CERTIFICATION

May 20, 2021

I, Eric Dunning, Director of Insurance of the State of Nebraska, do hereby certify that the attached is a full and correct copy of the Financial Examination Report of

FIRST AMERICAN TITLE INSURANCE COMPANY

AS OF

DECEMBER 31, 2019

The report is now on file and forming a part of the records of this Department.

I hereto subscribe my name under the seal of my office at Lincoln, Nebraska.

DIRECTOR OF INSURANCE

CERTIFICATE OF ADOPTION

Notice of the proposed report for the financial examination of

FIRST AMERICAN TITLE INSURANCE COMPANY

1 FIRST AMERICAN WAY

SANTA ANA, CALIFORNIA 92707

dated as of December 31, 2019, verified under oath by the examiner-in-charge on March 31, 2021, and received by the company on May 3, 2021, has been adopted with modification as the final report pursuant to Neb. Rev. Stat. § 44-5906(3) (a).

Dated this 10th day of May, 2021.

STATE OF NEBRASKA
DEPARTMENT OF INSURANCE

Justin C. Schrader, CFE
Chief Financial Examiner

STATE OF NEBRASKA

Department of Insurance

EXAMINATION REPORT

OF

FIRST AMERICAN TITLE INSURANCE COMPANY

as of

December 31, 2019

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Santa Ana, California
March 22, 2021

Honorable Bruce R. Ramge
Director of Insurance
Nebraska Department of Insurance
1135 M Street, Suite 300
Lincoln, Nebraska 68508

Dear Sir:

Pursuant to your instruction and authorizations, and in accordance with statutory requirements, an examination has been conducted of the financial condition and business affairs of:

FIRST AMERICAN TITLE INSURANCE COMPANY

which has its Statutory Home Office located at

5017 Leavenworth Street, Suite 100
Omaha, Nebraska 68106

with its Principal Executive Office located at

1 First American Way
Santa Ana, California 92707

(hereinafter also referred to as the "Company"), and the report of such examination is respectfully presented herein.

INTRODUCTION

The State of Nebraska last examined the Company as of December 31, 2015. The current financial condition examination covers the intervening period to, and includes the close of business on December 31, 2019, and such subsequent events and transactions as were considered pertinent to this report. The States of California, Louisiana, Nebraska, Ohio, and Texas participated in this examination and assisted in the preparation of the report.

The same examination staff conducted concurrent financial condition examinations of the Company's subsidiaries: First American Title Insurance Company of Louisiana, Ohio Bar Title Insurance Company, and First American Title Guaranty Company and affiliates, First American Property & Casualty Insurance Company, First American Specialty Insurance Company.

SCOPE OF EXAMINATION

This examination was conducted pursuant to and in accordance with both the NAIC Financial Condition Examiners Handbook (Handbook) and Section §44-5904(1) of the Nebraska Insurance Statutes. The Handbook requires that examiners plan and perform the examination to evaluate the financial condition and identify prospective risks of the Company by obtaining information about the Company including but not limited to: corporate governance, identifying and assessing inherent risks within the Company, and evaluating system controls and procedures used to mitigate those risks. The examination also includes assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation and management's compliance with Statutory Accounting Principles and Annual Statement Instructions, when applicable, to domestic state regulations.

The examination was completed under coordination of the holding company group approach with the Nebraska Department of Insurance as the coordinating state and the California Department of Insurance, Louisiana Department of Insurance, Ohio Department of Insurance, and Texas Department of Insurance. The companies examined under this approach benefit to a large degree from common management, systems and processes, and internal control and risk management functions that are administered at the consolidated or business unit level.

The coordinated examination applies procedures sufficient to comprise a full scope financial examination of each of the companies in accordance with the examination procedures and standards promulgated by the NAIC and by the respective state insurance departments where the companies are domiciled. The objective is to enable each domestic state to report on their respective companies' financial condition and to summarize key results of examination procedures.

A general review was made of the Company's operations and the manner in which its business has been conducted in order to determine compliance with statutory and charter provisions. The Company's history was traced and has been set out in this report under the caption "Description of Company." All items pertaining to management and control were reviewed, including provisions for disclosure of conflicts of interest to the Board of Directors and the departmental organization of the Company. The Articles of Incorporation and By-Laws were reviewed, including appropriate filings of any changes or amendments thereto. The minutes of the meetings of the Shareholder, Board of Directors, and committees, held during the examination period, were read and noted. Attendance at meetings, proxy information, election of Directors and Officers, and approval of investment transactions were also noted.

The fidelity bond and other insurance coverages protecting the Company's property and interests were reviewed. Certificates of Authority to conduct the business of insurance in the various states were inspected and a survey was made of the Company's general plan of operation.

Data reflecting the Company's growth during the period under review, as developed from the Company's filed annual statements, is reflected in the financial section of this report under the caption "Body of Report."

The Company's reinsurance facilities were ascertained and noted and have been commented upon in this report under the caption "Reinsurance." Accounting records and procedures were tested to the extent deemed necessary through the risk-focused examination process. The Company’s method of claims handling and procedures pertaining to the adjustment and payment of incurred losses were also noted.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. This included a review of workpapers prepared by PricewaterhouseCoopers, LLP, the Company’s external auditors, during their audit of the Company’s accounts for the year ended December 31, 2019. Portions of the auditor’s workpapers have been incorporated into the workpapers of the examiners and have been utilized in determining the scope and areas of emphasis in conducting the examination. This utilization was performed pursuant to Title 210 (Rules of the Nebraska Department of Insurance), Chapter 56, Section 013.

Any failure of items to add to the totals shown in schedules and exhibits appearing throughout this report is due to rounding.

DESCRIPTION OF COMPANY

HISTORY

The Company was incorporated under the laws of the state of California on September 24, 1968 and commenced business on December 31 of that same year. Before reorganization in 2010, the Company was previously 100% owned by the First American Corporation (FAC).

On March 19, 2010, the California Department of Insurance approved a reorganization which accomplished the separation of the Company and certain affiliates from FAC and their concurrent transfer into First American Financial Corporation (FAFC). Effective June 1, 2010, FAC was reorganized into two independent public companies: (1) FAFC, and (2) FAC itself, renamed as CoreLogic, Incorporated. The Company is currently 100% owned by the new parent, FAFC.

On July 1, 2014, the Nebraska Department of Insurance approved the re-domestication of the Company from California. The organizational structure was not changed because of this re-domestication. The Articles of Incorporation were amended and restated on July 1, 2014, to reflect the re-domestication of the Company to the State of Nebraska.

The Company is authorized by its Articles of Incorporation to engage in the business of title insurance to the extent permitted by the Nebraska Title Insurers Act to insure the attachment, perfection, and priority of security interests in personal property. The Company's current Certificate of Authority authorizes the Company to transact the business of title insurance in the State of Nebraska as described under Section 44-201, Paragraph 15 of the Nebraska Insurance Laws.

MANAGEMENT AND CONTROL

Holding Company

The Company is a member of an insurance holding company system as defined by Nebraska Statute. An organizational listing flowing from the 'Ultimate Controlling Person", as reported in the 2019 Annual Statement, is represented by the following (subsidiaries are denoted through the use of indentations and, unless otherwise indicated, all subsidiaries are 100% owned). The listing includes all affiliated insurance companies, selected non-insurance operations have been omitted:

- First American Financial Corporation
  - First American Property & Casualty Insurance Company
  - First American Specialty Insurance Company
  - First American Title Insurance Company
    - First American Title Guaranty Company
    - First American Title Insurance Company of Louisiana
    - Ohio Bar Title Insurance Company
      - Title Reinsurance Company (2%)
    - Title Reinsurance Company (17%)

Shareholder

The Company is 100% wholly owned by its sole shareholder and parent, FAFC. Article VIII, Section 2 of the Company's By-Laws provides that "the annual meeting of Stockholders shall be held each year on such date and at such time as shall be set by the Board of Directors from time to time. At each annual meeting, Directors shall be elected and any other proper business within the power of the Stockholders may be transacted."

Article VII of the Company's Articles of Incorporation state that "the aggregate number of shares which the corporation shall have authority to issue is ten million (10,000,000) shares. The aggregate par value of said shares is one billion dollars ($1,000,000,000); and the par value of each share is one hundred dollars ($100)." As of the examination date, the Company has three million (3,000,000) shares issued and outstanding. During the examination period, the Company issued the following ordinary dividends to its parent and sole shareholder:

October 15, 2017	$ 10,000,000	(Cash)
October 15, 2017	200,600,000	(Non-Cash)
July 17, 2018	89,000,000	(Cash)
November 27, 2018	202,500,000	(Cash)
November 27, 2018	10,500,000	(Non-Cash)
July 31, 2019	44,000,000	(Cash)
November 30, 2019	213,000,000	(Cash)
TOTAL	$769,600,000	

The Company received a capital contribution of $48,843,309 from its parent for the year ended December 31, 2018. The contribution consisted of goodwill associated with the transfer of certain business operations of an affiliate.

Board of Directors

Article I of the Company's By-Laws provides that "this Company shall have, and its corporate powers shall be vested in, a Board of Directors of not less than five (5) nor more than eight (8) Directors and at least one Director shall be a resident of the State of Nebraska." Article II of the Company's By-Laws provides that "the Directors shall be elected annually by the Stockholders. The Directors shall be elected by ballot and shall serve for one year, and until their successors are elected. Such election shall be held at the regular annual meeting of the Stockholders. The term of office of all Directors shall begin immediately after their election."

The following persons were serving as Directors at December 31, 2019:

Name and Residence	**Principal Occupation**
Ellen C. Albrecht Omaha, Nebraska	Vice President, Regional Sales Manager, First American Title Insurance Company
Dennis J. Gilmore Corona Del Mar, California	Chief Executive Officer, First American Financial Corporation
Christopher M. Leavell Coto de Caza, California	Executive Vice President, Chief Operating Officer, First American Title Insurance Company
Jeffrey S. Robinson Lake Forest, California	Secretary, First American Financial Corporation
Mark E. Seaton Newport Beach, California	Executive Vice President and Chief Financial Officer, First American Financial Corporation

Officers

Article V, Section 1 of the Company's By-Laws provides that "Officers of the Company shall be a President, Vice President, Secretary and a Chief Financial Officer or Treasurer." Article V, Section 2 of the Company's By-Laws provides that "the Officers of the Company, except such Officers as may be appointed in accordance with the provisions of Section 3 or Section 5 of this Article, shall be chosen annually by the Board of Directors, and each shall hold his office until he shall resign or shall be removed or otherwise disqualified to serve, or his successor shall be elected and qualified."

The following is a listing of Principal Officers elected and serving the Company at December 31, 2019:

Name	**Office**
Dennis J. Gilmore	President and Chief Executive Officer
Jeffrey S. Robinson	Secretary, Senior Vice President
Mark E. Seaton	Chief Financial Officer, Senior Vice President, Finance
Sally F. Tyler	Executive Vice President
Kurt P. Pfotenhauer	Executive Vice President, Vice Chairman
Hugh Matthew McCreadie	Vice President, Treasurer
Ellen C. Albrecht	Vice President
Evan M. Zanic	Executive Vice President
Christopher M. Leavell	Executive Vice President, Chief Operating Officer
George S. Livermore	Executive Vice President
Matthew F. Wajner	Senior Vice President, Chief Accounting Officer
Janette Waller	Executive Vice President

Committees

The Company utilizes the following committees of FAFC: Audit Committee, Compensation Committee, Nominating and Corporate Governance Committee, and the Investment Committee.

TRANSACTIONS WITH AFFILIATES

Cost Allocation Agreement

The Company and its parent, FAFC, are parties to an agreement effective June 1, 2010 where FAFC provides services, facilities, and benefits to the Company. This agreement initially did not include the proper parent company's name, and an amendment was submitted on October 1, 2013 to the California Department of Insurance and was effective December 6, 2013.

FAFC shall provide the Company with certain employee benefit related services as are reasonably requested and mutually agreed upon. The compensation shall be based on actual cost, without a profit factor built into the cost, and shall be allocated in accordance with a method in conformity with SSAP 70. Cost or expense shall be paid within 30 days after the end of each quarter. The agreement shall remain in effect until terminated in whole or part by mutual consent, or by either party giving 30 days written notice and subject to negotiation at least every three years.

Affiliated Companies Service Agreement

Effective July 1, 2014, the Company re-domesticated and filed its affiliated companies service agreement that was previously approved by its former state, California, on December 17, 2012. The original agreement date was December 31, 2012. The agreement was amended and restated as of October 1, 2019. This agreement reflects that the Company provides certain services (principally to Company subsidiaries), which include accounting, auditing, title plant and policy production, information technology, and other functional support services related to purchasing, payroll, human resources, marketing, finance, and divisional and executive management.

Affiliated Companies Service Agreement (for International Affiliates)

Effective February 1, 2016, the Company entered into an agreement with certain international affiliates. The agreement is to achieve operating efficiencies for the benefit of the affiliates through a cost allocation. The agreement was non-disapproved by the Nebraska Department of Insurance on February 1, 2016.

Business Process Outsourcing Services Agreement

The Company entered into an agreement with First American (India) Private Limited to receive business administration and transaction processing services effective April 1, 2015. The agreement was amended and restated as of August 1, 2017. The amendment was non-disapproved by the Nebraska Department of Insurance on August 11, 2017.

Federal Tax Sharing Agreement

Effective August 7, 2014, the Company entered into a new federal tax sharing agreement with its parent, FAFC, and other affiliated companies. The allocation of federal income tax liability is based on the percentage that the separate federal income tax liability of each member bears to the sum of the separate federal income tax liabilities for all members. The members of the group that incurred losses or other tax benefits that have been utilized by the group to reduce consolidated federal tax liability are compensated for the use of benefits. Any excess of the amount previously paid by a member over the allocated liability shall be paid by FAFC to such member. The allocation, reporting, and remittances shall be completed within 30 days after the due date, including extensions, of the consolidated federal tax return for each year. The agreement was non-disapproved by the Nebraska Department of Insurance on October 7, 2014. An amendment was filed and non-disapproved on October 29, 2015.

Agency Agreement – Title Security Agency, LLC

Effective May 12, 2014, the Company entered an agreement with Title Security Agency, LLC (Title Security), an Arizona Agency. Title Security will issue Company policies in Arizona whereby the Company is primarily liable for losses arising from claims, minus a $5,000 deductible for each claim that will be retained by Title Security. This agreement was non-disapproved by the Nebraska Department of Insurance on November 19, 2015 to reflect the proper domiciliary state.

Agency Agreement – TitleVest

Effective November 19, 2015, the Company entered into an agency agreement with TitleVest Agency of New York, Inc., TitleVest Agency, LLC, and TVest Agency of Pennsylvania, LLC (collectively TitleVest). The agreement outlines that TitleVest will issue Company title insurance policies in specific territories and within specific policy limits. This agreement was not-disapproved by the Nebraska Department of Insurance on November 19, 2015.

Agency Agreement – First American Title Company (FATCO)

Effective December 11, 2015, the Company resubmitted its limited agency agreement with FATCO to the Nebraska Department of Insurance. This agreement originally was effective April 28, 1997 and had been amended numerous times. The new filing with the Nebraska Department of Insurance consolidated the original agreement and the amendments. The agreement outlines that FATCO issues Company title insurance policies covering real property located in certain counties in California. This agreement was non-disapproved by the Nebraska Department of Insurance on December 29, 2015.

In addition to issuing Company title insurance policies covering real property within California, FATCO sells Company title insurance policies covering real property located in states other than California. This agreement was non-disapproved on December 11, 2015.

Agency Agreement – First American Vacation Ownership Title and Escrow Services, Inc.

Effective March 22, 2018, the Company entered into an agreement with First American Vacation Ownership Title and Escrow Services, Inc., to issue Company policies in Hawaii. The agreement was not-disapproved by the Nebraska Department of Insurance on June 29, 2018.

Limited Agency Agreement – FATCO

Effective January 2, 2019, the Company entered into an agreement with FATCO to issue Company policies in California. The agreement was not-disapproved by the Nebraska Department of Insurance on April 8, 2019.

TERRITORY AND PLAN OF OPERATION

As evidenced by current or continuous Certificates of Authority, the Company is licensed to transact business in all states, except Iowa. The Company is also licensed in the District of Columbia, Guam, Puerto Rico, the U.S. Virgin Islands, and Canada.

During 2019, the Company wrote $3.6 billion of direct premiums, of which $1.0 billion were produced through direct operations, $2.13 billion through non-affiliated agencies, and $0.44 billion through affiliated agencies. Of the direct premiums, $404 million (11.3%) were written in California, $303 million (8.5%) were written in Florida, and approximately $2.89 billion (80.2%) were written in the remaining states and jurisdictions.

The Company issues both residential and commercial title insurance policies. Title insurance policies insure the interests of owners and their lenders against loss by reason of adverse claims to ownership of or defect to liens, encumbrances, or other matters affecting such title that existed at the time a policy was issued and that was not excluded from the policy coverage. The Company also provides escrow and other services to real estate property buyers and mortgage lenders.

Title policies are issued by the Company on a direct basis and through affiliated and non-affiliated title agents on behalf of the Company on an indirect basis. Some underwritten title companies, and other title agents, retain 60% to 95% of the title insurance premium when they place business with the Company. The amount of retention depends on local regulations or practices and on whether the premium is all inclusive or divided between the “risk portion” of the premium and the “work portion.” The “work portion” includes search, examination, and policy preparation.

REINSURANCE

Assumed

The Company assumes business from subsidiaries and affiliates, as well as from unaffiliated companies. In the ordinary course of business, orders for large policies are often received with the applicant directing the underwriting company to cede a portion of the risk to other insurers for specific amounts. The Company is one of the nation’s largest title insurers and, as a result, is directed to cede and assume facultative reinsurance on a regular basis. The Company also has treaty reinsurance agreements with several companies. The treaty reinsurance agreements in effect as of December 31, 2019 are listed as follows:

Subsidiaries and Affiliated Companies	Retention
First American Title Guaranty Company	$1,000,000
First American Title Insurance Company of Australia Pty Limited	50,000*
First American Title Insurance Company of Louisiana	350,000
First Canadian Title Insurance Company Ltd.	1,000,000**
First Canadian Title Insurance Company Ltd. (Commercial)	3,000,000**
First Title Insurance PLC	300,000***
Ohio Bar Title Insurance Company	500,000

* Australian Dollars and New Zealand Dollars
**Canadian Dollars
***British Pounds

Unaffiliated Companies (canceled in 2019)	Retention
Attorneys’ Title Guaranty Fund, Inc.	1,000,000
Investors Title Insurance Company	6,500,000
National Investors Title Insurance Company	1,000,000
North American Title Company	10,000,000

As of December 31, 2019, the Company assumed from affiliates policy liabilities totaling $107.6 billion and reinsurance premiums of $6.4 million. The Company assumed business from non-affiliates with policy liabilities totaling $1.17 billion and reinsurance premiums of $0.57

million. In the aggregate, the assumed liability totaled $109 billion and reinsurance premiums received totaled $7 million. As of December 31, 2019, the Company reported no amounts of reinsurance payable on paid and unpaid losses and loss adjustment expenses.

Ceded

The Company cedes its excess risk primarily on a facultative basis. However, the Company does cede certain commercial risks via reinsurance treaties.

The Company has a first title excess of loss reinsurance contract with various insurers through its intermediary, Aon Benfield. The agreement is with Various Lloyds of London Syndicates (18%), AXIS Specialty Limited (16%), Hannover Rueck (15%), Peak Re (10.75%), Hannover Re Bermuda (10%), Endurance Specialty Insurance Ltd. (5%), Munich Re (5%), Swiss Re Europe SA (5%), Everest Re Bermuda (3.75%), Hamilton Re, Ltd. (3.5%), Ariel Re (3%), Renaissance Reinsurance, Ltd. (2.5%), Third Point Re (1.5%), and Greenlight Re (1%) whereby the Company retains $20 million ultimate net loss per occurrence. The reinsurers assume 100% of $30 million in excess of the $20 million retention for each loss occurrence.

The Company has a second title excess of loss reinsurance contract with various insurers through its intermediary, Aon Benfield. The agreement is with Various Lloyds of London Syndicates (20.25%), Hannover Rueck (15%), Endurance Specialty Insurance Ltd. (11%), Hannover Re Bermuda (10%), Renaissance Reinsurance, Ltd. (8.5%), Swiss Re Europe (7.5%), Everest Re Bermuda (7.5%), Peak Re (5%), Munich Re (5%), Ariel Re (4%), Hamilton Re, Ltd. (2.5%), Third Point Re (1.25%), Greenlight Re (1%), AXIS Specialty Limited (1%), and Korean Re (.5%) whereby the Company retains $50 million ultimate net loss per occurrence. The reinsurers assume 100% of $50 million in excess of the $50 million retention per occurrence.

The Company's third layer has a claims-made title reinsurance agreement with HCC Reinsurance Company Limited whereby the Company retains $100 million net loss per policy. HCC Reinsurance Company Limited reinsures 100% of $200 million in excess of the $100 million retention for each policy, with an aggregate limit of $200 million.

The Company has a fourth title excess of loss reinsurance contract with various insurers through its intermediary, Aon Benfield. The agreement is with Ironshore (30%), Hannover Re Bermuda (25%), Renaissance Reinsurance, Ltd. (12.5%), Arch Re Bermuda (10%), Everest Re Bermuda (10%), and Ren Re 1458 (2.5%) whereby the Company retains $300 million ultimate net loss per occurrence. The reinsurers assume 100% of $100 million in excess of the $300 million retention per occurrence.

The Company has a fifth title excess of loss reinsurance contract with various insurers through its intermediary, Aon Benfield. The agreement is with Hannover Re Bermuda (15%), Peak Re (7.5%), Arch Re Bermuda (5%), Everest Re Bermuda (5%), Greenlight Re (2%), and Korean Re (1%) whereby the Company retains $400 million ultimate net loss per occurrence. The reinsurers assume 100% of $100 million in excess of the $400 million retention per occurrence.

As of December 31, 2019, the Company ceded business to non-affiliates with policy liabilities totaling $852 million and reinsurance premiums of $12.8 million. As of December 31, 2019, the Company reported no amounts of reinsurance recoverable on paid and unpaid losses and loss adjustment expenses.

General

All contracts reviewed contained standard insolvency, arbitration, errors and omissions, and termination clauses where applicable. All contracts contained the clauses necessary to assure reinsurance credits could be taken.

BODY OF REPORT

GROWTH

The following comparative data reflects the growth of the Company during the period covered by this examination:

	2016	2017	2018	2019
Bonds	$1,382,282,365	$1,506,265,103	$1,740,431,581	$1,879,736,019
Admitted assets	2,592,919,509	2,731,670,012	2,827,803,806	3,187,680,450
Known claims reserve	292,805,344	296,845,735	305,328,504	293,271,735
Statutory premium reserve	823,979,245	1,003,216,509	1,027,709,600	1,065,632,259
Total liabilities	1,405,481,678	1,557,881,057	1,595,927,479	1,673,003,867
Capital and surplus	1,187,437,831	1,173,788,954	1,231,876,326	1,514,676,583
Premium earned	3,392,793,117	3,472,866,978	3,436,322,315	3,535,602,023
Net investment income	67,940,327	192,640,139	(25,337,873)	169,943,534
Losses incurred	249,165,166	184,839,805	160,648,418	135,028,518
Net income	150,027,142	306,540,493	258,434,154	473,647,896

FINANCIAL STATEMENTS

The following financial statements are based on the statutory financial statements filed by the Company with the Nebraska Department of Insurance and present the financial condition of the Company for the period ending December 31, 2019. The accompanying comments on financial statements reflect any examination adjustments to the amounts reported in the annual statements and should be considered an integral part of the financial statements. A reconciliation of the capital and surplus account for the period under review is also included.

FINANCIAL STATEMENT
December 31, 2019

Assets	**Assets**	**Assets Not Admitted**	**Net Admitted Assets**
Bonds	$1,879,736,019		$1,879,736,019
Preferred stocks	3,620,000		3,620,000
Common stocks	394,161,171	$34,548,423	359,612,748
Properties occupied by the company	93,003,185		93,003,185
Properties held for production of income	77,550	77,550	
Properties held for sale	34,219,510	34,219,510	
Cash, cash equivalents, and short-term investments	466,630,357		466,630,357
Other invested assets	34,923,292	9,669,270	25,254,022
Receivable for securities	1,246,807		1,246,807
Subtotal, cash and invested assets	$2,907,617,891	$78,514,753	$2,829,103,138
Title plants	178,420,394		178,420,394
Investment income due and accrued	17,365,571		17,365,571
Uncollected premiums and agents balances in the course of collection	54,930,011	5,028,005	49,902,006
Net deferred tax asset	86,326,254	45,817,960	40,508,294
Guaranty funds receivable or on deposit	79,346		79,346
Electronic data processing equipment	3,199,030	3,199,030	
Furniture and equipment	34,557,526	34,557,526	
Receivables from parent, subsidiaries and affiliates	72,887,954	586,253	72,301,701
Other assets nonadmitted	158,966,957	158,966,957	
Goodwill	83,315,467	83,315,467	
Totals	$3,597,666,401	$409,985,951	$3,187,680,450

Liabilities, Surplus, and Other Funds

Known claims reserve	$ 293,271,735
Statutory premium reserve	1,065,632,259
Other expenses	221,966,247
Taxes, licenses, and fees	25,867,215
Current federal and foreign income taxes	16,663,814
Premiums and other consideration received in advance	4,650,619
Amounts withheld or retained by company for account of others	1,143,045
Payable to parent, subsidiaries, and affiliates	27,016,805
Payable for securities	16,792,128
Total liabilities	$1,673,003,867
Common capital stock	$ 300,000,000
Aggregate special surplus funds	1,046,134
Gross paid in and contributed surplus	391,772,156
Unassigned funds (surplus)	821,858,293
Total capital and surplus	$1,514,676,583
Totals	$3,187,680,450

SUMMARY OF INCOME – 2019

Operating Income

Title insurance premiums earned	$3,535,602,023
Escrow and settlement services	335,500,586
Other title fees and service charges	261,293,126
Other operating income	70,022,308
Total operating income	$4,202,418,043

Expenses

Losses and loss adjustment expenses incurred	$ 135,028,518
Operating expenses incurred	3,640,655,858
Total operating expenses	$3,775,684,376
Net operating gain	$ 426,733,667

Investment Income

Net investment income earned	$ 163,947,980
Net realized capital gain	5,995,554
Net investment gain	$ 169,943,534
Net income before federal income taxes	$ 596,677,201
Federal income taxes incurred	123,029,305
Net income	$ 473,647,896

CAPITAL AND SURPLUS ACCOUNT

	2016	2017	2018	2019
Capital and surplus, beginning	$1,103,774,737	$1,187,437,831	$1,173,788,954	$1,231,876,326
Net income	$ 150,027,141	$ 306,540,493	$ 258,434,154	$ 473,647,896
Change in net unrealized capital gains	12,067,349	(8,367,075)	160,750,566	71,104,473
Change in net unrealized foreign exchange capital gain	1,431,770	3,157,400	(4,656,187)	2,045,666
Change in net deferred income tax	(12,441,429)	(39,454,159)	38,797,598	(1,529,305)
Change in nonadmitted assets	(30,989,894)	(16,016,861)	(145,382,140)	2,601,852
Change in supplemental reserves	78,335,047			
Cumulative effect of changes in accounting principles	(110,672,818)	(94,936,147)		
Capital changes:				
Paid in		44,635,393	50,076,258	
Dividends to stockholders		(210,600,000)	(302,000,000)	(257,000,000)
Tax adjustment	1,756,517	1,392,079	(173,192)	173,195
Correction of an error-title plant	(5,850,589)			
Other			2,240,315	(973,462)
Prior period 401K adjustment				(7,270,058)
Net change for the year	$ 83,663,094	$ (13,648,877)	$ 58,087,372	$ 282,800,257
Capital and surplus, ending	$1,187,437,831	$1,173,788,954	$1,231,876,326	$1,514,676,583

EXAMINATION CHANGES IN FINANCIAL STATEMENTS

Unassigned funds (surplus) in the amount of $821,858,293, as reported in the Company's 2019 Annual Statement, has been accepted for examination purposes. Examination findings, in the aggregate, were considered to have no material effect on the Company's financial condition.

COMPLIANCE WITH PREVIOUS RECOMMENDATIONS

The recommendations appearing in the previous report of examination are reflected below, together with the remedial actions taken by the Company to comply therewith:

> **Stockholder Meetings -** It is recommended that the Company adhere to its By-Laws and Nebraska Insurance Statutes and conduct annual Stockholder meetings and retain minutes of such meetings.
>
> **Action:** The Company has complied with this recommendation.

Election of Officers - It is recommended that the Board of Directors elect its Officers annually as stipulated in the Company's By-Laws.

Action: The Company has complied with this recommendation.

Management and Control: Service Arrangement – Title Searches - It is recommended that the agreement with First American (India) Private Limited, effective April 1, 2015 and the agreements with AMDATEX Las Pinas Services, Inc., and AMDATEX Services Corporation, effective November 10, 2010, be submitted to the Nebraska Department of Insurance for review.

Action: The Company has complied with this recommendation.

Custodial Agreement Compliance - It is recommended that the Company amend its custodial agreements to include the provisions required by Nebraska Administrative Rules and Regulations Title 210, Chapter 81.003.

Action: The Company has complied with this recommendation.

COMMENTARY ON CURRENT EXAMINATION FINDINGS

There are no comments or recommendations that have been made as a result of this examination.

SUBSEQUENT EVENT(S)

As disclosed in the 2020 Annual Statement footnotes, the coronavirus pandemic and responses to it have created significant volatility, uncertainty, and disruption in the broader economy. The extent to which the coronavirus pandemic impacts the Company's business, operations, and financial results will depend on numerous factors that the Company may not be able to accurately predict, including: the duration and scope of the pandemic and restrictions and responses to it; governmental, business, and individual actions that have been and will continue to be taken in response to the pandemic; the ongoing impact of the pandemic on economic activity and actions taken in response, including the efficacy of governmental relief efforts; the availability and efficacy of vaccines; the effect on participants in real estate transactions and the demand of the Company's products and services, including as a result of higher unemployment, business closures and economic uncertainty; and the Company's ability to sell and provide its services and solutions, including as a result of illness, travel restrictions, governmental closure orders, and partial or full closures of business and government offices.

The Company's residential purchase business experienced a decline in April 2020 with purchase orders opened by the Company's direct Title operations down significantly compared to April 2019. Government responses to the pandemic, however, resulted in low mortgage interest rates that simulated residential refinance activity and improved housing affordability, leading to an elevated number of closed orders for both residential refinance and purchase transactions later in 2020. The Company expects this elevated level of activity to continue well into 2021.

The Company's commercial business experienced a more persistent decline in order volumes beginning in April 2020, however, the fourth quarter activity returned to historical levels with the recovery varying by asset class.

SUMMARY OF COMMENTS AND RECOMMENDATIONS

There are no comments or recommendations that have been made as a result of this examination.

ACKNOWLEDGMENT

The courteous cooperation extended by the Officers and employees of the Company during this examination is hereby acknowledged.

In addition to the undersigned, Jim Hattaway, CFE, CIE, CIA; Skyler Lawyer, CFE; Pete Landoll, CFE; Olivia Satterfield, David McCauley, Financial Examiners; Stefan Obereichholz-Bangert, AES, CISA, CISM, CDPSE; Brad Myers, CISA, CISM, CISSP, Information Systems Specialists; and Gordon Hay, FCAS, MAAA, CPCU; all with the Nebraska Department of Insurance and Financial Examiners with or contracted by the California Department of Insurance, Louisiana Department of Insurance, Ohio Department of Insurance, and the Texas Department of Insurance participated in this examination and assisted in the preparation of this report.

Respectfully submitted,

Lisa Warrum, CFE, CPA
Examiner-in-Charge
Noble Consulting Services, Inc.
Representing the Department of Insurance
State of Nebraska

Andrea Johnson

Andrea Johnson, CFE
Department of Insurance
State of Nebraska

State of Indiana,

County of Marion,

Lisa Warrum, being duly sworn, states as follows:

1. I have authority to represent the Nebraska Department of Insurance in the examination of First American Title Insurance Company.

2. The Nebraska Department of Insurance is accredited under the National Association of Insurance Commissioners Financial Regulation Standards and Accreditation.

3. I have reviewed the examination work papers and examination report, and the examination of First American Title Insurance Company was performed in a manner consistent with the standards and procedures required by The Nebraska Department of Insurance.

The affiant says nothing further.

Lisa Warrum

Lisa Warrum

Subscribed and sworn before me by Lisa Warrum on this 31 day of March, 20 21.

(SEAL)

DIANNE DEITCH
Notary Public - Seal
Madison County - State of Indiana
Commission Number NP0725200
My Commission Expires Feb 16, 2028

Notary Public

My commission expires February 16, 2028 [date].