

Investors Title Company



AUDIT COMMITTEE CHARTER

- I. Purpose of Committee.** The Audit Committee (the “Committee”) is appointed by the Board of Directors (the “Board”) of Investors Title Company (“ITC”) for the primary purposes of:
- A. Overseeing the accounting and financial reporting processes of ITC and its subsidiaries (collectively, the “Company”) and the audits of the financial statements of the Company;
 - B. Assisting the Board in monitoring the quality and integrity of the Company’s accounting and financial reporting processes and its financial statements, the independent auditors’ qualifications, independence and performance, and the qualifications and performance of the Company’s internal audit function; and
 - C. Preparing the Audit Committee Report to be included in the Company’s proxy statement.
- II. Duties and Responsibilities.** The Committee’s primary responsibility is the oversight of the Company’s accounting and financial reporting processes and the audits of the consolidated financial statements of the Company and the financial statements of ITC’s insurance company subsidiaries (collectively, the “Financial Statements”). To carry out this responsibility and others delegated to it by the Board, the Committee will:
- A. **General.**
 - 1. Develop and maintain an open dialogue with the Board, the Company’s independent auditors, the Company’s internal auditors, and the financial and general managers of the Company;
 - 2. Perform any other duties that the Committee deems appropriate, or that are requested by the Board, consistent with this charter, the Company’s By-laws, and applicable laws and regulations;
 - 3. At least annually, review and assess the adequacy of this charter, which will be disclosed on the Company’s website or at least once every three years in the Company’s proxy statement as required by the SEC’s proxy rules, and recommend any changes to the Board;
 - 4. Review and approve related-party transactions in accordance with, and to the extent required by, the Company’s Related Party Transactions Policy; and
 - 5. Periodically report its activities to the Board.

B. The Company's Financial Statements and Published Information.

1. At least annually, review:
 - a. Major issues regarding accounting principles and Financial Statement presentations, including significant changes in the selection or application of accounting principles, as well as the clarity and completeness of the Financial Statements;
 - b. Analyses prepared by management and/or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the Financial Statements; and
 - c. The effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the Financial Statements;
2. Review and discuss the annual audited Financial Statements, including disclosures made in management's discussion and analysis included in the Form 10-K and matters outlined in SAS No. 61, *Communications with Audit Committees*, as amended and superseded, with management and the independent auditors, and recommend to the Board whether the Company's consolidated audited financial statements should be included in the Company's Form 10-K;
3. Review and discuss the Company's Form 10-Q and quarterly financial statements with management and the independent auditors prior to the filing of the Form 10-Q, including the results of the independent auditors' review of the quarterly financial statements;
4. Review the Company's earnings releases, as well as financial information and earnings guidance provided to analysts and ratings agencies, which may be a general review of the type of information to be included or presentation to be made and need not necessarily be in advance of each such earnings release or instance of earnings guidance; and
5. Review and discuss the statutory annual audited financial statements of ITC's insurance company subsidiaries with management and the independent auditors prior to the filing of the annual statutory audited financial statements.

The Chair of the Committee may represent the entire Committee for purposes of reviewing quarterly financial statements and reports, earnings releases, and financial information and earnings guidance provided to analysts and ratings agencies to the extent permissible under the listing requirements of the Nasdaq Stock Market and generally accepted auditing standards.

C. Performance and Independence of the Company's Independent Auditors.

1. Ensure receipt by the Committee from the independent auditors of a formal written statement delineating all relationships between the independent auditors and the Company (including persons in financial oversight roles at the Company), consistent with PCAOB Rule 3526, and engage in a dialogue with the independent auditors with

respect to any disclosed relationships or services that may impact the objectivity and independence of the independent auditors and take appropriate action to oversee their independence;

2. Annually evaluate the independent auditors' qualifications, performance, and independence; and
3. Periodically meet separately with independent auditors.

D. Review of Services and Audit by Independent Auditor.

1. Appoint, retain, compensate, evaluate, and terminate the independent auditors, with sole authority to approve all audit engagement fees and terms, as well as all non-audit engagements with the independent auditors (these duties are non-delegable);
2. At least annually, pre-approve all audit and non-audit services to be provided to the Company, including ITC's insurance company subsidiaries, by the independent auditors pursuant to the Audit and Non-audit Services Pre-approval Policy;
3. Review the scope of the annual audits to be performed by the independent auditors;
4. Review with the independent auditors any audit problems or difficulties encountered in the course of the audit work, and management's responses;
5. Discuss with management and the independent auditors any accounting adjustments that were noted or proposed by the independent auditors but were passed (as immaterial or otherwise);
6. Review the audit reports and recommendations submitted by the Company's independent auditors, including subsidiaries' independent auditors;
7. Review the report required by Section 10A(k) of the Securities Exchange Act of 1934 from the independent auditors concerning (i) critical accounting policies and practices used in the audit, (ii) alternative treatments of financial information within GAAP that have been discussed with Company management, ramifications of the use of such alternative disclosure and treatments, and the treatment preferred by the independent auditors, and (iii) other material written communications between the independent auditors and Company management;
8. Ensure the rotation of the lead (or coordinating) audit partners having primary responsibility for the audits and the audit partners responsible for reviewing the audits as required by law; and
9. Recommend to the Board policies for the Company's hiring of employees or former employees of the independent auditors.

The Company shall provide funding, as determined by the Committee, for payment of compensation to the independent auditors retained by the Committee.

E. Review of the Company's Internal Audit Department.

1. Periodically meet with internal auditors;
2. Review the annual internal audit plan;
3. Receive and review summaries and reports from the internal auditor with respect to its review of Company operations and internal controls;
4. Review the activities and structure of the internal audit department; and
5. Confirm and take or recommend any appropriate actions to assure the independence of the senior internal auditor.

F. Controls within the Company.

1. Annually review significant issues regarding the adequacy of the Company's internal controls and any changes adopted in light of significant deficiencies or material weaknesses in internal controls and the adequacy of disclosure about changes in internal control over financial reporting;
2. Establish procedures for the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters, and the confidential, anonymous submission by Company employees of concerns regarding accounting or auditing matters; and
3. Discuss with management and the Company's outside counsel, as appropriate, any legal matters that may have a material impact on the Financial Statements or the Company's compliance policies.

III. Authority to Retain Experts and Advisors. The Committee has the authority to choose, hire, direct, and, if appropriate, terminate such experts and advisors as it deems necessary in the performance of its duties. The Company shall provide funding, as determined by the Committee, for payment of compensation to any experts or advisers the Committee retains.

IV. Audit Committee Financial Expert. At least one member of the Committee must be an "audit committee financial expert" as defined by the Securities and Exchange Commission.

V. Other Charter Provisions. Additional information regarding Committee member qualifications, Committee member appointment and removal, committee structure and operations, and Committee reporting to the Board are set forth in the Investors Title Company Board of Directors Standard Committee Charter Provisions.