclosed to the Corporation, and (iii) in such person's individual capacity and on behalf of any person or entity on whose behalf the nomination is being made, would be in compliance, if elected as a director of the Corporation, and will comply with all applicable publicly disclosed corporate governance, conflict of interest, confidentiality and stock ownership and trading policies and other guidelines of the Corporation.

(j) Any shareholder or Shareholder Associated Person directly or indirectly soliciting proxies from other shareholders of the Corporation must use a proxy card color other than white, which shall be reserved for the exclusive use for solicitation by the Board of Directors.

(k) As used in this Section 12, (i) "Shareholder Associated Person" shall mean, with respect to a shareholder, (A) any beneficial owner of shares of stock of the Corporation, including interests held by members of such shareholder's immediate family sharing the same household, on whose behalf any proposal or nomination is made by such shareholder; (B) any affiliates or associates of such shareholder or any beneficial owner described in clause (A) hereof; and (C) each other person with whom any of the persons described in the foregoing clauses (A) and (B) either is acting in concert with such shareholder with respect to the Corporation or has any agreement, arrangement or understanding (whether written or oral) for the purpose of acquiring, holding, voting (except pursuant to a revocable proxy given to such person in response to a public proxy solicitation made generally by such person to all shareholders entitled to vote at the meeting) or disposing of any capital stock of the Corporation or to cooperate in obtaining, changing or influencing the control of the Corporation (except independent financial, legal and other advisors acting in the ordinary course of their respective businesses); (ii) the term "person" includes an entity as well as an individual; (iii) "public announcement" shall mean disclosure (A) in a press release reported by the Dow Jones News Service, the Associated Press or any comparable national news service, (B) in a document publicly filed by the Corporation with the Commission pursuant to Section 13, 14, or 15(d) of the Exchange Act or (C) in a notice of meeting (or any supplement) pursuant to Article II, Section 5 of these bylaws; (iv) "affiliate" and "associate" shall have the respective meanings set forth in Rule 12b-2 of the Exchange Act (or any successor provision thereto); and (v) "close of business" shall mean 5:00 p.m. local time at the principal executive offices of the Corporation on any calendar day, whether or not a business day.

## ARTICLE III.

### DIRECTORS

Section 1. General Powers: All corporate powers shall be exercised by or under the authority of, and the business and affairs of the Corporation shall be managed by or under the direction of, the Board of Directors or, subject to the authority and direction of the full Board of Directors, by such Executive Committees as the Board of Directors may establish pursuant to these bylaws.

Section 2. Number, Term and Qualifications: The number of directors of the Corporation shall not be less than nine nor more than twelve, as determined from time to time by the shareholders. The Board of Directors shall be divided into three classes, having staggered terms of three years each. Each director shall hold office until his death, resignation, retirement, removal, disqualification, or his successor is elected and qualified. Directors need not be residents of the State of North Carolina or shareholders of the Corporation.

Section 3. Election of Directors: Except as provided in Section 5 of this Article III, the directors shall be elected at the annual meeting of shareholders; and those persons who receive the highest number of votes shall be deemed to have been elected.

Section 4. Removal: Neither the entire Board of Directors nor any individual director of the Corporation shall be removed from office by shareholders, with or without cause, unless a meeting of the shareholders of the Corporation is held to act thereon and there is obtained the approval of a percentage of all votes entitled to be cast thereon of at least eighty percent (80%); *provided, however*, that if any such removal shall have been recommended to the shareholders of the Corporation by a resolution of the Board of Directors adopted by the affirmative vote of seventy-five percent (75%) of the entire Board of Directors, then such removal may be effected if a meeting of the shareholders of the Corporation is held to act thereon and there is obtained the approval of a percentage of all votes entitled to be cast thereon equal to a majority of all votes entitled to be cast thereon. *provided, further*, that any such removal may be effected without a meeting or vote of the shareholders of the Corporation if a resolution determining that cause exists for such removal shall be adopted by the affirmative vote of seventy-five percent (75%) of the entire Board of Directors.

Section 5. Vacancies: Unless otherwise provided by the articles of incorporation of the Corporation, any newly created directorship or any vacancy occurring in the Board of Directors for any cause may be filled either by the shareholders or by the Board of Directors, and if the directors remaining in office constitute fewer than a quorum of the Board of Directors, the vacancy may be filled by the affirmative vote of a majority of the directors remaining in office or by the sole remaining director. Each director so elected shall hold office until the next shareholders' meeting at which directors are elected, subject to such director's earlier death, resignation, disqualification or removal.

Section 6. Chairman: There may be a Chairman of the Board of Directors elected by the directors from their number at any meeting of the Board of Directors. The Chairman shall preside at all meetings of the Board of Directors and perform such other duties as may be directed by the Board of Directors.

Section 7. Compensation: The Board of Directors may compensate directors for their services.

Section 8. Executive Committee: The Board of Directors may, by resolution adopted by a majority of the number of directors in office at the time of such resolution, designate two or more directors to constitute an Executive Committee, which committee, to the extent provided in such resolution and subject to the authority and direction of the full Board of Directors, shall have and may exercise all of the authority of the Board of Directors in the management of the Corporation.

Section 9. Confidentiality: Each director shall hold all Confidential Information (as defined below) in the strictest confidence and shall take all appropriate measures to ensure that no other person shall have access to the Confidential Information. No director shall disclose any Confidential Information to any person outside the Corporation, either during or after his or her service as a director, except with authorization of the Board of Directors or as may be required by law. For the avoidance of doubt, the foregoing shall also apply to any director who serves on the Board of Directors as the designee or nominee of a shareholder of the Corporation, and such director shall not disclose any Confidential Information to such shareholder or any of its officers, directors, managers, members, partners, employees, attorneys, accountants, advisors, agents, consultants or other representatives without the approval of the Board of Directors. "Confidential Information" shall mean all non-public information (whether or not material to the Corporation) entrusted to or obtained by a director by reason of his or her position as a director of the Corporation.

Section 10. Indemnification: Any person who at any time serves or has served as a director of the Corporation, or who, while serving as a director of the Corporation, serves or has served as an officer, employee or agent of the Corporation or, at the request of the Corporation, as a director, officer, partner, trustee, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, or as a trustee or administrator under an employee benefit plan, shall have a right to be indemnified by the Corporation to the fullest extent permitted by law against (a) all expenses, including but not limited to attorneys' fees, the cost of any investigation, experts and similar expenses incurred by him in connection with any threatened, pending, or completed civil, criminal, administrative, investigative, or arbitral action, suit or proceeding (and any appeal therein), whether or not brought by or on behalf of the Corporation, seeking to hold him liable by reason of the fact that he is or was acting in such capacity, and (b) all payments made by him in satisfaction of any judgment,

money decree, fine (including an excise tax assessed with respect to an employee benefit plan), penalty, or settlement for which he may have become liable in any such action, suit or proceeding.

The Board of Directors of the Corporation shall take all such action as may be necessary and appropriate to authorize the Corporation to pay the indemnification required by this bylaw.

To the fullest extent from time to time permitted by law, the Corporation shall pay as incurred all the expenses, including but not limited to attorneys' fees and expenses of any person indemnified hereunder, incurred in defending any action, proceeding, suit or investigation and in advance of the final disposition of such action, proceeding, suit or investigation.

Any person who at any time after the adoption of this bylaw serves or has served in the aforesaid capacity for or on behalf of the Corporation shall be deemed to be doing or to have done so in reliance upon, and as consideration for, the right of indemnification provided herein. Such right shall inure to the benefit of the legal representatives of any such person and shall not be exclusive of any other rights to which such person may be entitled apart from the provision of this bylaw.

## ARTICLE IV.

### MEETING OF DIRECTORS

Section 1. Regular Meetings: A regular meeting of the Board of Directors shall be held immediately after, and at the same place as, the annual meeting of shareholders. In addition, the Board of Directors may provide, by resolution, the time and place, either within or without the State of North Carolina, for the holding of additional regular meetings.

Section 2. Special Meetings: Special Meetings of the Board of Directors may be called by or at the request of the Chief Executive Officer, Chairman of the Board of Directors, President or any two directors. Such meetings may be held either within or without the State of North Carolina.

Section 3. Notice of Meetings: Regular meetings of the Board of Directors may be held without notice.

The person or persons calling a special meeting of the Board of Directors shall, at least two days before the meeting, give notice thereof by the usual means of communication, including by electronic means, mail, or private carrier. Such notice need not specify the purpose for which the meeting is called.

Section 4. Waiver of Notice: A director may waive any required notice of a meeting before or after the date and time stated in the notice in a writing that is signed by the director and filed with the minutes or corporate records. Additionally, attendance at or participation by a director at a meeting shall constitute a waiver of notice of such meeting, except where the director at the beginning of the meeting (or promptly upon the director's arrival) objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

Section 5. Quorum: A majority of the directors in office immediately before the meeting begins shall constitute a quorum for the transaction of business at any meeting of the Board of Directors.

Section 6. Manner of Acting: Manner of Acting. Unless the articles of incorporation or bylaws of the Corporation require the vote of a greater number of directors, the affirmative vote of the majority of the directors present at a meeting at which a quorum is present when the vote is taken shall be the act of the Board of Directors.

Section 7. Participation in Meetings: Any or all of the directors may participate in a regular or special meeting by, or conduct the meeting through the use of, any means of communication by which all directors participating may simultaneously hear each other during the meeting.

Section 8. Informal Action by Directors: Action taken by all of the directors without a meeting is nevertheless action by the Board of Directors if it is evidenced by one or more unrevoked written consents signed by each director before or after such action, describing the action taken, and included in the minutes or filed with the corporate records. A director's consent to action taken without a meeting or revocation thereof may be in electronic form and delivered by electronic means. Such action is effective when the last director provides written consent, unless the consent specifies a different effective date.

Section 9. Bonds: The Board of Directors may by resolution require any or all officers, agents and employees of the Corporation to give bond to the Corporation, with sufficient sureties, conditioned on the faithful performance of the duties of their respective offices or

positions, and to comply with such other conditions as may from time to time be required by the Board of Directors.

## ARTICLE V.

### OFFICERS

Section 1. Number: The officers of the Corporation shall consist of a Chief Executive Officer, a President, a Secretary, a Treasurer, and such Vice-Presidents, Assistant Secretaries, Assistant Treasurers and other officers as the Board of Directors may from time to time elect. Any two or more offices may be held by the same person, except the offices of President and Secretary.

Section 2. Election and Term: The officers of the Corporation shall be elected by the Board of Directors. Such elections may be held at any regular or special meeting of the Board of Directors. Each officer shall hold office until his death, resignation, retirement, removal, disqualification, or his successor is elected and qualified.

Section 3. Removal: Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors with or without cause; but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

Section 4. Compensation: The compensation of all officers of the Corporation shall be fixed by the Board of Directors.

Section 5. Chief Executive Officer: The Chief Executive Officer shall be the principal executive and administrative officer of the Corporation and, subject to the control of the Board of Directors, shall supervise and control the management of the Corporation in accordance with these bylaws.

He shall, when present, preside at all meetings of shareholders. At the request of the Chairman of the Board, or in case of his absence or inability to act, the Chief Executive Officer may act in his place. He shall sign, with any other proper officer, any deeds, mortgages, bonds, contracts, or other instruments which may be lawfully executed on behalf of the Corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be delegated by the Board of Directors to some other officer or agent. The Chief Executive Officer shall perform all duties incident to his office and such other duties as may be prescribed by the Board of Directors from time to time.

Section 6. President: The President shall be a principal administrative officer of the Corporation and, subject to the control of the Chief Executive Officer, shall assist the Chief Executive Officer in supervising and controlling the management of the Corporation in accordance with these bylaws.

At the request of the Chief Executive Officer, or in case of his absence or inability to act, the President may act in his place. Furthermore, at the request of the Chairman of the Board, or in case of the absence or inability to act of both the Chairman of the Board and the Chief Executive Officer, the President may act in the Chairman's place. He shall sign, with any other proper officer, certificates for shares of the Corporation and any deeds, mortgages, bonds, contracts, or other instruments which may be lawfully executed on behalf of the Corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be delegated by the Board of Directors to some other officer or agent. The President shall perform all duties incident to his office and such other duties as may be prescribed by the Board of Directors from time to time.

Section 7. Vice-Presidents: The Vice-Presidents in the order of their election, unless otherwise determined by the Board of Directors, shall, in the absence or disability of the President, perform the duties and exercise the powers of that office, subject to the restrictions applicable to such office. In addition, they shall perform such other duties and have such other powers as the Board of Directors shall prescribe.

Section 8. Secretary: The Secretary shall keep accurate records of the acts and proceedings of all meetings of shareholders and directors. He shall give all notices required by law and by these bylaws. He shall have general charge of the corporate books and records and of the corporate seal, and he shall affix the corporate seal to any lawfully executed instrument requiring it. He shall have general charge of the stock transfer books of the Corporation and shall keep, at the registered or principal office of the Corporation, a record of shareholders showing the name and address of each shareholder and the number and class of the shares held by each. He shall sign such instruments as may require his signature, and, in general, shall perform all duties incident to the office of Secretary and such other duties as may be assigned to him from time to time by the Chief Executive Officer, President or the Board of Directors.

Section 9. Treasurer: The Treasurer shall have custody of all funds and securities belonging to the Corporation and shall receive, deposit or disburse the same under the direction of the Board of Directors. He shall keep full and accurate accounts of the finances of the Corporation in books especially provided for that purpose; and he shall cause a true statement of its assets and liabilities as of the close of each fiscal year and of the results of its operations and of changes in surplus for such fiscal year, all in reasonable detail, including particulars

as to convertible securities then outstanding, to be made and filed at the registered or principal office of the Corporation within four months after the end of such fiscal year. The statement so filed shall be kept available for inspection by any shareholder for a period of ten years; and the Treasurer shall mail or otherwise deliver a copy of the latest such statement to any shareholder upon his written request thereof. The Treasurer shall, in general perform all duties incident to his office and such other duties as may be assigned to him from time to time by the Chief Executive Officer, President or the Board of Directors.

Section 10. Assistant Secretaries and Treasurers: The Assistant Secretaries and Assistant Treasurers shall, in the absence or disability of the Secretary or the Treasurer, respectively, perform the duties and exercise the powers of those offices, and they shall, in general, perform such other duties as shall be assigned to them by the Secretary or the Treasurer, respectively, or by the Chief Executive Officer, President or the Board of Directors.

## ARTICLE VI.

### CONTRACTS, LOANS AND DEPOSITS

Section 1. Contracts: The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument on behalf of the Corporation, and such authority may be general or confined to specific instances.

Section 2. Loans: No loans to or from the Corporation shall be contracted on behalf of the Corporation and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

Section 3. Checks and Drafts: All checks, drafts or other orders for the payment of money issued in the name of the Corporation shall be signed by such officer or officers, agent or agents of the Corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors.

Section 4. Deposits: All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such depositories as the Board of Directors shall direct.

## ARTICLE VII.

### SHARES AND THEIR TRANSFER

Section 1. Certificates for Shares; Uncertificated Shares: Shares of the capital stock of the Corporation may be certificated or uncertificated, as provided under the North Carolina Business Corporation Act. Certificates representing shares of the Corporation shall be issued in such form as the Board of Directors shall determine and shall be signed by the President or any Vice-President and the Secretary, Assistant Secretary, Treasurer or Assistant Treasurer. At a minimum, each certificate shall set forth the name of the Corporation, that the Corporation is organized under the laws of the State of North Carolina, the name of the shareholder and the number and class (and the designation of the series, if any) of the shares represented. Such certificates shall be consecutively numbered or otherwise identified; and the name and address of the persons, corporations, firms or organizations to whom they are issued, with the number of shares and date of issue, shall be entered on the stock transfer books of the Corporation.

Within a reasonable time after the issue or transfer of shares without certificates, the Corporation shall send the shareholder a written statement that shall set forth the name of the Corporation, that the Corporation is organized under the laws of the State of North Carolina, the name of the shareholder and the number and class (and the designation of the series, if any) of the shares represented.

Section 2. Transfer of Shares: Transfers of certificated shares shall be made on the stock transfer books of the Corporation only upon surrender of the certificates for the shares sought to be transferred by the record holder thereof or by his duly authorized agent, transferee or legal representative. All certificates surrendered for transfer shall be cancelled before new certificates or uncertificated shares for the transferred shares shall be issued.

Upon the receipt of proper transfer instructions from the registered owner of uncertificated shares, such uncertificated shares shall be cancelled, new equivalent uncertificated shares or certificated shares shall be issued to the shareholder entitled thereto and the transaction shall be recorded upon the stock transfer books of the Corporation.

Section 3. Fixing Record Date. For the purpose of determining the shareholders entitled to notice of a meeting of shareholders, to demand a special meeting, to vote, to take any other action, or to receive a dividend with respect to their shares, the Board of Directors may fix in advance a date as the record date for any such determination of shareholders. Such record date fixed by the Board of Directors under this Section 3 shall not be more than 70 days before the meeting or action requiring a determination of shareholders.

If no record date is fixed for the determination of shareholders entitled to notice of or to vote at a meeting of shareholders, or shareholders entitled to a dividend, the close of the business day before the first notice is delivered to shareholders or the date on which the Board of Directors authorizes the dividend, as the case may be, shall be the record date for such determination of shareholders.

When a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in this Section 3, such determination shall apply to any adjournment, recess or postponement thereof unless the Board of Directors fixes a new record date, which it must do if the meeting is adjourned, recessed or postponed to a date more than 120 days after the date fixed for the original meeting.

Section 4. Lost Certificates: The Board of Directors may authorize the issuance of a new share certificate or uncertificated shares in place of a certificate claimed to have been lost or destroyed, upon receipt of an affidavit of such fact from the person claiming the loss or destruction. When authorizing such issuance of a new certificate or uncertificated shares, the Board of Directors may require the claimant to give the Corporation a bond in such sum as it may direct to indemnify the Corporation against loss from any claim with respect to the certificate claimed to have been lost or destroyed; or the Board of Directors may, by resolution reciting that the circumstances justify such action, authorize the issuance of the new certificate or uncertificated shares without requiring such a bond.

## ARTICLE VIII.

### GENERAL PROVISIONS

Section 1. Dividends: The Board of Directors may from time to time declare, and the Corporation may pay, dividends on its outstanding shares in the manner and upon the terms and conditions provided by law and by its articles of incorporation.

Section 2. Seal: The corporate seal of the Corporation shall consist of two concentric circles between which is the name of the Corporation and in the center of which is inscribed SEAL; and such seal, as impressed on the margin hereof, is hereby adopted as the corporate seal of the Corporation.

Section 3. Emergencies. If the Board of Directors cannot readily be assembled because of some catastrophic event (an "Emergency"), the Board of Directors may (i) modify lines of succession to accommodate the incapacity of any director, officer, employee, or agent; and (ii) relocate the principal office or designate alternative principal offices, or authorize the officers to do so. During an Emergency: (i) notice of a meeting of the Board of Directors need be given only to those directors whom it is practicable to reach and may be given in any practicable manner, including by publication and radio; and (ii) one or more officers present at a meeting of the Board of Directors may be deemed to be directors for the meeting, in order of rank and within the same rank in order of seniority, as necessary to achieve a quorum.

Section 4. Gender Neutrality. The terms "he," "him," and "his," where used in these bylaws, shall refer to both the masculine and feminine genders, as may be appropriate.

Section 5. Fiscal Year: Unless otherwise ordered by the Board of Directors, the fiscal year of the Corporation shall be from January 1 to December 31.

Section 6. Severability. Whenever possible, each provision or portion of any provision of these bylaws will be interpreted in such manner as to be effective and valid under applicable law but if any provision or portion of any provision of these bylaws is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such provision or portion of any provision shall be severable and the invalidity, illegality or unenforceability will not affect any other provision or portion of any provision in such jurisdiction, and these bylaws will be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision or portion of any provision had never been contained herein.

Section 7. Exclusive Forum:

(a) To the fullest extent permitted by law, and unless the Corporation consents in writing to the selection of an alternative forum, the state courts of North Carolina in and for Orange County, North Carolina, subject to designation or assignment to the North Carolina Business Court (or, if no state court located within the State of North Carolina has jurisdiction, the United States District Court for the Middle District of North Carolina) shall be the sole and exclusive forum for: (i) any derivative action or proceeding brought in the name or right of the Corporation or on its behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee of the Corporation to the Corporation or the shareholders of the Corporation, (iii) any action asserting a claim arising pursuant to any provision of the North Carolina Business Corporation Act, the Corporation's articles of incorporation or these bylaws (as each may be amended from time to time), (iv) any action to interpret, apply, enforce or determine the validity of the Corporation's articles of

incorporation or these bylaws, or (v) any action asserting a claim governed by the internal affairs doctrine, including, without limitation, any action to interpret, apply, enforce or determine the validity of the Corporation's articles of incorporation or these bylaws (each as may be amended from time to time) (collectively, the "Actions").

(b) Notwithstanding the foregoing, (i) the provisions of Section 7 of this Article VIII will not apply to suits brought to enforce any liability or duty created by the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction, and (ii) unless the Corporation consents in writing to the selection of an alternative forum, the federal district courts of the United States of America, shall to the fullest extent permitted by law, be the exclusive forum for the resolution of any complaint asserting a cause of action against the Corporation or any director, officer, employee or agent of the Corporation and arising under the Securities Act of 1933, as amended.

(c) To the fullest extent permitted by applicable law, any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of the Corporation shall be deemed to have notice of and consented to the provisions of this Section 7 of Article VIII.

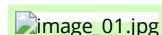
(d) If any Action is filed in a court other than pursuant to this Section 7 of Article VIII (a "Foreign Action") in the name of any current or former shareholder, such shareholder shall be deemed to have consented to (i) the personal jurisdiction of the state and federal courts located within the State of North Carolina in connection with any action brought in any such court to enforce Section 5(a) above (an "Enforcement Action") and (ii) having service of process made upon such shareholder in any such Enforcement Action by service upon such shareholder's counsel in the Foreign Action as agent for such shareholder.

(e) If any provision or provisions of Section 7 of this Article VIII shall be held to be invalid, illegal or unenforceable as applied to any person or entity or circumstance for any reason whatsoever, then, to the fullest extent permitted by law, the validity, legality and enforceability of such provisions in any other circumstance and of the remaining provisions of this Section 7 (including, without limitation, each portion of any sentence of this Section 7 containing any such provision held to be invalid, illegal or unenforceable that is not itself held to be invalid, illegal or unenforceable) and the application of such provision to other persons or entities and circumstances shall not in any way be affected or impaired thereby.

Section 8. Amendments: Except as otherwise provided herein, these bylaws may be amended or repealed and new bylaws may be adopted by the affirmative vote of a majority of the directors then holding office at any regular or special meeting of the Board of Directors.

The Board of Directors shall have no power to adopt a bylaw: (1) requiring more than a majority of the voting shares for a quorum at a meeting of shareholders or more than a majority of the votes cast to constitute action by the shareholders, except where higher percentages are required by law; (2) providing for the management of the Corporation otherwise than by the Board of Directors or its Executive Committees; (3) increasing or decreasing the number of directors; or (4) classifying and staggering the election of directors. No bylaw adopted, amended or repealed by the shareholders shall be readopted, amended or repealed by the Board of Directors if neither the articles of incorporation of the Corporation nor a bylaw adopted by the shareholders authorizes the Board of Directors to alter or repeal that particular bylaw or the bylaws generally.

No provision of these bylaws may be amended, altered or repealed by the shareholders of the Corporation unless a meeting of the shareholders is held to act thereon and there is obtained the approval of a percentage of all the votes entitled to be cast on at least eighty percent (80%); provided, however, that the approval of the majority of all the votes entitled to be cast shall be sufficient to approve any such amendment, alteration or repeal that has been favorably recommended to the shareholders by resolution adopted by the affirmative vote of at least seventy-five percent (75%) of the entire Board of Directors.



**BYLAWS  
OF  
INVESTORS TITLE COMPANY**

**ARTICLE I.**

**OFFICES**

Section 1. **Principal Office:** The principal office of ~~the Investors Title Company (the "Corporation")~~ shall be located at 121 North Columbia Street, Chapel Hill, North Carolina.

Section 2. **Registered Office:** The registered office of the Corporation required by law to be maintained in the State of North Carolina may be, but need not be, identical with the principal office.

Section 3. **Other Offices:** The Corporation may have offices at such other places, either within or without the State of North Carolina, as the Board of Directors may from time to time determine, or as the affairs of the Corporation may require.

**ARTICLE II.**

**MEETING OF SHAREHOLDERS**

Section 1. **Time and Place of Meetings:** All meetings of shareholders shall be held at the principal office of the Corporation, or at such other place, either within or without the State of North Carolina, and on such date and at such time as may be determined from time to time by the Board of Directors.

**Section 2. Participation by Remote Communication:** ~~The Board of Directors may authorize shareholders to participate in the meeting by means of remote communication, videoconference, teleconference, or other available technology, subject to any guidelines and procedures adopted by the board of directors. For any meeting in which shareholders participate by means of remote communication, the Corporation shall implement reasonable measures to:~~

(a) ~~verify that each person participating by remote communication is a shareholder; and~~

~~(b) provide each shareholder participating by remote communication a reasonable opportunity to participate in the meeting and to vote on matters submitted to the shareholders, including an opportunity to communicate, and read or hear the proceedings of the meeting in a substantially concurrent manner.~~

**Section 3. Section 2. Annual Meetings:** The annual meeting of shareholders shall be held within the time period prescribed by applicable law for the election of directors and to transact such other business as may properly be brought before the meeting.

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**Section 4. Section 3. Special Meetings:** Special meetings of the shareholders may be called by any of the following: (a) the Chairman of the Board of Directors; (b) the President of the Corporation; (c) the Board of Directors upon the affirmative vote of at least seventy-five percent (75%) of the entire Board of Directors; or (d) the shareholders upon written request of those persons holding of record not less than eighty percent (80%) of the total voting power of the shares entitled to vote thereon.

**Section 5. Section 4. Notice of Meetings:** Written or printed notice stating the date, time and place of the meeting shall be delivered no fewer than 10 nor more than 60 days before the date thereof, ~~either by any means of communication permitted under or authorized by the North Carolina Business Corporation Act, including without limitation,~~ personally, by electronic means, or by mail or private carrier, by or at the direction of the President or the other person calling the meeting, to each shareholder of record entitled to vote at such meeting and to each nonvoting shareholder entitled to notice of the meeting. If the ~~corporation~~ **Corporation** is required by law to give notice of proposed action to nonvoting shareholders and the action is to be taken without a meeting pursuant to Section ~~401~~ 401 of this Article II, written notice of such proposed action shall be delivered to such shareholders not less than 10 days before such action is taken. If these forms of personal notice are impracticable as to one or more persons, notice may be communicated to such persons by publishing notice in a newspaper in the county where the Corporation has its principal place of business in North Carolina or by radio, television or other broadcast communication.

If notice is mailed, such notice shall be effective when deposited in the United States mail with postage thereon prepaid and correctly addressed to the shareholder's address shown in the ~~corporation's~~Corporation's current record of shareholders.

If the Board of Directors has authorized participation at the meeting by means of remote communication, the notice shall also describe the means of remote communication to be used.

In the case of an annual meeting, the notice of meeting need not specifically state the business to be transacted thereat unless it is a matter with respect to which specific notice to the shareholders is expressly required by the provisions of the North Carolina Business Corporation Act. In the case of a special meeting, the notice of meeting shall specifically state the purpose or purposes for which the meeting is called.

If an annual or special shareholders' meeting is adjourned to a different date, time, or place, if any, notice need not be given of the new date, time ~~or~~, place, or means of remote communication, if applicable, if the new date, time, ~~or~~ place, if any, and means of remote communication, if applicable, is announced at the meeting before the adjournment. If a new record date for the adjourned meeting is or must be fixed under the provisions of the North Carolina Business Corporation Act, notice of the adjourned meeting must be given to persons who are shareholders as of the new record date.

The record date for determining the shareholders entitled to notice of and to vote at an annual or special meeting shall be fixed as provided in Section 3 of Article VII.

Section 6. Section 5—Waiver of Notice. A shareholder may waive notice of any meeting either before or after such meeting. Such waiver shall be in writing, signed by the shareholder, and filed with the minutes or corporate records. A shareholder's attendance at a meeting in person or by proxy: (i) waives objection to lack of notice or defective notice of the meeting, unless the shareholder or his proxy at the beginning of the meeting objects to holding the meeting or transacting business at the meeting; and (ii) waives objection to consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice, unless the shareholder or his proxy objects to considering the matter before it is voted upon.

Section 7. Voting Lists:

(a) Commencing two business days after notice of a meeting of shareholders is given and continuing through such meeting, the secretary of the Corporation shall maintain at (i) the principal office of the Corporation, or at a place identified in the meeting notice in the city where the meeting will be held or (ii) on a reasonably accessible electronic network, an alphabetical list of the shareholders entitled to vote at such meeting, arranged by voting group, with the address of and number of shares held by each. This list shall be subject to inspection by any shareholder or his agent or attorney at any time during usual business hours and, subject to the requirements of North Carolina General Statute 55-16-02(c), may be copied at the shareholder's expense. This

(b) If the meeting is to be held at a place, the shareholder list shall be made available at the meeting and any shareholder, or his representative, may inspect the list at any time during the meeting or any adjournment thereof. If the meeting is to be held solely by means of remote communication, then the list shall also be open to inspection during the meeting on a reasonably accessible electronic network, and the information required to access the list shall be provided with the notice of the meeting.

Section 8. Section 7. Quorum; Adjournment; Postponement:

(a) The holders of a majority of the shares entitled to vote, represented in person or by proxy, shall constitute a quorum at meetings of shareholders. If there is no quorum at the opening of a meeting of shareholders, such meeting may be adjourned or recessed from time to time by the Presiding Officer (as defined in Section 89(a) of this Article II) or by the vote of a majority of the shares voting on the motion to adjourn or recess; and, at any adjourned or recessed meeting at which a quorum is present, any business may be transacted which might have been transacted at the original meeting.

The shareholders at a meeting at which a quorum is present may continue to do business until adjournment or recess, notwithstanding the withdrawal of enough shareholders to leave less than a quorum.

(b) Whether or not a quorum is present, the Presiding Officer may adjourn or recess any meeting of shareholders at any time and for any reason to reconvene at a different date, time or place, consistent with the notice provisions above. At the adjourned or recessed meeting, the Corporation may transact any business which might have been transacted at the original meeting.

(c) The Board of Directors may, at any time prior to the holding of a meeting of shareholders, and for any reason, cancel, postpone or reschedule such meeting upon public notice given prior to the time previously scheduled for such meeting of shareholders. The

meeting may be postponed or rescheduled to such time and place as is specified in the notice of postponement or rescheduling of such meeting, which notice shall be given in accordance with Section 45 of this Article II.

Section 9. Section 8. Manner of Conducting Meetings:

(a) At each meeting of shareholders, the Chairman, or in the Chairman's absence, the director or officer designated by the Chairman or the Board of Directors, shall act as the "Presiding Officer." The Secretary shall act as secretary of the meeting, but in the absence of the Secretary, the Presiding Officer may appoint any person to act as secretary of the meeting.

(b) The date and time of the opening and the closing of the polls for each matter upon which the shareholders will vote at a meeting shall be announced at the meeting by the Presiding Officer. The Board of Directors may adopt by resolution such rules and regulations for the conduct of the meeting of shareholders as it shall deem appropriate and which do not conflict with applicable provisions of law, the articles of incorporation of the Corporation or any amendment thereto and these bylaws. Except to the extent inconsistent with applicable provisions of law or this Corporation's articles of incorporation, these bylaws and such rules and regulations as adopted by the Board of Directors, the Presiding Officer may prescribe such rules, regulations and procedures and do all such acts as, in the judgment of such Presiding Officer, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board of Directors or prescribed by the Presiding Officer, may include, without limitation, the following: (i) the establishment of an agenda or order of business for the meeting; (ii) rules and procedures for maintaining order at the meeting and the safety of those present; (iii) limitations on attendance at or participation in the meeting to shareholders entitled to vote at the meeting, their duly authorized and constituted proxies or such other persons as the Presiding Officer shall determine; (iv) restrictions on entry to the meeting after the time fixed for the commencement thereof; (v) restrictions on the use of audio or video recording devices at the meeting and (vi) limitations on the time allotted to questions or comments by participants.

Section 10. Section 9. Voting of Shares: Each outstanding share having voting rights shall be entitled to one vote on each matter submitted to a vote at a meeting of shareholders.

Except in the election of directors, the vote of a majority of the shares voted on any matter at a meeting of shareholders at which a quorum is present shall be the act of the shareholders on that matter, unless the vote of a greater number is required by law or by the articles of incorporation or bylaws of this Corporation.

Section 11. Section 10. Either the Board of Directors or the Chairman of the meeting may appoint one or more voting inspectors, each of whom shall take an oath to execute his duties impartially and to the best of his or her ability. The voting inspectors shall, by majority vote, resolve all questions regarding voting of shares, including the number of shares outstanding, the voting power of each, the shares represented at the meeting, the qualification of voters, the validity of proxies, the existence of a quorum as to any voting group, and the acceptance, rejection and tabulation of votes. Informal Action by Shareholders: Any action which may be taken at a meeting of the shareholders may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the persons who would be entitled to vote upon such action at a meeting, and delivered to the Corporation for inclusion in the minutes or filing with the corporate records.

Section 12. Section 11. Advance Notice of Shareholder Nominations and Proposals:

(a) At any meeting of the shareholders, no nomination for election to the Board of Directors or other business shall be brought before the meeting, or considered or acted upon at the meeting, unless such nomination, or the proposal for such other business, as the case may be, either (i) was specifically set forth in the notice of meeting given by the Corporation or by the other person or persons duly calling the meeting (or was referred to in such notice of meeting and specifically set forth in an accompanying proxy statement, information statement or other document), (ii) is otherwise made by or at the direction of the Board of Directors or a duly authorized committee thereof, or (iii) is made by or on behalf of a shareholder of the Corporation who was a shareholder of record at the time the notice provided for in this Article II, Section 4412 is received by the Secretary and at the time of the meeting, who is entitled to vote at the meeting and who complies with the requirements of this Section 4412 with respect to such nomination or proposal. For the avoidance of doubt, the foregoing clause (iii) shall be the exclusive means for a shareholder to make nominations or submit other business other than matters properly brought in accordance with Rule 14a-8 under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

(b) For nominations or other business to be properly brought before a meeting by a shareholder in compliance with the requirements of this Section 4412, the shareholder must have (1) given timely notice in writing to the Secretary of the Corporation of such shareholder's intent to make a nomination or to bring any other business before the meeting, which notice shall include the applicable information required by subsection (c) below and (2) complied in all respects with the requirements of Regulation 14A under the Exchange Act, including, without limitation, the requirements of Rule 14a-19 (as such rule and regulations may be amended from time to time by the

[U.S. Securities and Exchange Commission \(the "Commission"\), including any Commission Staff interpretations relating thereto](#)). In the case of an annual meeting, such notice, to be timely, shall be received by the Secretary at the principal executive offices of the Corporation 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; provided, however, that in the event that the actual date of the annual meeting as to which the notice is provided is more than 30 days before or more than 60 days after such anniversary date, notice by the shareholder must be so delivered not earlier than the close of business on the 120th day prior to such annual meeting and not later than the close of business on the later of the 90th day prior to such annual meeting or, if the first public announcement of the date of such annual meeting is less than 90 days prior to the date of such annual meeting, the tenth day following the day on which public announcement of the date of such meeting is first made by the Corporation. In the case of a special meeting at which directors are to be elected, the shareholder may nominate a person or persons for election as director if the shareholder's notice is so delivered to the Secretary of the Corporation not earlier than the earlier of the date on which a public announcement of the date of such meeting is first made by the Corporation or the date on which notice of the special meeting is first sent to shareholders, and not later than the close of business on the 15th day following the earlier of such date of first public announcement or the date on which notice of the special meeting was first sent unless the date of such special meeting is more than 105 days after the earlier of such dates, in which case such notice may be delivered no later than the 90th day preceding the date of such special meeting. [The number of nominees a shareholder may nominate for election at a special meeting shall not exceed the number of directors to be elected at such special meeting.](#) In the case of a special meeting at which directors are not to be elected, the only business that may be conducted at such a meeting is that within the purpose or purposes described in the meeting notice, and consequently a shareholder shall not have the right to make a proposal pursuant to clause (iii) of subsection (a) above. In no event shall any adjournment, recess or postponement of any meeting of shareholders or the announcement thereof commence a new time period for the giving of a shareholder's notice as described above.

(c) The notice by a shareholder pursuant to subsection (b) above shall set forth the following information, as applicable:

(i) as to the shareholder giving the notice and the Shareholder Associated Person (as defined in subsection (j) below, if any, on whose behalf the nomination or proposal is made (including any affiliate or associate) of such shareholder or Shareholder Associated Person): (A) the name and address of such shareholder (as they appear on the Corporation's books) and of any such Shareholder Associated Person; (B) a representation that the shareholder is a holder of record of stock entitled to vote at such meeting, will continue to be a holder of record of stock entitled to vote at such meeting through the date of such meeting and intends to appear in person or by proxy at the meeting to make the nomination, proposal or other business specified in the notice; (C) the class or series and number of shares of capital stock of the Corporation which are, directly or indirectly, held of record or are beneficially owned (within the meaning of Rule 13d-3 under the Exchange Act) by such shareholder or by any such Shareholder Associated Person (except that such shareholder and any such Shareholder Associated Person shall in all events be deemed to beneficially own any shares of any class or series of the Corporation as to which such shareholder or Shareholder Associated Person has a right to acquire beneficial ownership at any time in the future); (D) a complete and accurate description of any agreement, arrangement or understanding between or among such shareholder and any such Shareholder Associated Person, any of their respective affiliates or associates, and any other person or persons (including their names) in connection with the proposal of such nomination, proposal or other business; (E) a complete and accurate description and the amounts of any options, warrants, convertible securities, stock appreciation rights or other rights with an exercise or conversion privilege or a settlement payment or mechanism at a price related to that of any class or series of shares of the Corporation or with a value derived in whole or in part from the price or value, or volatility of prices or values, of shares of any class or series of the Corporation, whether or not such instrument or right shall be subject to settlement in the underlying shares of the Corporation or otherwise and whether or not the shareholder or Shareholder Associated Person may have entered into any hedge or other transaction to mitigate the economic effect of such rights, directly or indirectly owned beneficially by such shareholder or Shareholder Associated Person, and any other direct or indirect opportunity of such shareholder or Shareholder Associated Person, through a derivative instrument, swap, or other transaction, series of transactions, or arrangement, to profit or share in any profit derived from any increase or decrease in the price or value of the shares of the Corporation ("Derivative Rights"); (F) a complete and accurate description of any rights to dividends on the shares of any class or series of the Corporation owned beneficially by such shareholder or such Shareholder Associated Person that are separated or separable from the underlying shares of the Corporation; (G) a complete and accurate description of any proxy, contract, event, arrangement, understanding, or relationship pursuant to which such shareholder and such Shareholder Associated Person, if any, has a right to vote [or has granted the right to vote](#) any shares or any other security of the Corporation; (H) a complete and accurate description of any short interest of such shareholder or Shareholder Associated Person in any shares or other security of the Corporation (for purposes of these bylaws, a person shall be deemed to have a short interest in a security if such person directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has the opportunity to profit or share in any profit derived from any decrease in the value of the subject security); (I) a complete and accurate description of any proportionate interest in shares of the Corporation or Derivative Rights held, directly or indirectly, by a general or limited partnership in which such shareholder or such Shareholder Associated Person is a general partner or, directly or indirectly, beneficially owns an interest in a general partner; ~~and~~ (J) a complete and accurate description of any performance-related fees that such shareholder or Shareholder Associated Person is entitled to receive, either directly or indirectly, based

on any increase or decrease in the value of shares of the Corporation or Derivative Rights; (K) the name of each person with whom such shareholder, or Shareholder Associated Person, or nominee has any agreement, arrangement or understanding (whether written or oral) (1) for the purposes of acquiring, holding, voting (except pursuant to a revocable proxy given to such person in response to a public proxy made generally by such person to all holders of shares of the Corporation) or disposing of any shares of capital stock of the Corporation, (2) to cooperate in obtaining, changing or influencing the control of the Corporation (except independent financial, legal and other advisors acting in the ordinary course of their respective businesses), (3) with the effect or intent of increasing or decreasing the voting power

of, or that contemplates any person voting together with, any such shareholder or Shareholder Associated Person with respect to any shares of the capital stock of the Corporation, any business proposed by a shareholder and a description of each such agreement, arrangement or understanding; (L) a list of all transactions by such shareholder and any Shareholder Associated Person involving any securities of the Corporation or any Derivative Rights within the six-month period prior to the date of the notice; (M) to the extent not disclosed in clause E above, the principal amount of any indebtedness of the Corporation or any of its subsidiaries beneficially owned by such shareholder or by any such Shareholder Associated Person, together with the title of the instrument under which such indebtedness was issued and a description of any Derivative Right entered into by or on behalf of such shareholder or such Shareholder Associated Person relating to the value or payment of any indebtedness of the Corporation or any such subsidiary; (N) any other information relating to such shareholder and any Shareholder Associated Person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for the proposal pursuant to Section 14(a) and Regulation 14A of the Exchange Act, and ~~(O) the rules and regulations thereunder; (Q) (1) in the case of a proposal of business other than nominations, a representation as to whether such shareholder or any such Shareholder Associated Person intends or is part of a group that intends to (x) deliver a proxy statement and/or form of proxy to holders of at least the percentage of the voting power of the Corporation's outstanding capital stock required to approve or adopt the proposal or to elect each such nominee and/or (y) otherwise to solicit proxies from shareholders in support of such proposal or nomination; and (2) in the case of any solicitation with respect to nominations that is subject to Rule 14a-19 of the Exchange Act, a written undertaking by the shareholder or Shareholder Associated Person that such shareholder or Shareholder Associated Person will deliver to beneficial owners of shares representing at least 67% of the voting power of the stock entitled to vote generally in the election of directors either (x) at least 20 calendar days before the annual meeting, a copy of its definitive proxy statement for the solicitation of proxies for its director candidates or (y) at least 40 calendar days before the annual meeting a Notice of Internet Availability of Proxy Materials that would satisfy the requirements of Rule 14a-16(d) of the Exchange Act; and (Q) any proposal or nominations submitted on behalf of such shareholder or any Shareholder Associated Person seeking to nominate directors at any other company's board of directors with a class of equity securities registered pursuant to Section 12 of the Exchange Act within the past 36 months (whether or not such proposal or nomination was publicly disclosed);~~

(ii) as to each person whom the shareholder proposes to nominate for election or reelection as a director: (A) the name, age, business address and residence address of such person; (B) the principal occupation or employment of such person (present and for the past five (5) years); (C) the class or series and number of shares of capital stock of the Corporation which are owned beneficially and of record by such person; (D) a complete and accurate description of all arrangements or understandings between or among any of the shareholder, any Shareholder Associated Person, each nominee, and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the shareholder; (E) all information regarding each nominee that would be required to be obtained or disclosed in solicitations of proxies for election of directors in an election contest pursuant to Regulation 14A under the ~~Securities~~ Exchange Act of 1934, as amended, and the rules and regulations thereunder (the "Exchange Act"), including without limitation such person's written consent to ~~(1) being named in any proxy statement as a nominee and any associated proxy card, (2) being named as a nominee and to serving as a director, if elected, and (3) providing information that the Board requests to determine whether such person qualifies as an independent director under applicable rules, regulations and guidelines~~; (F) a complete and accurate description of all direct and indirect compensation and other material monetary agreements, arrangements and undertakings during the past three years, and other material relationships, between such shareholder and any Shareholder Associated Person, if any, on the one hand, and each proposed nominee, and his or her respective affiliates and associates or others acting in concert with such nominee on the other hand, including, without limitation all information that would be required to be disclosed pursuant to Item 404 promulgated under Regulation S-K if such shareholder or Shareholder Associated Person were the "registrant" pursuant to Regulation S-K of the ~~U.S. Securities and Exchange~~ Commission (~~the "Commission"~~) and such proposed nominee were a director or executive officer of such registrant; (G) a completed and signed questionnaire and written representation and agreement, each as required by ~~Article II, Section 11 (Article II, Section 12(i))~~; and (H) an undertaking by each proposed nominee to promptly furnish such information (1) as may reasonably be requested by the Corporation to determine the eligibility of such proposed nominee to serve as an independent director of the Corporation in accordance with the Corporation's internal governance guidelines or (2) that could be material to a reasonable shareholder's understanding of the independence, or lack thereof, of such nominee, and any other information of the type requested from and provided by persons nominated by the Board of Directors or a committee thereof; and

(iii) as to any other business (other than the nomination of directors) that the shareholder proposes to bring before the meeting, (A) a brief description of the business desired to be brought before the meeting; (B) the text of the proposal or business (including the complete text of any resolutions proposed for consideration and in the event that such business includes a proposal to amend these bylaws, the text of the proposed amendment); (C) a complete and accurate description of all agreements, arrangements and understandings between or among such shareholder and such Shareholder Associated Person, if any, and any other person or persons (including their names and addresses) in connection with the proposal of such business; (D) the reasons for conducting such business at the meeting; and (E) a complete and accurate description of any material interest in such business of such shareholder and the Shareholder Associated Person, if any, on whose behalf the proposal is made.

(d) A shareholder providing notice of business or any nomination proposed to be brought before a meeting shall further update and supplement such notice, if necessary, so that the information provided or required to be provided in such notice pursuant to this Section 4412 shall be true and correct (i) as of the record date for the meeting and (ii) as of the date that is ten (10) business days prior to the meeting or any adjournment, recess, rescheduling or postponement thereof, and such update and supplement shall be delivered to, or mailed and received by, the secretary of the Corporation not later than five (5) business days after the record date for the meeting (in the case of the update and supplement required to be made as of the record date) and not later than seven (7) business days prior to the date for the meeting, if practicable (or, if not practicable, on the first practicable date prior to) or any adjournment, recess, rescheduling or postponement thereof (in the case of the update and supplement required to be made as of ten (10) business days prior to the meeting or any adjournment, recess, rescheduling or postponement thereof). For the avoidance of doubt, the obligation to supplement as set forth in this paragraph or any other section of these bylaws shall not (A) limit the Corporation's rights with respect to any deficiencies in any notice provided by a shareholder, (B) extend any applicable deadlines hereunder, or (C) enable or be deemed to permit a shareholder who has previously submitted notice hereunder to amend or update any proposal or to submit any new proposal, including by changing or adding nominees, matters, business or resolutions proposed to be brought before a meeting of the shareholders

(e) Except as otherwise required by applicable law, the Presiding Officer at any meeting of the shareholders shall have the power and duty to determine whether any nomination or proposal made by or on behalf of a shareholder is made in compliance with the requirements set forth in this Section 4412 and applicable law and, if in accordance with the Presiding Officer's determination any proposed nomination or proposal is not in compliance with this Section 4412 or applicable law, to declare that such defective nomination or proposal is out of order or that a matter or business was not properly brought before the meeting and shall not be considered or acted upon. Notwithstanding Without limiting the foregoing and notwithstanding the foregoing provisions of this Section 4412, unless otherwise required by applicable law, (i) if a shareholder or Shareholder Associated Person (A) provides notice pursuant to this Section 12 and Rule 14a-19(b) under the Exchange Act with respect to a nomination for election to the board of directors and (B) subsequently fails to comply with the requirements of Rule 14a-19(a)(2) and Rule 14a-19(a)(3) under the Exchange Act (or fails to timely provide reasonable evidence sufficient to satisfy the Corporation that such shareholder or Shareholder Associated Person has met the requirements of Rule 14a-19(a)(3)), or (ii) if the shareholder (or a qualified representative of the shareholder) does not appear at the annual or special meeting of shareholders of the Corporation to present a nomination or proposed business, such nomination shall be disregarded and such proposed business shall not be transacted, notwithstanding that proxies in respect of such vote may have been received by the Corporation. Upon request by the Corporation, if any shareholder or Shareholder Associated Person provides notice pursuant to Rule 14a-19(b) promulgated under the Exchange Act, such shareholder or Shareholder Related Person shall deliver to the Corporation, no later than five (5) business days prior to the applicable meeting date, reasonable evidence that the shareholder or Shareholder Associated Person has met the requirements of Rule 14a-19(a)(3) promulgated under the Exchange Act. For purposes of this Article II. Section 11(e)Section 12(e), to be considered a qualified representative of the shareholder, a person must be a duly authorized officer, manager or partner of such shareholder or must be authorized by a writing executed by such shareholder or an electronic transmission delivered by such shareholder to act for such shareholder as proxy at the meeting of shareholders and such person must produce such writing or electronic transmission, or a reliable reproduction of the writing or electronic transmission, at the meeting of shareholders. This Section 4412 has been adopted to provide shareholders with the reasonable opportunity to bring nominations or other business before meetings of the shareholders, consistent with the interests of the Corporation in promoting the orderly, deliberate and informed presentation, consideration and conduct of business at meetings of the shareholders of the Corporation, and shall be construed accordingly.

(f) Nothing in this Section 4412 shall impair, or be affected by, any right of any shareholder to request that a proposal be included in the Corporation's notice of meeting and proxy statement to the extent that such right is provided under the Exchange Act, including without limitation Rule 14a-8 under the Exchange Act or any other rules then applicable; but nothing in this Section 4412 is intended to in any way enlarge any such right of a shareholder thereunder or to in any way limit the Corporation's right, if any, thereunder to exclude any such proposal from its notice of meeting or proxy statement, it being intended that the provisions of this Section 4412 operate independently of the operation of the Exchange Act thereunder. For the avoidance of doubt, in addition to the provisions of this Section 12, a

shareholder who seeks to have any proposal included in the Corporation's proxy statement also shall comply with the requirements of the Exchange Act, and the rules and regulations promulgated thereunder, including without limitation, Regulation 14A.

(g) Nothing in this Section ~~412~~ shall confer upon any shareholder the right to bring before any meeting of shareholders any proposal or other matter that, under applicable law, may be brought before such meeting only by action of the Board of Directors, or that otherwise may not be properly brought before a meeting of shareholders.

(h) Nothing in this Section ~~412~~ shall affect any right of any shareholder to make recommendations to the Board of Directors or any committee thereof as to nominations for directors or any other matter in accordance with policies and procedures therefor from time to time adopted by the Board of Directors or any committee thereof.

(i) To be eligible to be a nominee for election or reelection as a director of the Corporation, a proposed nominee must deliver (in accordance with the time periods prescribed for delivery of notice under this Section ~~41~~ of these bylaws ~~12~~ and applicable law) to the secretary of the Corporation at the principal executive offices of the Corporation a written questionnaire with respect to the background and qualification of such person and the background of any other person or entity on whose behalf the nomination is being made (which questionnaire shall be provided by the secretary of the Corporation upon written request) and a written representation and agreement (in the form provided by the secretary of the Corporation upon written request) that such person (i) is not and will not become a party to (A) any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a director of the Corporation, will act or vote on any issue or question (a "Voting Commitment") that has not been disclosed to the Corporation or (B) any Voting Commitment that could limit or interfere with such person's ability to comply, if elected as a director of the Corporation, with such person's fiduciary duties under applicable law, (ii) is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than the Corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director of the Corporation that has not been disclosed to the Corporation, and (iii) in such person's individual capacity and on behalf of any person or entity on whose behalf the nomination is being made, would be in compliance, if elected as a director of the Corporation, and will comply with all applicable publicly disclosed corporate governance, conflict of interest, confidentiality and stock ownership and trading policies and other guidelines of the Corporation.

(j) Any shareholder or Shareholder Associated Person directly or indirectly soliciting proxies from other shareholders of the Corporation must use a proxy card color other than white, which shall be reserved for the exclusive use for solicitation by the Board of Directors.

(k) ~~(f)~~ As used in this Section ~~412~~, (i) "Shareholder Associated Person" shall mean, with respect to a shareholder, (A) any beneficial owner of shares of stock of the Corporation, including interests held by members of such shareholder's immediate family sharing the same household, on whose behalf any proposal or nomination is made by such shareholder; (B) any affiliates or associates of such shareholder or any beneficial owner described in clause (A) hereof; and (C) each other person with whom any of the persons described in the foregoing clauses (A) and (B) either is acting in concert with such shareholder with respect to the Corporation or has any agreement, arrangement or understanding (whether written or oral) for the purpose of acquiring, holding, voting (except pursuant to a revocable proxy given to such person in response to a public proxy solicitation made generally by such person to all shareholders entitled to vote at the meeting) or disposing of any capital stock of the Corporation or to cooperate in obtaining, changing or influencing the control of the Corporation (except independent financial, legal and other advisors acting in the ordinary course of their respective businesses); (ii) the term "person" includes an entity as well as an individual; (iii) "public announcement" shall mean disclosure (A) in a press release reported by the Dow Jones News Service, the Associated Press or any comparable national news service, (B) in a document publicly filed by the Corporation with the ~~Securities and Exchange~~ Commission pursuant to Section 13, 14, or 15(d) of the Exchange Act or (C) in a notice of meeting (or any supplement) pursuant to Article II, Section ~~45~~ of these bylaws ~~and~~; (iv) "affiliate" and "associate" shall have the respective meanings set forth in Rule 12b-2 of the Exchange Act (or any successor provision thereto); ~~and~~ (v) "close of business" shall mean 5:00 p.m. local time at the principal executive offices of the Corporation on any calendar day, whether or not a business day.

## ARTICLE III.

### DIRECTORS

Section 1. General Powers: All corporate powers shall be exercised by or under the authority of, and the business and affairs of the Corporation shall be managed by or under the direction of, the Board of Directors or, subject to the authority and direction of the full Board of Directors, by such Executive Committees as the Board of Directors may establish pursuant to these bylaws.

Section 2. Number, Term and Qualifications: The number of directors of the Corporation shall not be less than nine nor more than twelve, as determined from time to time by the shareholders. The Board of Directors shall be divided into three classes, having staggered

terms of three years each. Each director shall hold office until his death, resignation, retirement, removal, disqualification, or his successor is elected and qualified. Directors need not be residents of the State of North Carolina or shareholders of the Corporation.

Section 3. **Election of Directors:** Except as provided in Section 5 of this Article III, the directors shall be elected at the annual meeting of shareholders; and those persons who receive the highest number of votes shall be deemed to have been elected.

Section 4. **Removal:** Neither the entire Board of Directors nor any individual director of the ~~corporation~~Corporation shall be removed from office by shareholders, with or without cause, unless a meeting of the shareholders of the ~~corporation~~Corporation is held to act thereon and there is obtained the approval of a percentage of all votes entitled to be cast thereon of at least eighty percent (80%); *provided, however,* that if any such removal shall have been recommended to the shareholders of the ~~corporation~~Corporation by a resolution of the Board of Directors adopted by the affirmative vote of seventy-five percent (75%) of the entire Board of Directors, then such removal may be effected if a meeting of the shareholders of the ~~corporation~~Corporation is held to act thereon and there is obtained the approval of a percentage of all votes entitled to be cast thereon equal to a majority of all votes entitled to be cast thereon. *provided, further,* that any such removal may be effected without a meeting or vote of the shareholders of the ~~corporation~~Corporation if a resolution determining that cause exists for such removal shall be adopted by the affirmative vote of seventy-five percent (75%) of the entire Board of Directors.

Section 5. **Vacancies:** Unless otherwise provided by the articles of incorporation of the Corporation, any newly created directorship or any vacancy occurring in the Board of Directors for any cause may be filled either by the shareholders or by the Board of Directors, and if the directors remaining in office constitute fewer than a quorum of the Board of Directors, the vacancy may be filled by the affirmative vote of a majority of the directors remaining in office or by the sole remaining director. Each director so elected shall hold office until the next shareholders' meeting at which directors are elected, subject to such director's earlier death, resignation, disqualification or removal.

Section 6. **Chairman:** There may be a Chairman of the Board of Directors elected by the directors from their number at any meeting of the Board of Directors. The Chairman shall preside at all meetings of the Board of Directors and perform such other duties as may be directed by the Board of Directors.

Section 7. **Compensation:** The Board of Directors may compensate directors for their services.

Section 8. **Executive Committee:** The Board of Directors may, by resolution adopted by a majority of the number of directors in office at the time of such resolution, designate two or more directors to constitute an Executive Committee, which committee, to the extent provided in such resolution and subject to the authority and direction of the full Board of Directors, shall have and may exercise all of the authority of the Board of Directors in the management of the Corporation.

Section 9. **Confidentiality:** Each director shall hold all Confidential Information (as defined below) in the strictest confidence and shall take all appropriate measures to ensure that no other person shall have access to the Confidential Information. No director shall disclose any Confidential Information to any person outside the Corporation, either during or after his or her service as a director, except with authorization of the Board of Directors or as may be required by law. For the avoidance of doubt, the foregoing shall also apply to any director who serves on the Board of Directors as the designee or nominee of a shareholder of the Corporation, and such director shall not disclose any Confidential Information to such shareholder or any of its officers, directors, managers, members, partners, employees, attorneys, accountants, advisors, agents, consultants or other representatives without the approval of the Board of Directors. "Confidential Information" shall mean all non-public information (whether or not material to the Corporation) entrusted to or obtained by a director by reason of his or her position as a director of the Corporation.

Section 10. **Indemnification:** Any person who at any time serves or has served as a director of the Corporation, or who, while serving as a director of the Corporation, serves or has served as an officer, employee or agent of the Corporation or, at the request of the Corporation, as a director, officer, partner, trustee, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, or as a trustee or administrator under an employee benefit plan, shall have a right to be indemnified by the Corporation to the fullest extent permitted by law against (a) all expenses, including but not limited to attorneys' fees, the cost of any investigation, experts and similar expenses incurred by him in connection with any threatened, pending, or completed civil, criminal, administrative, investigative, or arbitral action, suit or proceeding (and any appeal therein), whether or not brought by or on behalf of the Corporation, seeking to hold him liable by reason of the fact that he is or was acting in such capacity, and (b) all payments made by him in satisfaction of any judgment, money decree, fine (including an excise tax assessed with respect to an employee benefit plan), penalty, or settlement for which he may have become liable in any such action, suit or proceeding.

The Board of Directors of the Corporation shall take all such action as may be necessary and appropriate to authorize the Corporation to pay the indemnification required by this bylaw.

To the fullest extent from time to time permitted by law, the Corporation shall pay as incurred all the expenses, including but not limited to attorneys' fees and expenses of any person indemnified hereunder, incurred in defending any action, proceeding, suit or investigation and in advance of the final disposition of such action, proceeding, suit or investigation.

Any person who at any time after the adoption of this bylaw serves or has served in the aforesaid capacity for or on behalf of the Corporation shall be deemed to be doing or to have done so in reliance upon, and as consideration for, the right of indemnification provided herein. Such right shall inure to the benefit of the legal representatives of any such person and shall not be exclusive of any other rights to which such person may be entitled apart from the provision of this bylaw.

## ARTICLE IV.

### MEETING OF DIRECTORS

Section 1. Regular Meetings: A regular meeting of the Board of Directors shall be held immediately after, and at the same place as, the annual meeting of shareholders. In addition, the Board of Directors may provide, by resolution, the time and place, either within or without the State of North Carolina, for the holding of additional regular meetings.

Section 2. Special Meetings: Special Meetings of the Board of Directors may be called by or at the request of the Chief Executive Officer, Chairman of the Board of Directors, President or any two directors. Such meetings may be held either within or without the State of North Carolina.

Section 3. Notice of Meetings: Regular meetings of the Board of Directors may be held without notice.

The person or persons calling a special meeting of the Board of Directors shall, at least two days before the meeting, give notice thereof by the usual means of communication, including by electronic means, mail, or private carrier. Such notice need not specify the purpose for which the meeting is called.

Section 4. Waiver of Notice: A director may waive any required notice of a meeting before or after the date and time stated in the notice in a writing that is signed by the director and filed with the minutes or corporate records. Additionally, attendance at or participation by a director at a meeting shall constitute a waiver of notice of such meeting, except where the director at the beginning of the meeting (or promptly upon the director's arrival) objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

Section 5. Quorum: A majority of the directors in office immediately before the meeting begins shall constitute a quorum for the transaction of business at any meeting of the Board of Directors.

Section 6. Manner of Acting: Manner of Acting. Unless the articles of incorporation or bylaws of the Corporation require the vote of a greater number of directors, the affirmative vote of the majority of the directors present at a meeting at which a quorum is present when the vote is taken shall be the act of the Board of Directors.

Section 7. Participation in Meetings: Any or all of the directors may participate in a regular or special meeting by, or conduct the meeting through the use of, any means of communication by which all directors participating may simultaneously hear each other during the meeting.

Section 8. Section 7- Informal Action by Directors: Action taken by all of the directors without a meeting is nevertheless action by the Board of Directors if it is evidenced by one or more unrevoked written consents signed by each director before or after such action, describing the action taken, and included in the minutes or filed with the corporate records. A director's consent to action taken without a meeting or revocation thereof may be in electronic form and delivered by electronic means. Such action is effective when the last director provides written consent, unless the consent specifies a different effective date.

Section 9. Section 8- Bonds: The Board of Directors may by resolution require any or all officers, agents and employees of the Corporation to give bond to the Corporation, with sufficient sureties, conditioned on the faithful performance of the duties of their respective offices or positions, and to comply with such other conditions as may from time to time be required by the Board of Directors.

## ARTICLE V.

### OFFICERS

Section 1. Number: The officers of the Corporation shall consist of a Chief Executive Officer, a President, a Secretary, a Treasurer, and such Vice-Presidents, Assistant Secretaries, Assistant Treasurers and other officers as the Board of Directors may from time to time elect. Any two or more offices may be held by the same person, except the offices of President and Secretary.

Section 2. Election and Term: The officers of the Corporation shall be elected by the Board of Directors. Such elections may be held at any regular or special meeting of the Board of Directors. Each officer shall hold office until his death, resignation, retirement, removal, disqualification, or his successor is elected and qualified.

Section 3. Removal: Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors with or without cause; but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

Section 4. Compensation: The compensation of all officers of the Corporation shall be fixed by the Board of Directors.

Section 5. Chief Executive Officer: The Chief Executive Officer shall be the principal executive and administrative officer of the Corporation and, subject to the control of the Board of Directors, shall supervise and control the management of the Corporation in accordance with these bylaws.

He shall, when present, preside at all meetings of shareholders. At the request of the Chairman of the Board, or in case of his absence or inability to act, the Chief Executive Officer may act in his place. He shall sign, with any other proper officer, any deeds, mortgages, bonds, contracts, or other instruments which may be lawfully executed on behalf of the Corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be delegated by the Board of Directors to some other officer or agent. The Chief Executive Officer shall perform all duties incident to his office and such other duties as may be prescribed by the Board of Directors from time to time.

Section 6. President: The President shall be a principal administrative officer of the Corporation and, subject to the control of the Chief Executive Officer, shall assist the Chief Executive Officer in supervising and controlling the management of the Corporation in accordance with these bylaws.

At the request of the Chief Executive Officer, or in case of his absence or inability to act, the President may act in his place. Furthermore, at the request of the Chairman of the Board, or in case of the absence or inability to act of both the Chairman of the Board and the Chief Executive Officer, the President may act in the Chairman's place. He shall sign, with any other proper officer, certificates for shares of the Corporation and any deeds, mortgages, bonds, contracts, or other instruments which may be lawfully executed on behalf of the Corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be delegated by the Board of Directors to some other officer or agent. The President shall perform all duties incident to his office and such other duties as may be prescribed by the Board of Directors from time to time.

Section 7. Vice-Presidents: The Vice-Presidents in the order of their election, unless otherwise determined by the Board of Directors, shall, in the absence or disability of the President, perform the duties and exercise the powers of that office, subject to the restrictions applicable to such office. In addition, they shall perform such other duties and have such other powers as the Board of Directors shall prescribe.

Section 8. Secretary: The Secretary shall keep accurate records of the acts and proceedings of all meetings of shareholders and directors. He shall give all notices required by law and by these bylaws. He shall have general charge of the corporate books and records and of the corporate seal, and he shall affix the corporate seal to any lawfully executed instrument requiring it. He shall have general charge of the stock transfer books of the Corporation and shall keep, at the registered or principal office of the Corporation, a record of shareholders showing the name and address of each shareholder and the number and class of the shares held by each. He shall sign such instruments as may require his signature, and, in general, shall perform all duties incident to the office of Secretary and such other duties as may be assigned to him from time to time by the Chief Executive Officer, President or the Board of Directors.

Section 9. Treasurer: The Treasurer shall have custody of all funds and securities belonging to the Corporation and shall receive, deposit or disburse the same under the direction of the Board of Directors. He shall keep full and accurate accounts of the finances of the Corporation in books especially provided for that purpose; and he shall cause a true statement of its assets and liabilities as of the close of each fiscal year and of the results of its operations and of changes in surplus for such fiscal year, all in reasonable detail, including particulars as to convertible securities then outstanding, to be made and filed at the registered or principal office of the Corporation within four months after the end of such fiscal year. The statement so filed shall be kept available for inspection by any shareholder for a period of ten years; and the Treasurer shall mail or otherwise deliver a copy of the latest such statement to any shareholder upon his written request thereof. The

Treasurer shall, in general perform all duties incident to his office and such other duties as may be assigned to him from time to time by the Chief Executive Officer, President or the Board of Directors.

Section 10. Assistant Secretaries and Treasurers: The Assistant Secretaries and Assistant Treasurers shall, in the absence or disability of the Secretary or the Treasurer, respectively, perform the duties and exercise the powers of those offices, and they shall, in general, perform such other duties as shall be assigned to them by the Secretary or the Treasurer, respectively, or by the Chief Executive Officer, President or the Board of Directors.

## ARTICLE VI.

### CONTRACTS, LOANS AND DEPOSITS

Section 1. Contracts: The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument on behalf of the Corporation, and such authority may be general or confined to specific instances.

Section 2. Loans: No loans to or from the Corporation shall be contracted on behalf of the Corporation and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

Section 3. Checks and Drafts: All checks, drafts or other orders for the payment of money issued in the name of the Corporation shall be signed by such officer or officers, agent or agents of the Corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors.

Section 4. Deposits: All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such depositories as the Board of Directors shall direct.

## ARTICLE VII.

### SHARES AND THEIR TRANSFER

Section 1. Certificates for Shares; Uncertificated Shares: Shares of the capital stock of the Corporation may be certificated or uncertificated, as provided under the North Carolina Business Corporation Act. Certificates representing shares of the Corporation shall be issued in such form as the Board of Directors shall determine and shall be signed by the President or any Vice-President and the Secretary, Assistant Secretary, Treasurer or Assistant Treasurer. At a minimum, each certificate shall set forth the name of the Corporation, that the Corporation is organized under the laws of the State of North Carolina, the name of the shareholder and the number and class (and the designation of the series, if any) of the shares represented. Such certificates shall be consecutively numbered or otherwise identified; and the name and address of the persons, corporations, firms or organizations to whom they are issued, with the number of shares and date of issue, shall be entered on the stock transfer books of the Corporation.

Within a reasonable time after the issue or transfer of shares without certificates, the Corporation shall send the shareholder a written statement that shall set forth the name of the Corporation, that the Corporation is organized under the laws of the State of North Carolina, the name of the shareholder and the number and class (and the designation of the series, if any) of the shares represented.

Section 2. Transfer of Shares: Transfers of certificated shares shall be made on the stock transfer books of the Corporation only upon surrender of the certificates for the shares sought to be transferred by the record holder thereof or by his duly authorized agent, transferee or legal representative. All certificates surrendered for transfer shall be cancelled before new certificates or uncertificated shares for the transferred shares shall be issued.

Upon the receipt of proper transfer instructions from the registered owner of uncertificated shares, such uncertificated shares shall be cancelled, new equivalent uncertificated shares or certificated shares shall be issued to the shareholder entitled thereto and the transaction shall be recorded upon the stock transfer books of the Corporation.

Section 3. Fixing Record Date: For the purpose of determining the shareholders entitled to notice of a meeting of shareholders, to demand a special meeting, to vote, to take any other action, or to receive a dividend with respect to their shares, the Board of Directors may fix in advance a date as the record date for any such determination of shareholders. Such record date fixed by the Board of Directors under this Section 3 shall not be more than 70 days before the meeting or action requiring a determination of shareholders.

If no record date is fixed for the determination of shareholders entitled to notice of or to vote at a meeting of shareholders, or shareholders entitled to a dividend, the close of the business day before the first notice is delivered to shareholders or the date on which the

Board of Directors authorizes the dividend, as the case may be, shall be the record date for such determination of shareholders.

When a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in this Section 3, such determination shall apply to any adjournment, recess or postponement thereof unless the Board of Directors fixes a new record date, which it must do if the meeting is adjourned, recessed or postponed to a date more than 120 days after the date fixed for the original meeting.

Section 4. Lost Certificates: The Board of Directors may authorize the issuance of a new share certificate or uncertificated shares in place of a certificate claimed to have been lost or destroyed, upon receipt of an affidavit of such fact from the person claiming the loss or destruction. When authorizing such issuance of a new certificate or uncertificated shares, the Board of Directors may require the claimant to give the Corporation a bond in such sum as it may direct to indemnify the Corporation against loss from any claim with respect to the certificate claimed to have been lost or destroyed; or the Board of Directors may, by resolution reciting that the circumstances justify such action, authorize the issuance of the new certificate or uncertificated shares without requiring such a bond.

## ARTICLE VIII.

### GENERAL PROVISIONS

Section 1. Dividends: The Board of Directors may from time to time declare, and the Corporation may pay, dividends on its outstanding shares in the manner and upon the terms and conditions provided by law and by its articles of incorporation.

Section 2. Seal: The corporate seal of the Corporation shall consist of two concentric circles between which is the name of the Corporation and in the center of which is inscribed SEAL; and such seal, as impressed on the margin hereof, is hereby adopted as the corporate seal of the Corporation.

Section 3. Emergencies. If the Board of Directors cannot readily be assembled because of some catastrophic event (an "Emergency"), the Board of Directors may (i) modify lines of succession to accommodate the incapacity of any director, officer, employee, or agent; and (ii) relocate the principal office or designate alternative principal offices, or authorize the officers to do so. During an Emergency: (i) notice of a meeting of the Board of Directors need be given only to those directors whom it is practicable to reach and may be given in any practicable manner, including by publication and radio; and (ii) one or more officers present at a meeting of the Board of Directors may be deemed to be directors for the meeting, in order of rank and within the same rank in order of seniority, as necessary to achieve a quorum.

Section 4. Gender Neutrality. The terms "he," "him," and "his," where used in these bylaws, shall refer to both the masculine and feminine genders, as may be appropriate.

Section 5. Fiscal Year: Unless otherwise ordered by the Board of Directors, the fiscal year of the Corporation shall be from January 1 to December 31.

Section 6. Severability. Whenever possible, each provision or portion of any provision of these bylaws will be interpreted in such manner as to be effective and valid under applicable law but if any provision or portion of any provision of these bylaws is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such provision or portion of any provision shall be severable and the invalidity, illegality or unenforceability will not affect any other provision or portion of any provision in such jurisdiction, and these bylaws will be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision or portion of any provision had never been contained herein.

Section 7. Exclusive Forum:

(a) To the fullest extent permitted by law, and unless the Corporation consents in writing to the selection of an alternative forum, the state courts of North Carolina in and for Orange County, North Carolina, subject to designation or assignment to the North Carolina Business Court (or, if no state court located within the State of North Carolina has jurisdiction, the United States District Court for the Middle District of North Carolina) shall be the sole and exclusive forum for: (i) any derivative action or proceeding brought in the name or right of the Corporation or on its behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee of the Corporation to the Corporation or the shareholders of the Corporation, (iii) any action asserting a claim arising pursuant to any provision of the North Carolina Business Corporation Act, the Corporation's articles of incorporation or these bylaws (as each may be amended from time to time), (iv) any action to interpret, apply, enforce or determine the validity of the Corporation's articles of incorporation or these bylaws, or (v) any action asserting a claim governed by the internal affairs doctrine, including, without limitation, any action to interpret, apply, enforce or determine the validity of the Corporation's articles of incorporation or these bylaws (each as may be amended from time to time) (collectively, the "Actions").

(b) Notwithstanding the foregoing, (i) the provisions of Section 7 of this Article VIII will not apply to suits brought to enforce any liability or duty created by the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction, and (ii) unless the Corporation consents in writing to the selection of an alternative forum, the federal district courts of the United States of America, shall to the fullest extent permitted by law, be the exclusive forum for the resolution of any complaint asserting a cause of action against the Corporation or any director, officer, employee or agent of the Corporation and arising under the Securities Act of 1933, as amended.

(c) To the fullest extent permitted by applicable law, any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of the Corporation shall be deemed to have notice of and consented to the provisions of this Section 7 of Article VIII.

(d) If any Action is filed in a court other than pursuant to this Section 7 of Article VIII (a "Foreign Action") in the name of any current or former shareholder, such shareholder shall be deemed to have consented to (i) the personal jurisdiction of the state and federal courts located within the State of North Carolina in connection with any action brought in any such court to enforce Section 5(a) above (an "Enforcement Action") and (ii) having service of process made upon such shareholder in any such Enforcement Action by service upon such shareholder's counsel in the Foreign Action as agent for such shareholder.

(e) If any provision or provisions of Section 7 of this Article VIII shall be held to be invalid, illegal or unenforceable as applied to any person or entity or circumstance for any reason whatsoever, then, to the fullest extent permitted by law, the validity, legality and enforceability of such provisions in any other circumstance and of the remaining provisions of this Section 7 (including, without limitation, each portion of any sentence of this Section 7 containing any such provision held to be invalid, illegal or unenforceable that is not itself held to be invalid, illegal or unenforceable) and the application of such provision to other persons or entities and circumstances shall not in any way be affected or impaired thereby.

**Section 8. Amendments:** Except as otherwise provided herein, these bylaws may be amended or repealed and new bylaws may be adopted by the affirmative vote of a majority of the directors then holding office at any regular or special meeting of the Board of Directors.

The Board of Directors shall have no power to adopt a bylaw: (1) requiring more than a majority of the voting shares for a quorum at a meeting of shareholders or more than a majority of the votes cast to constitute action by the shareholders, except where higher percentages are required by law; (2) providing for the management of the Corporation otherwise than by the Board of Directors or its Executive Committees; (3) increasing or decreasing the number of directors; or (4) classifying and staggering the election of directors. No bylaw adopted, amended or repealed by the shareholders shall be readopted, amended or repealed by the Board of Directors if neither the articles of incorporation of the Corporation nor a bylaw adopted by the shareholders authorizes the Board of Directors to alter or repeal that particular bylaw or the bylaws generally.

No provision of these bylaws may be amended, altered or repealed by the shareholders of the corporation unless a meeting of the shareholders is held to act thereon and there is obtained the approval of a percentage of all the votes entitled to be cast on at least eighty percent (80%); provided, however, that the approval of the majority of all the votes entitled to be cast shall be sufficient to approve any such amendment, alteration or repeal that has been favorably recommended to the shareholders by resolution adopted by the affirmative vote of at least seventy-five percent (75%) of the entire Board of Directors.

**Certification**

I, J. Allen Fine, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Investors Title Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 9, November  
 Dated: 8, 2023 /s/ J. Allen Fine  
 J. Allen Fine  
 Chief Executive Officer

Exhibit 31(ii).

**Certification**

I, James A. Fine, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Investors Title Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

- b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
- c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

**August 9, November**  
 Dated: 8, 2023 /s/ James A. Fine, Jr.  
 James A. Fine, Jr.  
 Chief Financial Officer

Exhibit 32

**Certifications**  
**Pursuant to 18 U.S.C. Section 1350,**  
**As adopted pursuant to**  
**Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report on Form 10-Q of Investors Title Company, a North Carolina corporation (the "Company") for the quarter ended **June 30, 2023** September 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company does hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (i) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (ii) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

**August 9, November**  
 Dated: 8, 2023 /s/ J. Allen Fine  
 J. Allen Fine  
 Chief Executive Officer

**August 9, November**  
 Dated: 8, 2023 /s/ James A. Fine, Jr.  
 James A. Fine, Jr.  
 Chief Financial Officer



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