

MAY 17 2025

FILED

CERTIFICATION

May 17, 2025

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, 2023

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, CA 92707

dated as of December 31, 2023, verified under oath by the examiner-in-charge on April 4, 2025, and received by the company on April 22, 2025, has been adopted with modification as the final report pursuant to Neb. Rev. Stat. § 44-5906(3) (a).

Dated this 7th day of May 2025.

STATE OF NEBRASKA
DEPARTMENT OF INSURANCE

A handwritten signature in black ink that reads "Tadd R. Wegner". The signature is written in a cursive, flowing style.

Tadd Wegner, CFE
Chief Financial Regulator

STATE OF NEBRASKA

Department of Insurance

EXAMINATION REPORT

OF

FIRST AMERICAN TITLE INSURANCE COMPANY

as of

December 31, 2023

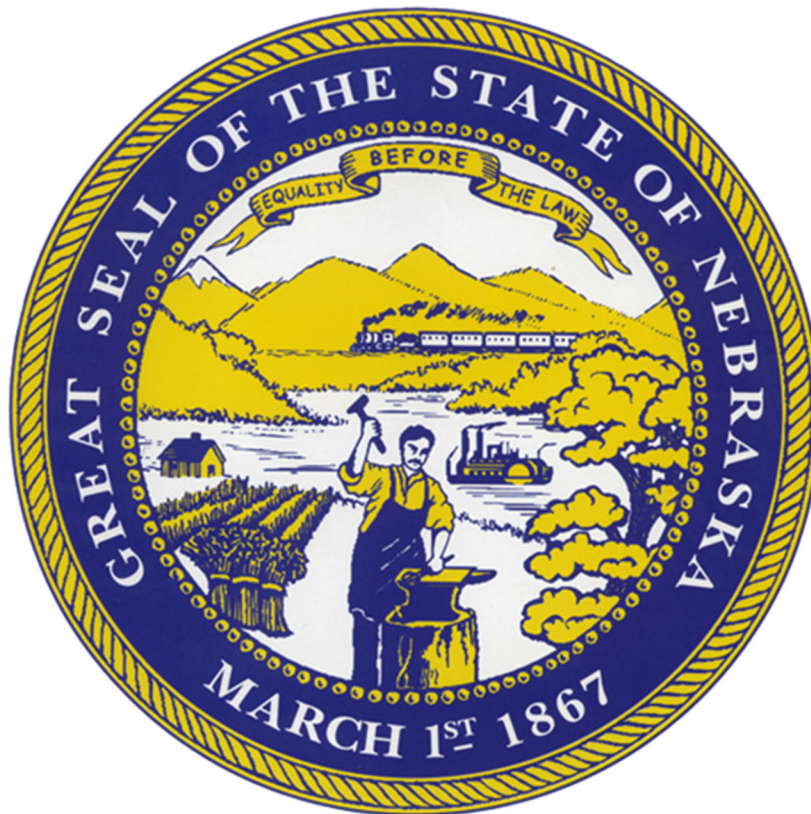


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Santa Ana, California
March 31, 2025

Honorable Eric Dunning
Director of Insurance
Nebraska Department of Insurance
1526 K Street, Suite 200
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, 2019. The current financial condition examination covers the intervening period to, and includes the close of business on December 31, 2023 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 this 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, First American Title Guaranty Company and affiliates, First American Property & Casualty Insurance Company, and First American Specialty Insurance Company.

SCOPE OF EXAMINATION

The 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. In response to a December 2023 cybersecurity attack, the Company's cybersecurity policies, procedures, and controls were examined and reviewed within the guidance of the NIST Cybersecurity Framework (NIST CSF 2.0).

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 as the participating states. 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.

The Nebraska Department of Insurance made a general review 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, approval of investment transactions, and authorizations of salaries 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 years ended December 31, 2022 and 2023. 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 Nebraska Revised Statute Section 44-201, Paragraph 15.

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 2023 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

See “Subsequent Events” section of the report for additional information.

Shareholder

Article VII of the Company’s Articles of Incorporation states 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, Company records indicate that three million (3,000,000) shares were issued and outstanding for total paid up capital of three hundred million dollars (\$300,000,000). The capital stock of three hundred million dollars (\$300,000,000) has not changed during the examination period. All such shares are held by the parent, FAFC.

During the examination period, the Company received non-cash contributions of \$1,700,000 as of December 31, 2020, (\$63,914) as of December 31, 2021, (\$7,460) as of December 31, 2022, and \$39,185,249 as of December 31, 2023 from its parent. During the examination period, the Company issued the following ordinary dividends to its parent and Sole Shareholder:

March 4, 2020	\$ 50,000,000 (Cash)
March 19, 2020	50,000,000 (Cash)
March 31, 2020	50,000,000 (Cash)
April 30, 2020	60,000,000 (Cash)
October 22, 2020	44,000,000 (Cash)
December 9, 2020	213,000,000 (Cash)
April 16, 2021	100,000,000 (Cash)
December 20, 2021	392,000,000 (Cash)
May 24, 2022	222,500,000 (Cash)

June 25, 2022	224,607 (Non-Cash)
December 30, 2022	250,000,000 (Cash)
September 19, 2023	75,000,000 (Cash)
October 26, 2023	75,000,000 (Cash)
December 29, 2023	<u>50,000,000</u> (Cash)
 TOTAL	 \$1,631,724,607

During the examination period, the Company issued the following extraordinary dividends to its parent and Sole Shareholder:

June 25, 2022	\$ 1,495,999 (Non-Cash)
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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." For each year of the examination period, Shareholder meetings were held annually at the time and place designated by the Board of Directors.

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 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, 2023:

<u>Name and Residence</u>	<u>Principal Occupation</u>
Lisa W. Cornehl Manhattan Beach, California	Senior Vice President, Chief Legal Officer and Secretary First American Title Insurance Company
Kenneth D. DeGiorgio Long Beach, California	President and Chief Executive Officer First American Financial Corporation
Kurt P. Pfothner Ponte Verda Beach, Florida	Executive Vice President, Lender Clients & Vice Chairman First American Title Insurance Company
David J. Proksel Omaha, Nebraska	Vice President, Division Area Manager First American Title Insurance Company
Mark E. Seaton Newport Beach, California	Executive Vice President and Chief Financial Officer First American Financial Corporation

See “Subsequent Events” section of the report for additional information.

Officers

Article V, Section 1 of the Company's By-Laws provides that “Officers of the Company shall be a President, Vice Presidents, 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 their office until they 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, 2023:

<u>Name</u>	<u>Office</u>
Kenneth D. DeGiorgio	President and Chief Executive Officer
Mark E. Seaton	Chief Financial Officer
Lisa W. Cornehl	Secretary, Senior Vice President
Stephen A. Adams	Senior Vice President, Chief Accounting Officer
Matthew F. Wajner	Senior Vice President, Treasurer

<u>Name</u>	<u>Office</u>
Joseph Ghilardi	Executive Vice President
George S. Livermore	Executive Vice President
Kurt P. Pfothauer	Executive Vice President, Vice Chairman
Sally F. Tyler	Executive Vice President
Stephen J. Vincini	Executive Vice President
Janette NMN Waller	Executive Vice President
Kevin R. Wall	Executive Vice President
David J. Proksel	Vice President

See “Subsequent Events” section of the report for additional information.

Committees

The Company utilizes the Audit Committee, Compensation Committee, Nominating and Corporate Governance Committee and the Investment Committee of its parent, FAFC.

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 last amended and restated as of June 30, 2022. The agreement was non-disapproved by the Nebraska Department of Insurance on August 16, 2022. 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.

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.

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.

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.

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 non-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.

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.

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 non-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 non-disapproved by the Nebraska Department of Insurance on April 8, 2019.

Revolving Promissory Note

Effective October 21, 2020, the Company entered into a revolving promissory note with its affiliate, SUSA Financial, Inc., d/b/a First Funding, Inc. (“SUSA”), as amended, on June 28, 2022, December 29, 2022, December 31, 2023 and September 10, 2024 with a current maturity date of December 31, 2025. The agreement was non-disapproved by the Nebraska Department of Insurance

on August 26, 2024. As of December 31, 2023 the Company has an outstanding receivable balance of \$80,306,975 as reported on Schedule BA, Part 1.

Intercompany Funding Agreement

Effective October 11, 2022, the Company entered into an agreement with First American Digital Title, Inc. (FADT) Under the agreement, the Company provides funding to FADT for its payroll, vendor and other operating costs on behalf of FADT. The agreement was non-disapproved by the Nebraska Department of Insurance on December 13, 2022.

TERRITORY AND PLAN OF OPERATION

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

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 from 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, it is directed to cede and assume facultative reinsurance on a regular basis. The treaty reinsurance agreements in effect as of December 31, 2023 are listed as follows:

<u>Subsidiaries and Affiliated Companies</u>	<u>Retention</u>
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	1,000,000***
Ohio Bar Title Insurance Company	500,000

* Australian Dollars and New Zealand Dollars

**Canadian Dollars

***British Pounds

Unaffiliated Companies – Facultative Reinsurance

Fidelity National Title Insurance Company
Old Republic National Title Insurance Company

As of December 31, 2023, the Company assumed, from affiliates, policy liabilities totaling \$174.7 billion and reinsurance premiums of \$11.3 million. The Company assumed business from non-affiliates with policy liabilities totaling \$1.9 billion and reinsurance premiums of \$1.9 million. In the aggregate, the assumed liability totaled \$176.6 billion and reinsurance premiums

received totaled \$13.2 million. As of December 31, 2023, the Company reported no amounts of reinsurance payable on paid and unpaid losses and loss adjustment expenses.

Ceded

The Company cedes certain excess risk on a facultative basis. The Company also cedes certain commercial risks via reinsurance treaties.

The Company has a first title excess of loss reinsurance contract with various insurers through its intermediary, Aon Re, Inc. The agreement is with various Lloyds of London Syndicates (16.5%), AXIS Specialty Limited (16%), Hannover Ruck SE (15%), London Life and Casualty Corporation (15%), Peak Reinsurance Company Limited (12%), Munich Reinsurance American, Inc. (7.5%), Everest Reinsurance Bermuda, Ltd. (5%), Greenlight Reinsurance Ltd. (2.5%), Renaissance Reinsurance Ltd. (2.5%), and Convex Re Limited (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 agreement is effective January 1, 2023, through December 31, 2023.

The Company has a second title excess of loss reinsurance contract with various insurers through its intermediary, Aon Re, Inc. The agreement is with various Lloyds of London Syndicates (17.75%), Endurance Specialty Insurance Ltd. (17.5%), Hannover Ruck SE (14%), London Life & Casualty (Barbados) Corporation (10%), Renaissance Reinsurance Ltd. (8.5%), Everest Reinsurance (Bermuda), Ltd. (7.5%), Munich Reinsurance American, Inc. (5%), Peak Reinsurance Company Limited (5%), Greenlight Reinsurance Ltd (2.5%), AXIS Specialty Limited (1.75%), and Convex Re Limited (1.00%) 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 agreement is effective January 1, 2023, through December 31, 2023.

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 agreement is effective October 1, 2021 through September 30, 2024, with automatic one year renewal.

The Company has a fourth title excess of loss reinsurance contract with various insurers through its intermediary, Aon Re., Inc. The agreement is with Liberty Specialty Markets Bermuda Limited (20%), various Lloyds of London Syndicates (18.65%), Arch Reinsurance Ltd. (9%), Renaissance Reinsurance Ltd. (8.35%), Hannover Ruck SE (8%), Peak Reinsurance Company Limited (7%), London Life & Casualty (Barbados) Corporation (5.25%), Everest Reinsurance (Bermuda), Ltd. (5%), Endurance Specialty Insurance Ltd. (4%) Vantage Risk Ltd. (3%), Greenlight Reinsurance Ltd (2%), Convex Re Limited (1%), Korean Reinsurance Company (0.85%), and Brit Reinsurance (Bermuda) Limited (.75%). The reinsurers assume 97.35% of \$200 million in excess of \$300 million retention per occurrence. The agreement is effective January 1, 2023, through December 31, 2023.

As of December 31, 2023, the Company ceded business to affiliates with policy liabilities totaling \$0 and reinsurance premiums of \$5.1 million. The Company ceded business to non-affiliates with policy liabilities totaling \$0 and reinsurance premiums of \$14.9 million. In the aggregate, the ceded liability totaled \$0 and reinsurance premiums paid totaled \$20.0 million. As of December 31, 2023, 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:

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Bonds	\$1,884,800,169	\$2,072,385,770	\$1,974,114,018	\$1,924,997,762
Admitted assets	3,316,801,884	3,724,936,104	3,417,099,821	3,368,994,026
Loss reserves	273,044,682	263,171,944	260,711,197	259,208,592
Statutory premium reserve	1,148,838,018	1,292,033,530	1,372,437,695	1,344,479,940
Total liabilities	1,790,887,722	2,024,521,710	1,940,164,026	1,895,769,304
Capital and surplus	1,525,914,162	1,700,414,394	1,476,935,795	1,473,224,722
Premium earned	3,931,805,218	5,224,547,678	4,783,772,360	3,350,394,665
Net investment income	125,586,487	99,827,863	125,769,573	188,456,422
Losses incurred	119,386,780	110,169,205	147,052,843	154,178,236
Net income	501,600,767	654,898,272	436,267,321	198,334,391

FINANCIAL STATEMENTS

The following financial statements are based on the statutory financial statements filed by the Company with the State of Nebraska Department of Insurance and present the financial condition of the Company for the period ending December 31, 2023. 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, 2023

<u>Assets</u>		<u>Assets Not Admitted</u>	<u>Net Admitted Assets</u>
	<u>Assets</u>		
Bonds	\$1,924,997,762		\$1,924,997,762
Common stocks	451,588,743	\$ 46,256,539	405,332,204
Properties occupied by the company	91,459,916		91,459,916
Properties held for sale	34,219,510	34,219,510	
Cash, cash equivalents, and short-term investments	360,954,596		360,954,596
Other invested assets	115,563,575	26,453,869	89,109,706
Receivable for securities	465,856		465,856
Subtotal, cash and invested assets	<u>\$2,979,249,958</u>	<u>\$106,929,918</u>	<u>\$2,872,320,040</u>
Title plants	189,029,611		189,029,611
Investment income due and accrued	26,107,033		26,107,033
Uncollected premiums and agents balances in the course of collection	78,250,615	6,567,223	71,683,392
Current federal and foreign income tax recoverable and interest thereon	6,812,245		6,812,245
Net deferred tax asset	179,204,759	106,470,085	72,734,674
Electronic data processing equipment and software	733,806	733,806	
Furniture and equipment	22,137,711	22,137,711	
Receivables from parent, subsidiaries and affiliates	136,136,595	5,829,564	130,307,031
Other assets nonadmitted	354,083,228	354,083,228	
Goodwill	<u>93,626,252</u>	<u>93,626,252</u>	<u> </u>
Totals	<u>\$4,065,371,813</u>	<u>\$696,377,787</u>	<u>\$3,368,994,026</u>

Liabilities, Surplus, and Other Funds

Known claims reserve	\$ 259,208,592
Statutory premium reserve	1,344,479,940
Other expenses	217,144,901
Taxes, licenses, and fees	21,530,328
Premiums and other consideration received in advance	234,616
Amounts withheld or retained by company for account of others	1,039,284
Payable to parent, subsidiaries, and affiliates	44,168,730
Payable for securities	<u>7,962,913</u>
Total liabilities	<u>\$1,895,769,304</u>
Common capital stock	\$ 300,000,000
Aggregate special surplus funds	98,695
Gross paid in and contributed surplus	432,586,030
Unassigned funds (surplus)	<u>740,539,997</u>
Total capital and surplus	<u>\$1,473,224,722</u>
Totals	<u>\$3,368,994,026</u>

STATEMENT OF INCOME – 2023

Operating Income

Title insurance premiums earned	\$3,350,394,665
Escrow and settlement services	231,588,100
Other title fees and service charges	266,685,267
Other operating income	<u>43,369,148</u>
Total operating income	\$3,892,037,180

Expenses

Losses and loss adjustment expenses incurred	\$ 154,178,236
Operating expenses incurred	<u>3,669,726,517</u>
Total operating expenses	<u>\$3,823,904,753</u>

Net operating gain	<u>\$ 68,132,427</u>
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Investment Income

Net investment income earned	\$ 215,236,408
Net realized capital gains (losses)	<u>(26,779,986)</u>

Net investment gain	<u>\$ 188,456,422</u>
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Net income before federal income taxes	\$ 256,588,849
Federal income taxes incurred	<u>58,254,458</u>

Net income	<u>\$ 198,334,391</u>
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CAPITAL AND SURPLUS ACCOUNT

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Capital and surplus, beginning	<u>\$1,514,676,583</u>	<u>\$1,525,914,162</u>	<u>\$1,700,414,394</u>	<u>\$1,476,935,795</u>
Net income	\$ 501,600,767	\$ 654,898,272	\$ 436,267,321	\$ 198,334,391
Change in net unrealized capital gains	23,243,021	40,978,776	(136,719,058)	38,296,499
Change in net unrealized foreign exchange capital gain	1,836,305	(325,284)	(3,950,683)	679,998
Change in net deferred income tax	21,564,858	14,059,299	32,743,103	24,511,244
Change in nonadmitted assets	(58,561,222)	(43,978,710)	(78,025,848)	(105,826,054)
Capital changes:				
Paid in	1,700,000	(63,914)	(7,460)	39,185,249
Dividends to stockholders	(467,000,000)	(492,000,000)	(474,220,605)	(200,000,000)
Other	(1,350,363)	931,793		
Transfer and assumption of subsidiary	(11,795,787)			
Prior period adjustment			<u>434,631</u>	<u>1,107,601</u>
Net change for the year	<u>\$ 11,237,579</u>	<u>\$ 174,500,232</u>	<u>\$ (223,478,599)</u>	<u>\$ (3,711,072)</u>
Capital and surplus, ending	<u>\$1,525,914,162</u>	<u>\$1,700,414,394</u>	<u>\$1,476,935,795</u>	<u>\$1,473,224,723</u>

EXAMINATION CHANGES IN FINANCIAL STATEMENTS

Unassigned funds (surplus) in the amount of \$740,539,997, as reported in the Company's 2023 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

No recommendations were made as a result of the previous examination.

COMMENTARY ON CURRENT EXAMINATION FINDINGS

Custodial Agreement

The Company's Custodial Agreement with the Bank of New York Mellon does not include all the required provisions as set forth in the Nebraska Administrative Code Title 210,

Chapter 81. It is recommended that the Company amend its custodial agreement to include provisions required by Nebraska Administrative Code Title 210, Chapter 81.

SUBSEQUENT EVENTS

ACQUISITIONS

On November 15, 2024, the Company acquired a 100% interest in American Digital Title Insurance Company (NAIC# 11865), a Colorado company that markets title insurance policies and policy endorsements including owners, loan, and leasehold policies through title insurance agents.

OFFICERS

Effective June 4, 2024, Kenneth D. DeGiorgio has stepped down as the President and Chief Executive Officer of the Company. Kenneth D. DeGiorgio remains the Chief Executive Officer of FAFC. Effective June 4, 2024, Sally F. Tyler and Kevin R. Wall were appointed as Co-Presidents of the Company.

SUMMARY OF COMMENTS AND RECOMMENDATIONS

The following comments and recommendations have been made as a result of this examination:

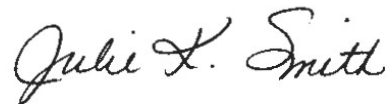
Custodial Agreement – It is recommended that the Company amend its custodial agreement to include the provisions required by Nebraska Administrative Code Title 210, Chapter 81.

ACKNOWLEDGMENT

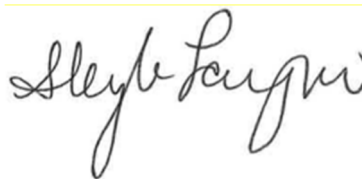
The courteous cooperation extended by the Officers and employees of the Company during this examination is hereby acknowledged.

In addition to the undersigned, Lisa Warrum, CFE, CPA; Jamesia Burford, CFE, CPA; David Habony, CFE, CPA; Pete Landoll, CFE, Financial Examiners; Stefan Obereichholz-Bangert, AES, CISA, CISM, CDPSE; Michael Nadeau, CISA, CFE, CPA, AES, Information Systems Specialists; and Robert Daniel, ACAS, MAAA; 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,



Julie K. Smith, CFE
Examiner-in Charge
Noble Consulting Services, Inc.
Representing the Department of Insurance
State of Nebraska



Skyler Lawyer, CFE
Assistant Chief Examiner - Field
Department of Insurance
State of Nebraska

State of Colorado,
County of Douglas,

Julie K. Smith, being duly sworn, states as follows:

1. I have authority to represent the Department of Insurance of the State of Nebraska in the examination of FIRST AMERICAN TITLE INSURANCE COMPANY.
2. The Department of Insurance of the State of Nebraska 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 Department of Insurance of the State of Nebraska.

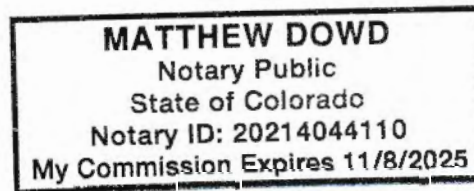
The affiant says nothing further.

Julie K. Smith
Examiner-in-Charge's Signature

Subscribed and sworn before me by Julie K. Smith on this 4 day of April, 2025.

(SEAL)

Matthew Dowd
Notary Public



My commission expires 11-08-2025 [date].