Investors Title

INNOVATIVE BY INSTINCT

April 13, 2020

To Our Fellow Shareholders:

In 2019, Investors Title Company extended its long history of industry-leading financial performance. In addition to setting a new Company record for both annual revenues and net income, our net profit margin exceeded that of our peer group for the third consecutive year.

The overall economy remained very strong in 2019, as reflected by a nearly 29% increase in the stock market. Record-low unemployment levels, wage growth, and favorable home affordability set the stage for high levels of home sales activity. In addition, an unexpected drop in mortgage interest rates led to a significant increase in refinance activity. Higher mortgage volumes, coupled with continued increases in real estate values, led to record revenue levels for the title insurance industry.

These macroeconomic factors, in addition to our efforts to grow market share, contributed significantly to revenue increases. Net premiums written increased 5.6% to $145.8 million, a new Company record. Revenues from services not directly related to title insurance increased 40.1%, mainly due to growth in like-kind exchange business. In addition, revenues benefited from increases in the fair value of our equity securities portfolio.

In light of the strong financial performance attained over recent years and our confidence in the ability to sustain it, the board of directors increased the quarterly cash dividend from 40 cents to 44 cents per share earlier this year. This increase in the regular dividend is above and beyond special dividends declared in each of the past three years, totaling $21.00 per share. In fact, through a combination of regular dividends, special dividends, and share repurchases, the Company has returned nearly 60% of its operating cash flow to its shareholders over the past five years. This approach has resulted in a dividend yield that is among the highest of our peer group.

Returning capital to shareholders is in line with our capital allocation strategy. We strive to achieve a balance between an attractive shareholder return, financial flexibility throughout the various stages of the business cycle, acquisition funding and investments in our existing businesses, and superior financial protection for our policyholders.

Our exceptional financial strength is consistently recognized by rating agencies such as A.M. Best as being among the highest in the industry. Our strong balance sheet, with no debt and highly tangible assets, supports a very low level of underwriting leverage in comparison to peer companies. We believe this distinction is an important competitive strength for us, as it affords our business partners and policyholders a high level of confidence in the value of our insurance product.

In addition to an unwavering commitment to conservative financial management, our business strategy is based on cultivating mutually beneficial relationships that focus on success over the long term. We strive to help our business partners be more profitable by providing them with industry-leading technology solutions, expert underwriting advice, and relevant and timely educational offerings. In addition, we deliver this support carefully tailored to local customs and practices, based on our in-depth knowledge of the markets we serve. By investing in the success of business partners, we, in turn, form enduring and prosperous long-term relationships that become the foundation of our success.

As of this writing, much uncertainty exists around the impact of COVID-19, both on the overall economy and on our own business. In general, the high activity levels seen in 2019 continued uninterrupted through most of the first quarter of this year, as lower interest rates fueled an increase in demand for mortgage refinancing. By late March, however, mortgage applications began to trail off from volumes observed in previous weeks. Predictions about the impact of the virus on home sales are constantly evolving, but we expect the volume of transactions to be curtailed as long as quarantining measures are in place and the economic repercussions from business closures linger.

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One unanticipated consequence of the impact of COVID-19 is that technology is becoming even more important in the industry. To limit personal interactions, electronic document signing and other tools that enable virtual loan closings are becoming more widespread. Our technology investments have greatly enabled our ability to conduct business remotely.

Although no one can predict the months ahead with certainty, we remain optimistic about the long-term prospects for the real estate industry. Home sales activity was strong prior to COVID-19, and various underlying fundamental factors, such as the long-term trend of household formation, support continued growth once the impact of the virus subsides. We are confident the Company is well-positioned to benefit from this growth. Regardless of the state of the economy, however, we will remain steadfast to the business model that has sustained us since the Company's inception, emphasizing industry-leading financial strength, a caring and capable team who delivers unparalleled support, and the mutual long-term success of our business partners.

Our business depends on our hardworking, talented, and enthusiastic employees. We remain grateful to them for their dedication, to our business partners for the confidence they place in us, and to you, our fellow shareholders, for your continued support.

J. Allen Fine	**James A. Fine, Jr.**	**W. Morris Fine**
Chairman, Chief Executive Officer	President, Chief Financial Officer, Treasurer	Executive Vice President, Secretary

Investors Title Company
121 N Columbia St, Chapel Hill, NC 27514
919.968.2200 / F 919.968.2227
invtitle.com | nititle.com | invtrust.com