

NEBRASKA DEPARTMENT
OF INSURANCE

MAR 13 2020

FILED

CERTIFICATION

March 13, 2020

I, Bruce R. Ramage, Director of Insurance of the State of Nebraska, do hereby certify
that the attached is a full and correct copy of the Limited Scope Examination Report
of

FIRST AMERICAN TITLE INSURANCE COMPANY

AS OF

JUNE 30, 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.



Bruce R. Ramage

DIRECTOR OF INSURANCE

CERTIFICATE OF ADOPTION

Notice of the proposed report for the limited scope examination of

FIRST AMERICAN TITLE INSURANCE COMPANY

1 FIRST AMERICAN WAY

SANTA ANA, CALIFORNIA 92707

dated as of June 30, 2019, verified under oath by the examiner-in-charge on March 9, 2020, and received by the company on March 10, 2020, has been adopted without modification as the final report pursuant to Neb. Rev. Stat. § 44-5906(3) (a).

Dated this 12th day of March 2020.

STATE OF NEBRASKA
DEPARTMENT OF INSURANCE

A handwritten signature in black ink, appearing to read 'Justin C. Schrader', is written over a horizontal line.

Justin C. Schrader, CFE
Chief Financial Examiner

STATE OF NEBRASKA

Department of Insurance

LIMITED SCOPE EXAMINATION REPORT

OF

FIRST AMERICAN TITLE INSURANCE COMPANY

as of

June 30, 2019



TABLE OF CONTENTS

<u>Item</u>	<u>Page</u>
Salutation	1
Introduction	1
Scope of Examination.....	2
Description of Company.....	2
Commentary on Current Examination.....	3
Summary of Recommendations.....	4
Acknowledgment.....	6

Santa Ana, California
January 24, 2020

Honorable Bruce R. Range
Director of Insurance
Nebraska Department of
Insurance 941 "O" Street, Suite
400
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

13924 Gold Circle
Omaha, Nebraska 68144

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 Company was last examined as of December 31, 2015 by the State of Nebraska Department of Insurance (Department) with participation by the States of California, Louisiana, Ohio, and Texas on their respective domestic insurers within the group, collectively the "Company", and included such subsequent events and transactions as were considered pertinent to the examination. The current limited-scope financial condition examination (Targeted IT and

Cybersecurity Exam) is being conducted by the Department pursuant to Neb. Rev. Stat. §44-5904 and 44-5905. The Targeted IT and Cybersecurity Exam includes a review of the Company's information technology (IT) general controls, cybersecurity compliance, and its response to the security incident experienced by the Company on or about May 24, 2019 (Security Incident). The Targeted IT and Cybersecurity Exam is not intended to communicate all matters of importance for understanding the Company's financial condition.

SCOPE OF EXAMINATION

This Targeted IT and Cybersecurity Exam was conducted pursuant to and in accordance with both the National Association of Insurance Commissioners (NAIC) Financial Condition Examiners Handbook (Handbook) and Section §44-5904(1) of the Nebraska Insurance Statutes. The Handbook allows the Department the ability to address risks identified in the interim period between coordinated group examinations.

The specific scope of the Targeted IT and Cybersecurity Exam was to review the Company's information technology (IT) general controls using the NAIC's Exhibit C, test the Company's compliance with Part 500 of Title 23 of the Official Compilation of Codes, Rules and Regulations of the State of New York (23 NYCRR Part 500), and review and evaluate the Company's detection, analysis, containment, eradication, and recovery from the Security Incident.

DESCRIPTION OF COMPANY

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 (Core Logic). The Company is currently 100% owned by the new parent, FAFC.

On July 1, 2014, the Nebraska Department of Insurance approved the redomestication of the Company from California. The organizational structure was not changed as a result of this redomestication. The Articles of Incorporation were amended and restated on July 1, 2014 to reflect the redomestication 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.

COMMENTARY ON CURRENT EXAMINATION

The Targeted IT and Cybersecurity Exam included the evaluation of the IT General Controls supporting the financially significant applications, systems, and underlying infrastructure identified for the Company. Controls for the financially significant applications, systems, and underlying infrastructure for each risk in Exhibit C Part Two - Evaluation of Controls in Information Technology (IT) Work Program were in-scope and included the following work programs: Align, Plan and Organize (APO); Build Acquire and Implement (BAI); Deliver, Service and Support (DSS); and Monitor, Evaluate and Assess (MEA). APO addresses strategies and tactics and integrates IT into the overall business needs and objectives

of the Company. BAI addresses the identification, acquisition, and development of those IT strategies and tactics identified within the APO section. DSS addresses the actual delivery of IT services identified in the BAI section. MEA assesses whether the IT processes from all sections are functioning adequately.

Additional procedures were performed to determine compliance with Part 500 of Title 23 of the Official Compilation of Codes, Rules and Regulations of the State of New York (23 NYCRR Part 500), which included review of the Company's management of information, technology systems, systems security and audit software, systems and application development and acquisition standards, and systems and security support and delivery related policies and procedures.

Additional procedures were performed to evaluate the Company's response to the Security Incident. Specifically, among other things, the IT Examiner obtained, reviewed and evaluated the Company's external auditors 2018 IT audit work papers. The auditors did not identify any deficiencies which were consider significant deficiencies or material weaknesses as of December 31, 2018. Discussions were held with management to gain a better understanding of the Company's IT environment and its response to the Security Incident. The Charles River Associates (CRA) report and supporting work papers were subpoenaed. After entry of an appropriate Protective Agreement, the IT Examiners evaluated the materials and interviewed CRA personnel to determine if they supported the conclusions regarding the Security Incident.

SUMMARY OF RECOMMENDATIONS

Based on a review of the documentation provided or made available for review by the Company, in response to the IT Examiners' requests, including among other things, the

Information Technology Planning Questionnaire, the requests of Exhibit C Part Two – Evaluation of Controls in Information Technology (IT) Work Program, the IT Examinations First Day Letter for 23 NYCRR 500, related follow up requests, and the request for the CRA Report and related investigation materials, the IT Examiners believe they were provided the requisite documentation to perform the examination and come to valid conclusions.

Based on interviews with senior management and key IT managers as well as the review of the IT general controls environment and Security Incident response procedures, the IT Examiners conclude that the Company's IT general controls environment is suitably designed and is operating effectively. In addition, the IT Examiners conclude that the Company is in compliance with 23 NYCRR Part 500.

Finally, based on the work performed by the IT Examiners related to the Security Incident, the IT Examiners conclude that: all information provided to the public and regulators concerning the Security Incident appears to be complete and accurate; the Company appears to have been adequately prepared to respond to the Security Incident; the Company appears to have adequately and appropriately detected, analyzed, contained, eradicated and recovered from the Security Incident; the role and work performed by CRA appears to have been adequate and appropriate; and the Company appears to have provided timely notifications and the requisite information of the Security Incident to regulators, the general public and affected individuals.

ACKNOWLEDGEMENT

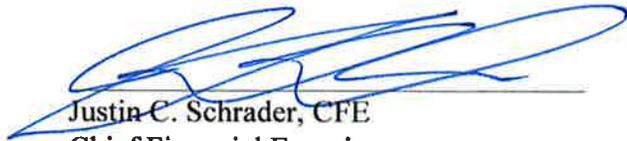
The courteous cooperation extended by the Officers and employees of the Company during this examination is hereby acknowledged.

In addition to the undersigned, Sarah L. Bridendall, CFE, CISA, CIE, CICSR, ALMI, AMCM, ACS, AIRC, CCP, AHP, HCAFA, FAHM and Ryan Havick, CFE, Financial Examiners of Eide Bailly and Mohamed Shehata, CISA, IT Examinations Unite Examiner of the New York Department of Financial Services participated in this examination and assisted in the preparation of this report.

Respectfully submitted,



Michael R. Nadeau, CPA, CFE, CISA,
AES Examiner-in-Charge
Eide Bailly LLP
Representing the Department of Insurance
State of Nebraska



Justin C. Schrader, CFE
Chief Financial Examiner
Department of Insurance
State of Nebraska

State of Florida, County of Lake,

Michael R. Nadeau 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.



Examiner-in-Charge's Signature

Subscribed and sworn before me by Michael R. Nadeau on this 9 day of March, 2020

R. Nadeau



My commission expires 8/31/21 [date].